FREDERICH HAYEK MAIN ARTICLES:

1. A Tribute to Ludwig von Mises:
Mr. Chairman, Professor von Mises, Ladies and Gentlemen. There has not been, and I don't expect that there ever will be in my life, another occasion when I have felt so honored and pleased to be allowed to stand up and to express on behalf of all those here assembled, and of hundreds of others, the profound admiration and gratitude we feel for a great scholar and a great man. It is an honor which I, no doubt, owe to the fact that among those available, I am probably the oldest of his pupils and that, in consequence, I may be able to tell you some personal recollections about certain phases of the work of the man we honor today.

Before addressing Professor von Mises directly, I trust he will therefore permit me to talk to you about him. But, although my recollections cover nearly forty of the fifty years which have passed since the event whose anniversary we celebrate, I cannot speak from my own knowledge about the earlier part of this period. When I first sat at the feet of Professor Mises, immediately after the first war, he was already a well-known figure with the first of his great works firmly established as the outstanding book of the theory of money. That work had appeared in 1912, and yet was by no means his first. Indeed, his first book on economics had appeared fully ten years earlier, four years even before Professor Mises got his doctorate.

How he ever did it I've never quite understood. I believe it was written before he came into contact with the one man of the older generation who can claim to have exercised an important influence on his scientific thinking, Eugen von Bohm-Bawerk. It was in Bohm-Bawerk's seminar that a brilliant group was then emerging to become the third generation of the Austrian School founded by Carl Menger. Among them it must soon have been evident that von Mises was the most independent minded.

Before I leave the student period which led up to the degree conferred fifty years ago, I will interrupt this account for an announcement. We are by no means the only ones who have thought of making this anniversary the occasion for honoring Professor Mises. I fear it will not be news to him, much as I should like to be the first bringer of this news, that the University of Vienna has also wished to celebrate the occasion. As I have learned only a few days ago, the Faculty of Law of that university resolved some time ago formally to renew the degree it granted so long ago. If the new diploma has not yet reached Professor von Mises, it should do so any day. In the meantime, I can read to you the citation which the dean let me have by air mail:

The Faculty of Law of the University of Vienna resolved at its meeting of December 3, 1955, to renew the doctor's diploma conferred on February 20, 1906, on Ludwig von Mises "who has earned the greatest distinction by his contributions to the economic theory of the Austrian School, has greatly added to the reputation of Austrian science abroad, and who has also done most beneficial work as Director of the Vienna Chamber of Commerce and to whose initiative the foundation of the Austrian Institute of Economic Research is due.

But I must return to his first outstanding contribution to economics. To us, that first decade of our century when it was written may seem a far away period of peace; and even in Central Europe the majority of people deluded themselves about the stability of their civilization. But it was not as such that it appeared to an acute observer endowed with the foresight of Professor von Mises. I believe even that first book was written in the constant feeling of impending doom and under all the difficulties and disturbances to which a young officer in the reserve is exposed at the time of constant alarms of war. I mention this because I believe it is true of all of Professor Mises's works that they were written in constant doubt whether the civilization which made them possible would last long enough to allow their appearance. Yet, in spite of this sense of urgency in which they were written, they have a classic perfection, a rounded comprehensiveness in scope which might suggest a leisurely composition.

The Theory of Money is much more than merely a theory of money. Although its main aim was to fill what was then the most glaring gap in the body of accepted economic theory, it also made its contribution to the basic problems of value and price. If its effect had been more rapid, it might have prevented great

suffering and destruction. But the state of monetary understanding was just then so low that it would have been too much to expect that so sophisticated a work should have a rapid effect. It was soon appreciated by a few of the best minds of the time, but its general appreciation came too late to save his country and most of Europe the experience of a devastating inflation.

I cannot resist the temptation to mention briefly one curious review which the book received . Among the reviewers was a slightly younger man by name of John Maynard Keynes, who could not suppress a somewhat envious expression of admiration for the erudition and philosophical breadth of the work, but who, unfortunately, because, as he later explained, he could understand in German only what he knew already, did not learn anything from it. The world might have been saved much suffering if Lord Keynes's German had been a little better.

It was not long after the publication of the book, and the appointment to a readership at the university to which it led, that Professor Mises' scientific work was definitely interrupted by the outbreak of the first great war and his being called up for active service. After some years in the artillery, I believe in the end commanding a battery, he found himself at the conclusion of the war in the economics section of the War Ministry, where he evidently was again thinking actively on wider economic problems. At any rate, almost as soon as the war was over, he was ready with a new book, a little known and now rare work called Nation, Staat und Wirtschaft of which I particularly treasure my copy because it contains so many germs of later developments.

I suppose the idea of his second magnum opus must already have been forming in his mind at the time, since the crucial chapter of it appeared less than two years later as a famous article on the problem of economic calculation in a socialist community. Professor Mises had then returned to his position as legal adviser and financial expert of the Vienna Chamber of Commerce. Chambers of Commerce, I should explain, are, in Austria, official institutions whose main task is to advise the government on legislation. At the same time, Professor Mises was combining this position with that of one of the heads of a special government office connected with carrying out certain clauses of the peace treaty. It was in that capacity that I first came to know him well.

I had, of course, been a member of his class at the university. But since, as I must mention in my own excuse, I was rushing through an abridged postwar course in law and did not spend all my spare time on economics, I had not profited from that opportunity as much as I might have. But then it so happened that my first job was as Professor Mises' subordinate in that temporary government office; there I came to know him mainly as a tremendously efficient executive, the kind of man who, as was said of John Stuart Mill, because he does a normal day's work in two hours, always has a clear desk and time to talk about anything. I came to know him as one of the best educated and informed men I had ever known and, what was most important at the time of great inflation, as the only man who really understood what was happening. There was a time then when we thought he would soon be called to take charge of the finances of the country. He was so clearly the only man capable of stopping inflation, and much damage might have been prevented if he had been put in charge. It was not to be.

Of what I had not the least idea at that time, however, in spite of daily contacts, was that Professor Mises was also writing the book which would make the most profound impression on my generation. Die Gemeinwirtschaft, later translated as Socialism, appeared in 1922. Much as we had come to admire Mises' achievements in economic theory, this was something of much broader scope and significance. It was a work on political economy in the tradition of the great moral philosophers, a Montesquieu or Adam Smith, containing both acute knowledge and profound wisdom. I have little doubt that it will retain the position it has achieved in the history of political ideas. But there can be no doubt whatever about the effect on us who have been in our most impressible age. To none of us young men who read the book when it appeared was the world ever the same again. If Roepke stood here, or Robbins, or Ohlin (to mention only those of exactly the same age as myself), they would tell you the same story. Not that we at once swallowed it all. For that it was much too strong a medicine and too bitter a pill. But to arouse contradiction, to force others to think out for themselves the ideas which have led him, is the main function of the innovator. And though we might try to resist, even strive hard to get the disquieting

considerations out of our system, we did not succeed. The logic of the argument was inexorable.

It was not easy. Professor Mises' teaching seemed directed against all we had been brought up to believe. It was a time when all the fashionable intellectual arguments seemed to point to socialism and when nearly all "good men" among the intellectuals were socialists. Though the immediate influence of the book may not have been as great as one might have wished, it is in some ways surprising that it had as great an influence as it did. Because for the young idealist of the time, it meant the dashing of all his hopes; and since it was clear that the world was bent on the cause whose destructive nature the work pointed out, it left us little but black despair. And to those of us who knew Professor Mises personally, it became, of course, soon clear that his own view about the future of Europe and the world was one of deep pessimism. How justified a pessimism we were soon to learn.

