Resurfacing the Road to Serfdom

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The tearing down of the Berlin Wall, the overthrow of the Ceausescu dynasty in Rumania, the opening of McDonald's in Moscow all make for good front-page newspaper stories and dramatic television footage. But what does it all mean? Snapshots and sound-bites of 'freedom' are a far cry from what the architects of Western freedom — Locke, Montesquieu, Adam Smith, Jefferson — had in mind. The history of the world since the 17th century has done nothing but confirm the indivisibility of the right to liberty and the right to property. But where is the right to property in the imagery, the language, or the hopes of the people of Eastern Europe and the Soviet Union?

To be sure, the people under Communist rule are fed up with their lives of economic deprivation and are demonstrating for 'reform'. They have travelled the 'road to serfdom' and now, having arrived at its destination, realise they are not where they want to be. But where do they want to be? What sort of political-economic system do the people of Eastern Europe and the Soviet Union want? Do they want to risk journeying the 'road to freedom', or are they more interested in repaving the old road with a smoother surface — one that they hope will lead them to the abundance of consumer goods available to their ideological opponents?

In addition, are the people of Eastern Europe and the Soviet Union willing to accept that capitalism can be as corrupt as socialism? Do they want the freedom of opportunity, whereby some succeed and some fail — or do they just want a better life, guaranteed by a more benevolent government? Are they willing to accept the inevitable inequality which results from liberty, as defined by the absence of an equalising government, or do they still prefer to perfect social equality only at a higher level of creature comforts? Are they, in return for true freedom, prepared to give up bread lines for unemployment lines?

We ought then to be careful lest we lend more significance to recent events in the Soviet bloc than they deserve. While it may be difficult — even churlish — to display pessimism in the face of joyful events, it might be well for us to step back from the excitement and try, as coolly as possible, to assess the changes that have occurred so far and project those likely to follow.

Liberty, Choice, and Consequences

As in all discussion of human affairs, we must begin by clearly and carefully defining the terms we too easily take for granted. What do we mean by terms such as 'liberty', 'property', and 'socialist'? Also, lest we mistakenly assume that others view these ideas as we do, what do these words and ideas mean to the peoples of Eastern Europe and the Soviet Union?

For us, the core meaning of liberty is clearly articulated in the immortal works of the great intellectual founders of Western liberty and the institutions their ideas inspired. 'Though the Earth, and all inferior Creatures be common to all men', wrote John Locke in 1690, 'yet every man has a *Property* in his own *Person*. This no Body has any Right to but himself. The *Labour* of his Body, and the *Work* of his Hands, we may say, are properly his.' Less eloquently, but no less clearly, Webster's unabridged dictionary defines 'liberty' as 'freedom from external restraint or compulsion . . .'

This concept of liberty as 'freedom **from**' is the central component of classical liberalism, from Locke and Mill to Mises and Hayek. In the course of this century, this formulation has often become characterised as the 'negative' definition of liberty, implying that it is inferior to some other 'positive' definition of this idea. Thus, critics of classical liberalism, assuming the mantle of the true friends of freedom, would have us believe that 'liberty' is better defined by its consequences, which somehow must be 'good'. They fail to understand that the essence of liberty is personal choice, and that we escape the risks of the abuse of liberty only by escaping liberty itself.

Thus, we can see sunlight as giving us food or giving us skin cancer — and the right to property as giving us landlords to provide people with homes or to exploit their homelessness. Perhaps the main difference between the capitalist (free market) and the anti-capitalist (communist) perspectives on life come down to whether a person perceives an eight-ounce glass containing four ounces of liquid as half full or half empty. Obviously, it is both. Those who want to make the most of what they have are drawn to the philosophy of the market; those who want to feel sorry for themselves for what they don't have, demanding that others

make up for their losses, will be drawn to the philosophy of socialism. By redefining liberty in such a way that 'it' is not liberty unless it guarantees 'good' results — equality of ends not of opportunity — we have witnessed a hugely successful attempt to redefine liberty, without, of course, admitting this semantic sleight of hand.

The Founding Fathers set forth to form a government 'of the people, by the people, and for the people'. They envisioned not **good** government, but **limited** government. The Founders did not look to the King of England for permission to think and work as they saw fit; they wanted to be left alone from his influence, or, to use a modern metaphor, they wanted a divorce from George III, not alimony.

Work: a Duty or a Privilege?