Young people do not readily take to an argument which makes a pessimistic view of the future inevitable. But when the force of Professor Mises' logic did not suffice, another factor soon reinforced it – Professor Mises' exasperating tendency of proving to have been right. Perhaps the dire consequences of the stupidity which he chastised did not always manifest themselves as soon as he predicted. But come they inevitably did, sooner or later.

Let me here insert a paragraph which is not in my manuscript. I cannot help smiling when I hear Professor Mises described as a conservative. Indeed, in this country and at this time, his views may appeal to people of conservative minds. But when he began advocating them, there was no conservative group which he could support. There couldn't have been anything more revolutionary, more radical, than his appeal for reliance on freedom. To me, Professor Mises is and remains above all, a great radical, an intelligent and rational radical but, nonetheless, a radical on the right lines.

I have spoken about Socialism at length because, for our generation, it must remain the most memorable and decisive production of Professor Mises' career. We did, of course, continue to learn and profit from the series of books and papers in which, during the next fifteen years, he elaborated and strengthened his position. I cannot mention them here individually, though each and every one of them would deserve detailed discussion. I must turn to his third magnum opus, which first appeared in Switzerland in a German edition in 1940, and ten years later in a rewritten English edition under the title Human Action. It covers a wider field than even political economy, and it is still too early definitely to evaluate its significance. We shall not know its full effects until the men whom it struck in the same decisive phase of their intellectual revolution have in turn reached their productive stage. I, for my person, have no doubt that, in the long run, it will prove at least as important as Socialism has been.

Even before the first version of this work had appeared, great changes had occurred in Professor Mises' life which I must now briefly mention. Good fortune had it that he was a visiting professor at Geneva when Hitler marched into Austria. We know that the momentous events which followed soon afterward gave him to this country and this city which has since been his home. But there occurred at the time another event about which we must equally rejoice. We, his old pupils of the Vienna days, used to regard him as a most brilliant but somewhat severe bachelor, who had organized his life in a most efficient routine, but who, in the intensity of intellectual efforts, was clearly burning the candle at both ends. If today we can congratulate a Professor Mises, who not only seems to me as young as he was twenty years ago, but genial and kind even to adversaries as we hardly expected the fierce fighter of yore ever to be, we owe it to the gracious lady which at that critical juncture joined her life to his and who now adorns his house and tonight our table.

I need not speak to you at length about Professor Mises' activities since he has resided among you. Many of you have, during these last fifteen years, had more opportunity to know him and to benefit by his counsel than is true of most of his old pupils. Rather than telling you more about him, I will now turn to him to express, in a few words, the grounds on which we admire and revere him.

Professor Mises! It would be an impertinence to enlarge further on your learning and scholarship, on your wisdom and penetration, which has given you world renown. But you have shown other qualities which

not all great thinkers possess. You have shown an undaunted courage, even when you stood alone. You have shown a relentless consistency and persistence in your thought, even when it led to unpopularity and isolation. You have for long not found the recognition from the official organization of science which was your due. You have seen your pupils reap some of the rewards which were due to you but which envy and prejudice have long withheld. But you have been more fortunate than most other sponsors of unpopular causes. You knew before today that the ideas for which you had so long fought alone or with little support would be victorious. You have seen an ever-growing group of pupils and admirers gather round you and, while you continue to push further, endeavor to follow up and elaborate your ideas. The torch which you have lighted has become the guide of a new movement for freedom which is gathering strength every day.

The token of admiration and gratitude which we have been privileged today to present to you on behalf of all your disciples is but a modest expression of what we feel. I wish I could claim a little of the credit of having organized this; but it was, in fact, entirely the younger generation of your pupils who took the initiative of actually doing what many of us older ones had long wished should be done. It is to the editor of the volume and to the Foundation for Economic Education that the credit belongs of having provided this opportunity for the expression of our wishes.

And now, Ladies and Gentlemen, it only remains for me to invite you to raise your glass in honor of Professor von Mises, in order to wish him long and fruitful years ahead in which he may remain our guide, our counselor, and our inspiration. Professor von Mises!

2. Good and Bad Unemployment Policies:
In 1944 Professor Hayek emphasised that sustainable employment depends on an appropriate distribution of labour among the different lines of production. This distribution must change as circumstances change. Sustain able employment thus depends on appropriate changes in relative real wage-rates. If established producers—both unions and capitalists—prevent such relative changes from becoming effective, there follows an unnecessary rise in unemployment. Sustainable employment now depends on successfully tackling these established labour and capital monopolies. - Sudha R. Shenoy

One of the obstacles to a successful employment policy is, paradoxically enough, that it is so comparatively easy quickly to reduce unemployment, or even almost to extinguish it, for the time being. There is always ready at hand a way of rapidly bringing large numbers of people back to the kind of employment they are used to, at no greater immediate cost than the printing and spending of a few extra millions. In countries with a disturbed monetary history this has long been known, but it has not made the remedy much more popular. In England the recent discovery of this drug has produced a somewhat intoxicating effect; and the present tendency to place exclusive reliance on its use is not without danger.

Though monetary expansion can afford quick relief, it can produce a lasting cure only to a limited extent. Few people will deny that monetary policy can successfully counteract the deflationary spiral into which every minor decline of activity tends to degenerate. This does not mean, however, that it is desirable that we should normally strain the instrument of monetary expansion to create the maximum amount of employment which it can produce in the short run. The trouble with such a policy is that it would be almost certain to aggravate the more fundamental or structural causes of unemployment and leave us in the end in a position worse than that from which we started.
Maladjustments

The main cause of this kind of unemployment is undoubtedly the disproportion between the distribution of labour among the different industries and the rates at which the output of these industries could be continuously absorbed. At the end of this war we shall, of course, be faced with a particularly diffi cult problem of this character. In the past the best known disproportion of this kind and, because of its connection with periodical slumps the most important, was the chronic over-development of all the industries making equipment for use in further production.

It is more than likely that these industries, because of the intermittent way in which they operated, have always had a larger labour force than they could continuously employ. And while it is not diffi cult to create by means of monetary expansion in those industries another burst of feverish activity which will create temporarily conditions of ‘full employment’, and even draw still more people into those industries, we are thereby making more diffi cult the task of maintaining even employment. A monetary policy aiming at a stable long-run position would indeed deliberately have to stop expansion before ‘full employment’ in those industries had been reached, in order to avoid a new maldirection of resources.

Though this is the most important single instance of structural maladjustments responsible for unemployment, the recurrent depression constitutes only part of our problem. The hard core of persistent unemployment is an even greater menace and is due largely to maldistributions of a different kind which monetary policy can do even less to cure. We must here face the fact that the problem of unemployment is in the last resort a wage problem—a fact which used to be well understood but which a conspiracy of silence has recently relegated into oblivion.

Wages and Mobility

Demand shifts constantly to new articles and industries, and the more rapidly we advance the more frequent such changes become. Though the increased speed of change will necessarily swell the numbers temporarily out of work while looking for a new job, it need not cause an increase of lasting unemployment, or a reduction in the demand for labour as a whole. If movement into the advancing industries were free, they should readily absorb those laid off elsewhere. The new development which more and more prevents this, and which has become the most serious cause of protracted unemployment, is the tendency of those established in the progres sing industries to exclude newcomers. If the increase in demand in those industries leads, not to an increase of employment and output, but merely to an increase of the wages and profits of those already established, there will indeed be no new demand for labour to offset the decrease. If every gain of an industry is treated as the preserve of a closed group, to be taken out almost entirely in higher wages and profi ts, every shift of demand must add to the lasting unemployment.

The very special and almost unique experience of this country in the years after the pound was artificially raised to its former gold value has produced a fallacious preoccupation with the general wage level. Where such an artificial increase of the national wage level is the cause of unemployment, monetary manipulation is indeed the simplest way to cure it. Such a situation, however, is altogether exceptional and not likely to occur, except in consequence of currency fluctuations.

In normal times employment depends much more on the relation between wages in the different industries—or, rather, on the degree of mobility which the wage structure allows. There is little that monetary policy can positively achieve in this connection. Indeed, if Lord Keynes is right in emphasising that workers attach more importance to the nominal figure of their money wages than to real wages, any attempt to meet the problems of wage rigidity by monetary expansion can only increase the immobility which is the real trouble: if money wages are maintained in declining industries the workers will become even more hesitant to leave them in order to break the protective walls sheltering the privileged groups in the advancing industries.

The struggle against unemployment is in the last resort the same as the struggle against monopoly. Need it be added that on this fundamental issue we are not moving in the right direction? Or that it would be a poor service to the community to pretend that there is an easy way out which makes it unnecessary to face the basic difficulties?

Dangers Ahead

It is easy to see how much more serious our problems must become if the present fashion should prevail and if it should become the accepted doctrine that it is the task of monetary policy to make good any harm done by monopolistic wage policies. Even apart from the effect on those responsible for wage policy, who are thus excused the responsibility for the effect of their action on employment, the one-sided emphasis on monetary policy may not only deprive our efforts of full results, but also produce effects as unlooked

for as they are undesirable.

While it is true that an intelligent monetary policy is a sine qua non of the prevention of large-scale unemployment, it is equally certain that it is not enough. Short of universal compulsion we shall never lastingly conquer unemployment until we succeed in breaking the rigidities of our economic system which we have allowed the monopolies of capitalists and labour to create. To forget this and to trust solely to monetary policy is the more dangerous as it may succeed long enough to make it impossible to try anything else: the more we are induced to delay the more difficult adjustments, because for the time being we seem to be able to keep things going, the greater the sector of our economic system will grow which can be kept going only by the artificial stimulus of credit expansion and ever-increasing Government investment.

It is a path which would force us into progressively increasing Government control of all economic life, and eventually into the totalitarian state.

3.Intellectuals and Socialism:
In all democratic countries, in the United States even more than elsewhere, a strong belief prevails that the influence of the intellectuals on politics is negligible. This is no doubt true of the power of intellectuals to make their peculiar opinions of the moment influence decisions, of the extent to which they can sway the popular vote on questions on which they differ from the current views of the masses. Yet over somewhat longer periods they have probably never exercised so great an influence as they do today in those countries. This power they wield by shaping public opinion.

In the light of recent history it is somewhat curious that this decisive power of the professional secondhand dealers in ideas should not yet be more generally recognized. The political development of the Western World during the last hundred years furnishes the clearest demonstration. Socialism has never and nowhere been at first a working-class movement. It is by no means an obvious remedy for the obvious evil which the interests of that class will necessarily demand. It is a construction of theorists, deriving from certain tendencies of abstract thought with which for a long time only the intellectuals were familiar; and it required long efforts by the intellectuals before the working classes could be persuaded to adopt it as their program.

In every country that has moved toward socialism, the phase of the development in which socialism becomes a determining influence on politics has been preceded for many years by a period during which socialist ideals governed the thinking of the more active intellectuals. In Germany this stage had been reached toward the end of the last century; in England and France, about the time of the first World War. To the casual observer it would seem as if the United States had reached this phase after World War II and that the attraction of a planned and directed economic system is now as strong among the American intellectuals as it ever was among their German or English fellows. Experience suggests that, once this phase has been reached, it is merely a question of time until the views now held by the intellectuals become the governing force of politics.

The character of the process by which the views of the intellectuals influence the politics of tomorrow is therefore of much more than academic interest. Whether we merely wish to foresee or attempt to influence the course of events, it is a factor of much greater importance than is generally understood. What to the contemporary observer appears as the battle of conflicting interests has indeed often been decided long before in a clash of ideas confined to narrow circles. Paradoxically enough, however, in general only the parties of the Left have done most to spread the belief that it was the numerical strength of the opposing material interests which decided political issues, whereas in practice these same parties have regularly and successfully acted as if they understood the key position of the intellectuals. Whether by design or driven by the force of circumstances, they have always directed their main effort toward gaining the support of this “elite,” while the more conservative groups have acted, as regularly but unsuccessfully, on a more naïve view of mass democracy and have usually vainly tried directly to reach and to persuade the individual voter.

II

The term “intellectuals,” however, does not at once convey a true picture of the large class to which we refer, and the fact that we have no better name by which to describe what we have called the secondhand dealers in ideas is not the least of the reasons why their power is not understood. Even persons who use the word “intellectual” mainly as a term of abuse are still inclined to withhold it from many who undoubtedly perform that characteristic function. This is neither that of the original thinker nor that of the scholar or expert in a particular field of thought. The typical intellectual need be neither: he need not possess special knowledge of anything in particular, nor need he even be particularly intelligent, to perform his role as intermediary in the spreading of ideas. What qualifies him for his job is the wide range of subjects on which he can readily talk and write, and a position or habits through which he becomes acquainted with new ideas sooner than those to whom he addresses himself.

Until one begins to list all the professions and activities which belong to the class, it is difficult to realize how numerous it is, how the scope for activities constantly increases in modern society, and how dependent on it we all have become. The class does not consist of only journalists, teachers, ministers, lecturers, publicists, radio commentators, writers of fiction, cartoonists, and artists all of whom may be masters of the technique of conveying ideas but are usually amateurs so far as the substance of what they convey is concerned. The class also includes many professional men and technicians, such as scientists and doctors, who through their habitual intercourse with the printed word become carriers of new ideas outside their own fields and who, because of their expert knowledge of their own subjects, are listened with respect on most others. There is little that the ordinary man of today learns about events or ideas except through the medium of this class; and outside our special fields of work we are in this respect almost all ordinary men, dependent for our information and instruction on those who make it their job to keep abreast of opinion. It is the intellectuals in this sense who decide what views and opinions are to reach us, which facts are important enough to be told to us, and in what form and from what angle they are to be presented. Whether we shall ever learn of the results of the work of the expert and the original thinker depends mainly on their decision.

The layman, perhaps, is not fully aware to what extent even the popular reputations of scientists and scholars are made by that class and are inevitably affected by its views on subjects which have little to do with the merits of the real achievements. And it is specially significant for our problem that every scholar can probably name several instances from his field of men who have undeservedly achieved a popular reputation as great scientists solely because they hold what the intellectuals regard as “progressive” political views; but I have yet to come across a single instance where such a scientific pseudo-reputation has been bestowed for political reason on a scholar of more conservative leanings. This creation of reputations by the intellectuals is particularly important in the fields where the results of expert studies are not used by other specialists but depend on the political decision of the public at large. There is indeed scarcely a better illustration of this than the attitude which professional economists have taken to the growth of such doctrines as socialism or protectionism. There was probably at no time a majority of economists, who were recognized as such by their peers, favorable to socialism (or, for that matter, to protection). In all probability it is even true to say that no other similar group of students contains so high a proportion of its members decidedly opposed to socialism (or protection). This is the more significant as in recent times it is as likely as not that it was an early interest in socialist schemes for reform which led a man to choose economics for his profession. Yet it is not the predominant views of the experts but the views of a minority, mostly of rather doubtful standing in their profession, which are taken up and spread by the intellectuals.