The Western mind, steeped in a Protestant work ethic, views work as a privilege, as a source of individual identity, as a means of self-realisation — even as an enjoyment. This is the very opposite of the view of work that 70 years of socialism have wrought, especially in the Soviet Union, where people — like Goncharov's Oblomov — have come to view work as a duty to be endured, and preferably avoided. A look at the evening television news confirms this impression: Unlike the settlers in colonial America, or the newly arrived immigrants from Asia, the people in Eastern Europe and the Soviet Union today do not appear to **want to work**; instead, they appear to **want to have**. They want to eat at McDonald's and wear American jeans, not produce distinctive Russian food or designer clothing for export to the West.

Lacking a moral and ethical philosophy rooted in a sense of history, the people of Eastern Europe and the Soviet Union are constrained by their own present-oriented thinking. Perhaps having been forced by the inadequacies of their economic system to eat hand-to-mouth, they have learned to think and act hand-to-mouth as well — illustrating the interrelationship between the free market in goods and the free market in ideas. It is this widespread destructionist aspect of socialism that Ludwig von Mises revealed more than half a century ago: 'Socialism and destructionism . . . use up capital so as to achieve present wealth at the expense of the future. The policy of Liberalism is the procedure of the prudent father who saves and builds for himself and his successors. The policy of destructionism is the policy of the spendthrift who dissipates his inheritance regardless of the future.'

So what do the people in the Soviet bloc want — besides national independence? Mikhail Gorbachev is no fool. He hears the people screaming for freedom, but he understands that first and foremost they want what their neighbours in the West have. In his 1990 New Year's address he called for a 'humanistic socialism' — what we in the West might call a 'kinder, gentler Soviet Union'. A clever phrase, albeit not very original: Alexander Dubcek, the First Secretary of the Czechoslovak Communist Party, often used the slogan, 'Give socialism back its human face'.

Liberal Americans have used the language of 'entitlements' and 'equality' to appease the discontented and make capitalism appear more 'humane'. Can we blame liberal Russians for using the language of glasnost and perestroika to appease the dejected and make socialism appear more 'humane'? Each of these euphemisms sets in motion political programs destined for disaster. Indeed, as Friedrich von Hayek warned, '. . . nothing has done so much to destroy the juridical safeguards of individual freedom as striving after this mirage of social justice'.

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Socialism: Better a Failure than a Success

Today, economists both on the right and the left suddenly seem to agree that, as an economic system, 'scientific' socialism has failed: It has failed to yield prosperity comparable to that achieved by market economics. The 'means' have proved inadequate. But the 'ends' of socialism — the 'humanistic' distribution of society's goods and services — have remained unscathed.

More important, its goals cannot be tested in the same fashion. Efficiency is a fact: that the Mercedes is better than the Trabant is a fact. But equity is a value; it is, in a sense, meaningless to say that 'social justice' is better than 'individual liberty' (or vice versa). The amount of goods on the market can be quantified; the value of distributing them 'fairly' cannot. To think

otherwise is both futile and foolish.

The current fashion of readily admitting the 'failure' of socialism — thus seemingly embracing capitalism — may thus be a kind of political-economic Trojan horse. In other words, there is no longer any point in asking: Can the economic **practice** of socialism work? But there is still very much a point in asking: Can the moral **principle** of socialism be the foundation for a system of government designed to protect the liberty and dignity of the individual? It is worth noting here that one of the most widely quoted critics of Communism today, Zbigniew Brzezinski, not only stops short of equating Communism with socialism, but also avoids criticising the ethics of collectivism. To him it is merely a 'grand failure', not an 'evil'.

But efforts to characterise socialism as a failure, like those to redefine it in more humanistic terms, evade the central issue — that its 'success' would be a far greater catastrophe for humanity than its failure. Gorbachev would have us believe that he can fashion a neo-socialism for the next century that incorporates some type of property rights into the means of production — at least into some of the means, some of the time. His dream thus remains '. . . finding an organic combination of plan and market methods to regulate economic activity' (*The New York Times*, February 14, 1990).

Protecting Private Property

Wagner's music, said Mark Twain, is not as bad as it sounds. I dare say Gorbachev's economic reforms are not as good as they sound. The desire for, and the appreciation of, private property, if it is to have any real meaning, must come from the people, not the Communist Party. In a society based on respect for property, government is instituted to **protect** property, not to **permit** it. By turning this fundamental premise on its head, the poets of perestroika are composing a new patriotic ballad of oxymorons. If the Republican or the Democratic Party were to suggest that individual liberty could exist without persons, everyone would laugh. When the Communist Party announces that socialism can be based on 'property rights' that are nevertheless emphatically not the rights of 'private persons', virtually all commentators interpret the change and accept it as a major step away from the command economy, toward the market.

Actually, the Russians' ambivalence about private property goes back a long way; it is a disposition the Soviets inherited rather than invented. Consider the following prescient observation made by Count Sergei Witte, Prime Minister of Imperial Russia, in 1905: '. . . perhaps the main reason of our revolution is a delay in the development of the principles of individualism . . . The principle of private ownership forms today all economic relations: the whole world is based on it' (*The Wall Street Journal*, November 27, 1989).