The all-pervasive influence of the intellectuals in contemporary society is still further strengthened by the growing importance of “organization.” It is a common but probably mistaken belief that the increase of organization increases the influence of the expert or specialist. This may be true of the expert administrator and organizer, if there are such people, but hardly of the expert in any particular field of knowledge. It is rather the person whose general knowledge is supposed to qualify him to appreciate expert testimony, and to judge between the experts from different fields, whose power is enhanced. The point which is important for us, however, is that the scholar who becomes a university president, the

scientist who takes charge of an institute or foundation, the scholar who becomes an editor or the active promoter of an organization serving a particular cause, all rapidly cease to be scholars or experts and become intellectuals, solely in the light of certain fashionable general ideas. The number of such institutions which breed intellectuals and increase their number and powers grows every day. Almost all the “experts” in the mere technique of getting knowledge over are, with respect to the subject matter which they handle, intellectuals and not experts.

In the sense in which we are using the term, the intellectuals are in fact a fairly new phenomenon of history. Though nobody will regret that education has ceased to be a privilege of the propertied classes, the fact that the propertied classes are no longer the best educated and the fact that the large number of people who owe their position solely to their general education do not possess that experience of the working of the economic system which the administration of property gives, are important for understanding the role of the intellectual. Professor Schumpeter, who has devoted an illuminating chapter of his Capitalism, Socialism, and Democracy to some aspects of our problem, has not unfairly stressed that it is the absence of direct responsibility for practical affairs and the consequent absence of firsthand knowledge of them which distinguishes the typical intellectual from other people who also wield the power of the spoken and written word. It would lead too far, however, to examine here further the development of this class and the curious claim which has recently been advanced by one of its theorists that it was the only one whose views were not decidedly influenced by its own economic interests. One of the important points that would have to be examined in such a discussion would be how far the growth of this class has been artificially stimulated by the law of copyright.

III

It is not surprising that the real scholar or expert and the practical man of affairs often feel contemptuous about the intellectual, are disinclined to recognize his power, and are resentful when they discover it. Individually they find the intellectuals mostly to be people who understand nothing in particular especially well and whose judgement on matters they themselves understand shows little sign of special wisdom. But it would be a fatal mistake to underestimate their power for this reason. Even though their knowledge may often be superficial and their intelligence limited, this does not alter the fact that it is their judgement which mainly determines the views on which society will act in the not too distant future. It is no exaggeration to say that, once the more active part of the intellectuals has been converted to a set of beliefs, the process by which these become generally accepted is almost automatic and irresistible. These intellectuals are the organs which modern society has developed for spreading knowledge and ideas, and it is their convictions and opinions which operate as the sieve through which all new conceptions must pass before they can reach the masses.

It is of the nature of the intellectual’s job that he must use his own knowledge and convictions in performing his daily task. He occupies his position because he possesses, or has had to deal from day to day with, knowledge which his employer in general does not possess, and his activities can therefore be directed by others only to a limited extent. And just because the intellectuals are mostly intellectually honest, it is inevitable that they should follow their own conviction whenever they have discretion and that they should give a corresponding slant to everything that passes through their hands. Even where the direction of policy is in the hands of men of affairs of different views, the execution of policy will in general be in the hands of intellectuals, and it is frequently the decision on the detail which determines the net effect. We find this illustrated in almost all fields of contemporary society. Newspapers in “capitalist” ownership, universities presided over by “reactionary” governing bodies, broadcasting systems owned by conservative governments, have all been known to influence public opinion in the direction of socialism, because this was the conviction of the personnel. This has often happened not only in spite of, but perhaps even because of, the attempts of those at the top to control opinion and to impose principles of orthodoxy.

The effect of this filtering of ideas through the convictions of a class which is constitutionally disposed to certain views is by no means confined to the masses. Outside his special field the expert is generally no less dependent on this class and scarcely less influenced by their selection. The result of this is that today in most parts of the Western World even the most determined opponents of socialism derive from socialist

sources their knowledge on most subjects on which they have no firsthand information. With many of the more general preconceptions of socialist thought, the connection of their more practical proposals is by no means at once obvious; in consequence, many men who believe themselves to believe themselves to be determined opponents of that system of thought become in fact effective spreaders of its ideas. Who does not know the practical man who in his own field denounces socialism as “pernicious rot” but, when he steps outside his subject, spouts socialism like any left journalist? In no other field has the predominant influence of the socialist intellectuals been felt more strongly during the last hundred years than in the contacts between different national civilizations. It would go far beyond the limits of this article to trace the causes and significance of the highly important fact that in the modern world the intellectuals provide almost the only approach to an international community. It is this which mainly accounts for the extraordinary spectacle that for generations the supposedly “capitalist” West has been lending its moral and material support almost exclusively to those ideological movements in countries father east which aimed at undermining Western civilization and that, at the same time, the information which the Western public has obtained about events in Central and Eastern Europe has almost inevitably been colored by a socialist bias. Many of the “educational” activities of the American forces of occupation of Germany have furnished clear and recent examples of this tendency.

IV

A proper understanding of the reasons which tend to incline so many of the intellectuals toward socialism is thus most important. The first point here which those who do not share this bias ought to face frankly is that it is neither selfish interests nor evil intentions but mostly honest convictions and good intentions which determine the intellectual’s views. In fact, it is necessary to recognize that on the whole the typical intellectual is today more likely to be a socialist the more he his guided by good will and intelligence, and that on the plane of purely intellectual argument he will generally be able to make out a better case than the majority of his opponents within his class. If we still think him wrong, we must recognize that it may be genuine error which leads the well-meaning and intelligent people who occupy those key positions in our society to spread views which to us appear a threat to our civilization.1 Nothing could be more important than to try to understand the sources of this error in order that we should be able to counter it. Yet those who are generally regarded as the representatives of the existing order and who believe that they comprehend the dangers of socialism are usually very far from such understanding. They tend to regard the socialist intellectuals as nothing more than a pernicious bunch of highbrow radicals without appreciating their influence and, by their whole attitude to them, tend to drive them even further into opposition to the existing order.

If we are to understand this peculiar bias of a large section of intellectuals, we must be clear about two points. The first is that they generally judge all particular issues exclusively in the light of certain general ideas; the second, that the characteristic errors of any age are frequently derived from some genuine new truths it has discovered, and they are erroneous applications of new generalizations which have proved their value in other fields. The conclusion to which we shall be led by a full consideration of these facts will be that the effective refutation of such errors will frequently require further intellectual advance, and often advance on points which are very abstract and may seem very remote from the practical issues.

It is perhaps the most characteristic feature of the intellectual that he judges new ideas not by their specific merits but by the readiness with which they fit into his general conceptions, into the picture of the world which he regards as modern or advanced. It is through their influence on him and on his choice of opinions on particular issues that the power of ideas for good and evil grows in proportion to their generality, abstractness, and even vagueness. As he knows little about the particular issues, his criterion must be consistency with his other views and suitability for combining into a coherent picture of the world. Yet this selection from the multitude of new ideas presenting themselves at every moment creates the characteristic climate of opinion, the dominant Weltanschauung of a period, which will be favorable to the reception of some opinions and unfavorable to others and which will make the intellectual readily accept one conclusion and reject another without a real understanding of the issues.

In some respects the intellectual is indeed closer to the philosopher than to any specialist, and the philosopher is in more than one sense a sort of prince among the intellectuals. Although his influence is

farther removed from practical affairs and correspondingly slower and more difficult to trace than that of the ordinary intellectual, it is of the same kind and in the long run even more powerful than that of the latter. It is the same endeavor toward a synthesis, pursued more methodically, the same judgement of particular views in so far as they fit into a general system of thought rather than by their specific merits, the same striving after a consistent world view, which for both forms the main basis for accepting or rejecting ideas. For this reason the philosopher has probably a greater influence over the intellectuals than any other scholar or scientist and, more than anyone else, determines the manner in which the intellectuals exercise their censorship function. The popular influence of the scientific specialist begins to rival that of the philosopher only when he ceases to be a specialist and commences to philosophize about the progress of his subject and usually only after he has been taken up by the intellectuals for reasons which have little to do with his scientific eminence.

The “climate of opinion” of any period is thus essentially a set of very general preconceptions by which the intellectual judges the importance of new facts and opinions. These preconceptions are mainly applications to what seem to him the most significant aspects of scientific achievements, a transfer to other fields of what has particularly impressed him in the work of the specialists. One could give a long list of such intellectual fashions and catchwords which in the course of two or three generations have in turn dominated the thinking of the intellectuals. Whether it was the “historical approach” or the theory of evolution, nineteenth-century determinism and the belief in the predominant influence of environment as against heredity, the theory of relativity or the belief in the power of the unconscious—every one of these general conceptions has been made the touchstone by which innovations in different fields have been tested. It seems as if the less specific or precise (or the less understood) these ideas are, the wider may be their influence. Sometimes it is no more than a vague impression rarely put into words which thus wields a profound influence. Such beliefs as that deliberate control or conscious organization is also in social affairs always superior to the results of spontaneous processes which are not directed by a human mind, or that any order based on a plan laid down beforehand must be better than one formed by the balancing of opposing forces, have in this way profoundly affected political development.

Only apparently different is the role of the intellectuals where the development of more properly social ideas is concerned. Here their peculiar propensities manifest themselves in making shibboleths of abstractions, in rationalizing and carrying to extremes certain ambitions which spring from the normal intercourse of men. Since democracy is a good thing, the further the democratic principle can be carried, the better it appears to them. The most powerful of these general ideas which have shaped political development in recent times is of course the ideal of material equality. It is, characteristically, not one of the spontaneously grown moral convictions, first applied in the relations between particular individuals, but an intellectual construction originally conceived in the abstract and of doubtful meaning or application in particular instances. Nevertheless, it has operated strongly as a principle of selection among the alternative courses of social policy, exercising a persistent pressure toward an arrangement of social affairs which nobody clearly conceives. That a particular measure tends to bring about greater equality has come to be regarded as so strong a recommendation that little else will be considered. Since on each particular issue it is this one aspect on which those who guide opinion have a definite conviction, equality has determined social change even more strongly than its advocates intended.

Not only moral ideals act in this manner, however. Sometimes the attitudes of the intellectuals toward the problems of social order may be the consequence of advances in purely scientific knowledge, and it is in these instances that their erroneous views on particular issues may for a time seem to have all the prestige of the latest scientific achievements behind them. It is not in itself surprising that a genuine advance of knowledge should in this manner become on occasion a source of new error. If no false conclusions followed from new generalizations, they would be final truths which would never need revision. Although as a rule such a new generalization will merely share the false consequences which can be drawn from it with the views which were held before, and thus not lead to new error, it is quite likely that a new theory, just as its value is shown by the valid new conclusions to which it leads, will produce other new conclusions to which further advance will show to have been erroneous. But in such an instance a false belief will appear with all the prestige of the latest scientific knowledge supporting it. Although in the particular field to which this belief applies all the scientific evidence may be against it, it

will nevertheless, before the tribunal of the intellectuals and in the light of the ideas which govern their thinking, be selected as the view which is best in accord with the spirit of the time. The specialists who will thus achieve public fame and wide influence will thus not be those who have gained recognition by their peers but will often be men whom the other experts regard as cranks, amateurs, or even frauds, but who in the eyes of the general public nevertheless become the best known exponents of their subject.

In particular, there can be little doubt that the manner in which during the last hundred years man has learned to organize the forces of nature has contributed a great deal toward the creation of the belief that a similar control of the forces of society would bring comparable improvements in human conditions. That, with the application of engineering techniques, the direction of all forms of human activity according to a single coherent plan should prove to be as successful in society as it has been in innumerable engineering tasks, is too plausible a conclusion not to seduce most of those who are elated by the achievement of the natural sciences. It must indeed be admitted both that it would require powerful arguments to counter the strong presumption in favor of such a conclusion and that these arguments have not yet been adequately stated. It is not sufficient to point out the defects of particular proposals based on this kind of reasoning. The argument will not lose its force until it has been conclusively shown why what has proved so eminently successful in producing advances in so many fields should have limits to its usefulness and become positively harmful if extended beyond these limits. This is a task which has not yet been satisfactorily performed and which will have to be achieved before this particular impulse toward socialism can be removed.

This, of course, is only one of many instances where further intellectual advance is needed if the harmful ideas at present current are to be refuted and where the course which we shall travel will ultimately be decided by the discussion of very abstract issues. It is not enough for the man of affairs to be sure, from his intimate knowledge of a particular field, that the theories of socialism which are derived from more general ideas will prove impracticable. He may be perfectly right, and yet his resistance will be overwhelmed and all the sorry consequences which he foresees will follow if his is not supported by an effective refutation of the idees meres. So long as the intellectual gets the better of the general argument, the most valid objections of the specific issue will be brushed aside.

V

This is not the whole story, however. The forces which influence recruitment to the ranks of the intellectuals operate in the same direction and help to explain why so many of the most able among them lean toward socialism. There are of course as many differences of opinion among intellectuals as among other groups of people; but it seems to be true that it is on the whole the more active, intelligent, and original men among the intellectuals who most frequently incline toward socialism, while its opponents are often of an inferior caliber. This is true particularly during the early stages of the infiltration of socialist ideas; later, although outside intellectual circles it may still be an act of courage to profess socialist convictions, the pressure of opinion among intellectuals will often be so strongly in favor of socialism that it requires more strength and independence for a man to resist it than to join in what his fellows regard as modern views. Nobody, for instance, who is familiar with large numbers of university faculties (and from this point of view the majority of university teachers probably have to be classed as intellectuals rather than as experts) can remain oblivious to the fact that the most brilliant and successful teachers are today more likely than not to be socialists, while those who hold more conservative political views are as frequently mediocrities. This is of course by itself an important factor leading the younger generation into the socialist camp.