And what do we hear today, 75 years later? A continued depiction of the idea of private property as a moral evil. Why? Because while for us, in the West, private property implies a need for self-discipline, personal planning for one's future, saving, investing, economic security for oneself and one's family — for the people in the Soviet bloc it implies exploitation, profiteering, the absence of protection by 'superiors' (whether feudal lords or Communist commissars). Thus, in a nationally televised address broadcast on November 16, 1989, Mikhail Gorbachev declared: 'The Soviet Union is not ready for private property'. What, then, is it ready for? 'Citizens' property', according to the new 'property law' approved by the Soviet Parliament on March 6, 1990.

It would seem, then, that the property the Soviet reformers are now talking about is not real private property in our sense, but a kind of Potemkinian property in the classic Russian sense. When Mises coined the phrase 'anti-capitalist mentality', he knew whereof he spoke. But why do the media and the pundits never call Gorbachev and the rest of the neo-reformers unrepentant anti-capitalists?

The new Soviet Communist Party Platform contains other seeming concessions to liberal ideals which, on close scrutiny, are offensive or at least questionable. Seemingly giving more freedom to the people, the Communist Party remains firmly in control. Adopting the language of our own First Amendment, the new Communist Party Platform will recognise '. . . freedom of speech, the press, meetings and demonstrations and the formation of public organisations' — **except** 'the formation and activity of organisations and movements that expound violence and interethnic strife and that pursue extremist, unconstitutional aims [which] should be prohibited by law'.

That is nothing less than a travesty of **our** principle of freedom; The Founders never intended to grant freedom of speech only to those with whom they agreed; King George III would have been quite happy to concede that much. Nor did they want to limit speech to words that did not upset them or other Americans.

The Gorbachevians, as their platform propounds, have their own paternalistic interpretation of 'free speech': They are '. . . prepared for a political dialogue and cooperation **with everyone who favours the renewal of the socialist society** [and] . . . resolutely oppose separatist slogans and movements that would lead to the destruction of the great multiethnic democratic state'.

Fortunately, freedom of speech and individual sovereignty seem secure in the United States. Nevertheless, despite this and our adherence to the principle of private property, our own prospects for liberty are on rather shaky ground if we look at the real market place. After all, as Peter Brimelow pointed out in the December 11, 1989, issue of *Forbes*, 'One measure of the extent of socialism in a given society is the size of the government sector [or] its spending as a proportion

of the gross domestic product'. In 1987, total government outlays — local, state and federal — comprised 37 per cent of our GNP. If we also take into account the government's authority to tax and regulate, 'control mechanisms' as powerful as ownership, then, 'by this measure, the U.S. economy [has] much more of a socialist element than most Americans realize'.

Clearly, modern Liberals — in Washington and Moscow alike — prefer to focus on human rights rather than on property rights in order to appear socially concerned. By splitting off property rights from human rights, we have given the former a bad name — and undermined all other rights in the process. But we **know** that property rights are not only as valid as human rights but, in fact, are anterior to, and necessary for, human rights, since, as Madison declared, 'in its larger and juster meaning, it [property] embraces everything to which a man may attach a value and have a right . . [and includes that] which individuals have in their opinions, their religion, their passions, and their faculties . . .'

Private property is indispensable as an economic base for the formation of a government committed to freedom. But private property, solely as an economic concept, is not sufficient for such government.

It may be worth remembering here that Adam Smith, who is generally regarded as the father of free-market capitalism, was not an economist (there was no such thing in the 18th century); he was a professor of moral philosophy. As such, his brand of economics made no attempt to be value-free. Today, professional economists and observers of the economic scene err in their efforts to make these human interactions into a value-free social 'science'. Accordingly, the free market must be espoused not because it 'works' (or works 'better'), but because it is the only system that recognises the supremacy and sovereignty of the individual as a human being. The precepts of moral philosophy and economics then cannot be completely separated. They are symbiotic, the one dependent on the other. Mises was right: 'It is . . . illegitimate to regard the "economic" as a definite sphere of human action which can be sharply delimited from other spheres of action . . . The economic principle applies to all human action'.

The leaders and the people of Eastern Europe and the Soviet Union have yet to understand this. Sadly, we in the United States have also obscured the meaning of the precept. The prospects for liberty in the next century — both at home and abroad — require that we open our eyes to what is happening in the world and think clearly about individual freedom, personal responsibility, private property, and the role of government. And act accordingly.

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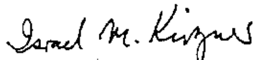
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