The socialist will, of course, see in this merely a proof that the more intelligent person is today bound to become a socialist. But this is far from being the necessary or even the most likely explanation. The main reason for this state of affairs is probably that, for the exceptionally able man who accepts the present order of society, a multitude of other avenues to influence and power are open, while to the disaffected and dissatisfied an intellectual career is the most promising path to both influence and the power to contribute to the achievement of his ideals. Even more than that: the more conservatively inclined man of first class ability will in general choose intellectual work (and the sacrifice in material reward which this choice usually entails) only if he enjoys it for its own sake. He is in consequence more likely to become an

expert scholar rather than an intellectual in the specific sense of the word; while to the more radically minded the intellectual pursuit is more often than not a means rather than an end, a path to exactly that kind of wide influence which the professional intellectual exercises. It is therefore probably the fact, not that the more intelligent people are generally socialists, but that a much higher proportion of socialists among the best minds devote themselves to those intellectual pursuits which in modern society give them a decisive influence on public opinion.2

The selection of the personnel of the intellectuals is also closely connected with the predominant interest which they show in general and abstract ideas. Speculations about the possible entire reconstruction of society give the intellectual a fare much more to his taste than the more practical and short-run considerations of those who aim at a piecemeal improvement of the existing order. In particular, socialist thought owes its appeal to the young largely to its visionary character; the very courage to indulge in Utopian thought is in this respect a source of strength to the socialists which traditional liberalism sadly lacks. This difference operates in favor of socialism, not only because speculation about general principles provides an opportunity for the play of the imagination of those who are unencumbered by much knowledge of the facts of present-day life, but also because it satisfies a legitimate desire for the understanding of the rational basis of any social order and gives scope for the exercise of that constructive urge for which liberalism, after it had won its great victories, left few outlets. The intellectual, by his whole disposition, is uninterested in technical details or practical difficulties. What appeal to him are the broad visions, the spacious comprehension of the social order as a whole which a planned system promises.

This fact that the tastes of the intellectual were better satisfied by the speculations of the socialists proved fatal to the influence of the liberal tradition. Once the basic demands of the liberal programs seemed satisfied, the liberal thinkers turned to problems of detail and tended to neglect the development of the general philosophy of liberalism, which in consequence ceased to be a live issue offering scope for general speculation. Thus for something over half a century it has been only the socialists who have offered anything like an explicit program of social development, a picture of the future society at which they were aiming, and a set of general principles to guide decisions on particular issues. Even though, if I am right, their ideals suffer from inherent contradictions, and any attempt to put them into practice must produce something utterly different from what they expect, this does not alter the fact that their program for change is the only one which has actually influenced the development of social institutions. It is because theirs has become the only explicit general philosophy of social policy held by a large group, the only system or theory which raises new problems and opens new horizons, that they have succeeded in inspiring the imagination of the intellectuals.

The actual developments of society during this period were determined, not by a battle of conflicting ideals, but by the contrast between an existing state of affairs and that one ideal of a possible future society which the socialists alone held up before the public. Very few of the other programs which offered themselves provided genuine alternatives. Most of them were mere compromises or half-way houses between the more extreme types of socialism and the existing order. All that was needed to make almost any socialist proposal appear reasonable to these “judicious” minds who were constitutionally convinced that the truth must always lie in the middle between the extremes, was for someone to advocate a sufficiently more extreme proposal. There seemed to exist only one direction in which we could move, and the only question seemed to be how fast and how far the movement should proceed.

VI

The significance of the special appeal to the intellectuals which socialism derives from its speculative character will become clearer if we further contrast the position of the socialist theorist with that of his counterpart who is a liberal in the old sense of the word. This comparison will also lead us to whatever lesson we can draw from an adequate appreciation of the intellectual forces which are undermining the foundations of a free society.

Paradoxically enough, one of the main handicaps which deprives the liberal thinker of popular influence is closely connected with the fact that, until socialism has actually arrived, he has more opportunity of

directly influencing decisions on current policy and that in consequence he is not only not tempted into that long-run speculation which is the strength of the socialists, but is actually discouraged from it because any effort of this kind is likely to reduce the immediate good he can do. Whatever power he has to influence practical decisions he owes to his standing with the representatives of the existing order, and this standing he would endanger if he devoted himself to the kind of speculation which would appeal to the intellectuals and which through them could influence developments over longer periods. In order to carry weight with the powers that be, he has to be "practical," "sensible," and "realistic." So long as he concerns himself with the immediate issues, he is rewarded with influence, material success, and popularity with those who up to a point share his general outlook. But these men have little respect for those speculations on general principles which shape the intellectual climate. Indeed, if he seriously indulges in such long-run speculation, he is apt to acquire the reputation of being "unsound" or even half a socialist, because he is unwilling to identify the existing order with the free system at which he aims.3

If, in spite of this, his efforts continue in the direction of general speculation, he soon discovers that it is unsafe to associate too closely with those who seem to share most of his convictions, and he is soon driven into isolation. Indeed there can be few more thankless tasks at present than the essential one of developing the philosophical foundation on which the further development of a free society must be based. Since the man who undertakes it must accept much of the framework of the existing order, he will appear to many of the more speculatively minded intellectuals merely as a timid apologist of things as they are; at the same time he will be dismissed by the men of affairs as an impractical theorist. He is not radical enough for those who know only the world where "with ease together dwell the thoughts" and much too radical for those who see only how "hard in space together clash the things." If he takes advantage of such support as he can get from the men of affairs, he will almost certainly discredit himself with those on whom he depends for the spreading of his ideas. At the same time he will need most carefully to avoid anything resembling extravagance or overstatement. While no socialist theorist has ever been known to discredit himself with his fellows even by the silliest of proposals, the old-fashioned liberal will damn himself by an impracticable suggestion. Yet for the intellectuals he will still not be speculative or adventurous enough, and the changes and improvements in the social structure he will have to offer will seem limited in comparison with what their less restrained imagination conceives.

At least in a society in which the main requisites of freedom have already been won and further improvements must concern points of comparative detail, the liberal program can have none of the glamor of a new invention. The appreciation of the improvements it has to offer requires more knowledge of the working of the existing society than the average intellectual possesses. The discussion of these improvements must proceed on a more practical level than that of the more revolutionary programs, thus giving a complexion which has little appeal for the intellectual and tending to bring in elements to whom he feels directly antagonistic. Those who are most familiar with the working of the present society are also usually interested in the preservation of particular features of that society which may not be defensible on general principles. Unlike the person who looks for an entirely new future order and who naturally turns for guidance to the theorist, the men who believe in the existing order also usually think that they understand it much better than any theorist and in consequence are likely to reject whatever is unfamiliar and theoretical.

The difficulty of finding genuine and disinterested support for a systematic policy for freedom is not new. In a passage of which the reception of a recent book of mine has often reminded me, Lord Acton long ago described how "at all times sincere friends of freedom have been rare, and its triumphs have been due to minorities, that have prevailed by associating themselves with auxiliaries whose objects differed from their own; and this association, which is always dangerous, has been sometimes disastrous, by giving to opponents just grounds of opposition…."4 More recently, one of the most distinguished living American economists has complained in a similar vein that the main task of those who believe in the basic principles of the capitalist system must frequently be to defend this system against the capitalists—indeed the great liberal economists, from Adam Smith to the present, have always known this.

The most serious obstacle which separates the practical men who have the cause of freedom genuinely at heart from those forces which in the realm of ideas decide the course of development is their deep

distrust of theoretical speculation and their tendency to orthodoxy; this, more than anything else, creates an almost impassable barrier between them and those intellectuals who are devoted to the same cause and whose assistance is indispensable if the cause is to prevail. Although this tendency is perhaps natural among men who defend a system because it has justified itself in practice, and to whom its intellectual justification seems immaterial, it is fatal to its survival because it deprives it of the support it most needs. Orthodoxy of any kind, any pretense that a system of ideas is final and must be unquestioningly accepted as a whole, is the one view which of necessity antagonizes all intellectuals, whatever their views on particular issues. Any system which judges men by the completeness of their conformity to a fixed set of opinions, by their "soundness" or the extent to which they can be relied upon to hold approved views on all points, deprives itself of a support without which no set of ideas can maintain its influence in modern society. The ability to criticize accepted views, to explore new vistas and to experience with new conceptions, provides the atmosphere without which the intellectual cannot breathe. A cause which offers no scope for these traits can have no support from him and is thereby doomed in any society which, like ours, rests on his services.

VII

It may be that a free society as we have known it carries in itself the forces of its own destruction, that once freedom has been achieved it is taken for granted and ceases to be valued, and that the free growth of ideas which is the essence of a free society will bring about the destruction of the foundations on which it depends. There can be little doubt that in countries like the United States the ideal of freedom today has less real appeal for the young than it has in countries where they have learned what its loss means. On the other hand, there is every sign that in Germany and elsewhere, to the young men who have never known a free society, the task of constructing one can become as exciting and fascinating as any socialist scheme which has appeared during the last hundred years. It is an extraordinary fact, though one which many visitors have experienced, that in speaking to German students about the principles of a liberal society one finds a more responsive and even enthusiastic audience than one can hope to find in any of the Western democracies. In Britain also there is already appearing among the young a new interest in the principles of true liberalism which certainly did not exist a few years ago.

Does this mean that freedom is valued only when it is lost, that the world must everywhere go through a dark phase of socialist totalitarianism before the forces of freedom can gather strength anew? It may be so, but I hope it need not be. Yet, so long as the people who over longer periods determine public opinion continue to be attracted by the ideals of socialism, the trend will continue. If we are to avoid such a development, we must be able to offer a new liberal program which appeals to the imagination. We must make the building of a free society once more an intellectual adventure, a deed of courage. What we lack is a liberal Utopia, a program which seems neither a mere defense of things as they are nor a diluted kind of socialism, but a truly liberal radicalism which does not spare the susceptibilities of the mighty (including the trade unions), which is not too severely practical, and which does not confine itself to what appears today as politically possible. We need intellectual leaders who are willing to work for an ideal, however small may be the prospects of its early realization. They must be men who are willing to stick to principles and to fight for their full realization, however remote. The practical compromises they must leave to the politicians. Free trade and freedom of opportunity are ideals which still may arouse the imaginations of large numbers, but a mere "reasonable freedom of trade" or a mere "relaxation of controls" is neither intellectually respectable nor likely to inspire any enthusiasm.

The main lesson which the true liberal must learn from the success of the socialists is that it was their courage to be Utopian which gained them the support of the intellectuals and therefore an influence on public opinion which is daily making possible what only recently seemed utterly remote. Those who have concerned themselves exclusively with what seemed practicable in the existing state of opinion have constantly found that even this has rapidly become politically impossible as the result of changes in a public opinion which they have done nothing to guide. Unless we can make the philosophic foundations of a free society once more a living intellectual issue, and its implementation a task which challenges the ingenuity and imagination of our liveliest minds. But if we can regain that belief in the power of ideas which was the mark of liberalism at its best, the battle is not lost. The intellectual revival of liberalism is already underway in many parts of the world. Will it be in time?

4.Money, Keynes, and History:
The chief root of our present monetary troubles is, of course, the sanction of scientific authority which Lord Keynes and his disciples have given to the age-old superstition that by increasing the aggregate of money expenditure we can lastingly ensure prosperity and full employment.

It is a superstition against which economists before Keynes had struggled with some success for at least two centuries.1 It had governed most of earlier history. This history, indeed, has been largely a history of inflation; significantly, it was only during the rise of the prosperous modern industrial systems and during the rule of the gold standard, that over a period of about two hundred years (in Britain from about 1714 to 1914, and in the United States from about 1749 to 1939) prices were at the end about where they had been at the beginning. During this unique period of monetary stability the gold standard had imposed upon monetary authorities a discipline which prevented them from abusing their powers, as they have done at nearly all other times. Experience in other parts of the world does not seem to have been very different: I have been told that a Chinese law attempted to prohibit paper money for all times (of course, ineffectively), long before the Europeans ever invented it!
Keynesian rehabilitation

It was John Maynard Keynes, a man of great intellect but limited knowledge of economic theory, who ultimately succeeded in rehabilitating a view long the preserve of cranks with whom he openly sympathised. He had attempted by a succession of new theories to justify the same, superficially persuasive, intuitive belief that had been held by many practical men before, but that will not withstand rigorous analysis of the price mechanism: just as there cannot be a uniform price for all kinds of labour, an equality of demand and supply for labour in general cannot be secured by managing aggregate demand. The volume of employment depends on the correspondence of demand and supply in each sector of the economy, and therefore on the wage structure and the distribution of demand between the sectors. The consequence is that over a longer period the Keynesian remedy does not cure unemployment but makes it worse.

The claim of an eminent public figure and brilliant polemicist to provide a cheap and easy means of permanently preventing serious unemployment conquered public opinion and, after his death, professional opinion too. Sir John Hicks has even proposed that we call the third quarter of this century, 1950 to 1975, the age of Keynes, as the second quarter was the age of Hitler.2 I do not feel that the harm Keynes did is really so much as to justify that description. But it is true that, so long as his prescriptions seemed to work, they operated as an orthodoxy which it appeared useless to oppose.
Personal Confession

I have often blamed myself for having given up the struggle after I had spent much time and energy criticising the first version of Keynes's theoretical framework. Only after the second part of my critique had appeared did he tell me he had changed his mind and no longer believed what he had said in the Treatise on Money of 1930 (somewhat unjustly towards himself, as it seems to me, since I still believe that volume II of the Treatise contains some of the best work he ever did). At any rate, I felt it then to be useless to return to the charge, because he seemed so likely to change his views again. When it proved that this new version—the General Theory of 1936—conquered most of the professional opinion, and when in the end even some of the colleagues I most respected supported the wholly Keynesian Bretton Woods agreement, I largely withdrew from the debate, since to proclaim my dissent from the near-unanimous views of the orthodox phalanx would merely have deprived me of a hearing on other matters about which I was more concerned at the time. (I believe, however, that, so far as some of the best British economists were concerned, their support of Bretton Woods was determined more by a misguided patriotism—the hope that it would benefit Britain in her post-war difficulties than by a belief that it would provide a satisfactory international monetary order.)
The Manufacture of Unemployment

I wrote 36 years ago on the crucial point of difference:

It may perhaps be pointed out that it has, of course, never been denied that employment can be rapidly increased, and a position of “full employment” achie ved in the shortest possible time, by means of monetary expansion—least of all by those economists whose outlook has been influenced by the experience of a major inflation. All that has been contended is that the kind of full employment which can be created in this way is inherently unstable, and that to create employment by these means is to perpetuate fluctuations. There may be desperate situations in which it may indeed be necessary to increase employment at all costs, even if it be only for a short period—perhaps the situation in which Dr Brüning found himself in Germany in 1932 was such a situation in which desperate means would have been justified. But the economist should not conceal the fact that to aim at the maximum of employment which can be achieved in the short run by means of monetary policy is essentially the policy of the desperado who has nothing to lose and everything to gain from a short breathing space.3

To this I would now like to add, in reply to the constant deliberate misrepresentation of my views by politicians, who like to picture me as a sort of bogey whose influence makes conservative parties dangerous, what I regularly emphasize and stated nine months ago in my Nobel Memorial Prize Lecture at Stockholm in the following words:

The truth is that by a mistaken theoretical view we have been led into a precarious position in which we cannot prevent substantial unemployment from re-appearing: not because, as my view is sometimes misrepresented, this unemployment is deliberately brought about as a means to combat inflation, but because it is now bound to appear as a deeply regrettable but inescapable consequence of the mistaken policies of the past as soon as inflation ceases to accelerate.4

Unemployment via ‘full employment policies’

This manufacture of unemployment by what are called ‘full employment policies’ is a complex process. In essence it operates by temporary changes in the distribution of demand, drawing both unemployed and already employed workers into jobs which will disappear with the end of inflation. In the periodically recurrent crises of the pre-1914 years the expansion of credit during the preceding boom served largely to finance industrial investment, and the over-development and subsequent unemployment occurred mainly in the industries producing capital equipment. In the engineered inflation of the last decades things were more complex.

What will happen during a major inflation is illustrated by an observation from the early 1920s which many of my Viennese contemporaries will confirm: in the city many of the famous coffee houses were driven from the best comer sites by new bank offices and returned after the ‘stabilization crisis’, when the banks had contracted or collapsed and thousands of bank clerks swelled the ranks of the unemployed.
The lost generation

The whole theory underlying the full employment policies has by now of course been thoroughly discredited by the experience of the last few years. In consequence the economists are also beginning to discover its fatal intellectual defects which they ought to have seen all along. Yet I fear the theory will still give us a lot of trouble: it has left us with a lost generation of economists who have learnt nothing else. One of our chief problems will be to protect our money against those economists who will continue to offer their quack remedies, the short-term effectiveness of which will continue to ensure them popularity. It will survive among blind doctrinaires who have always been convinced that they have the key to salvation.
The 1863 penny

In consequence, though the rapid descent of Keynesian doctrine from intellectual respectability can be denied no longer, it still gravely threatens the chances of a sensible monetary policy. Nor have people yet fully realised how much irreparable damage it has already done, particularly in Britain, the country of its origin. The sense of financial respectability which once guided British monetary policy has rapidly disappeared. From a model to be imitated Britain has in a few years descended to be a warning example for the rest of the world. This decay was recently brought home to me by a curious incident: I found in a

drawer of my desk a British penny dated 1863 which a short 12 years ago, that is, when it was exactly a hundred years old, I had received as change from a London bus conductor and had taken back to Germany to show to my students what long-run monetary stability meant. I believe they were duly impressed. But they would laugh in my face if I now mentioned Britain as an instance of monetary stability.
Excerpted from Choice in Currency

5.On Being an Economist:
It is reported of the greatest economist whom I have personally known that he used to say that if he had seven sons they should all study economics. If this was meant to suggest the magnitude of the task economists have to solve, this heroic resolution cannot be highly enough commended. If it was meant to suggest that the study of economics is a sure path to personal happiness, I am afraid I have no such cheerful message for you. And it may be that Carl Menger himself later changed his views: when at last, at the age of sixty-two, he produced one son, this son did not become an economist, though the father lived to see him become a promising mathematician.

There is at least one kind of happiness which the pursuit of most sciences promises but which is almost wholly denied to the economist. The progress of the natural sciences often leads to unbounded confidence in the future prospects of the human race, and provides the natural scientist with the certainty that any important contribution to knowledge which he makes will be used to improve the lot of men. The economist's lot, however, is to study a field in which, almost more than any other, human folly displays itself. The scientist has no doubt that the world is moving on to better and finer things, that the progress he makes today will tomorrow be recognized and used. There is a glamour about the natural sciences which expresses itself in the spirit and the atmosphere in which it is pursued and received, in the prizes that wait for the successful as in the satisfaction it can offer to most. What I want to say to you tonight is a warning that, if you want any of this, if to sustain you in the toil which the prolonged pursuit of any subject requires, you want these clear signs of success, you had better leave economics and turn to one of the more fortunate other sciences. Not only are there no glittering prizes, no Nobel prizes1 and – I should have said till recently – no fortunes and no peerages, for the economist. But even to look for them, to aim at praise or public recognition, is almost certain to spoil your intellec tual honesty in this field. The dangers to the economist from any too strong desire to win public approval, and the reasons why I think it indeed fortunate that there are only few marks of distinction to corrupt him, I shall discuss later. But before that I want to consider the more serious cause for sorrow to the economist, the fact that he cannot trust that the progress of his knowledge will necessarily be followed by a more intelligent handling of social affairs, or even that we shall advance in this field at all and there will not be retrograde movements.

The economist knows that a single error in his field may do more harm than almost all the sciences taken together can do good – even more, that a mistake in the choice of a social order, quite apart from the immediate effect, may profoundly affect the prospects for generations. Even if he believes that he is himself in possession of full truth – which he believes less the older he grows – he cannot be sure that it will be used. And he cannot even be sure that his activities will not produce, because they are mishandled by others, the opposite of what he was aiming at.

I shall not argue that the economist has no influence. On the contrary, I agree with Lord Keynes that 'the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else'. The only qualification I want to add, and with which Lord Keynes would probably agree, is that economists have this great influence only in the long run and only indirectly, and that when their ideas begin to have effect, they have usually changed their form to such an extent that their fathers can scarcely recognize them.

This is closely connected with the fact, inevitable I believe in a democracy, that those who have to apply economic theory are laymen, not really trained as econo mists. In this economics differs from other disciplines. We do not,. as the other sciences do, train practitioners who are called in when an economic problem arises – or they can at most be called in as advisers while the actual deci sions must be left to

the statesman and the general public. However attractive the ideal of a government by experts may have appeared in the past – it even induced a radical liberal like John Stuart Mill to state that:

> of all governments, ancient and modern, the one by which this excellence [i.e., that political questions are decided 'by the deliberately formed opinion of a comparatively few, specially educated for the task'] is possessed in the most eminent degree is the government of Prussia – a most powerfully and skilfully organised aristocracy of all the most highly educated men in the kingdom.

We know now where this leads. And we prefer, I think rightly, an imperfect government by democratic methods to a real government by experts.

However, this has consequences of which economists more than others ought to be aware. We can never be sure what our suggestions will produce and whether our best meant efforts may not result in something very different from what we wish. It is, in fact, quite conceivable that advance in social knowledge may produce a retrogression in social policy, and this has indeed happened more than once. I will give you only one example. About seventy years ago economists began seriously to urge certain exceptions to the free-trade argument then almost univer sally accepted. I am not concerned here whether they were right or wrong. The point I want to make is merely that when after the usual interval of a generation or so their ideas began to take effect they produced a state of affairs which, I believe, even the most extreme protectionists would agree to be greatly inferior to the conditions of near free trade they had attacked. It may be true that some little protection, or some little flexibility in exchange rates, judiciously administered, may be better than free trade or the gold standard. I don't believe it, but it may be true. But this does not exclude that the advocacy of these modifica tions may have most regrettable effects. The attack against the principle, or perhaps half-truth, of the free-trade doctrine has certainly had the effect that the public forgot even a great deal of the elementary econom ics it had learnt, and became once more ready to assent to absurdities which seventy years ago it would have laughed out of court.

I have just referred to the interval of a generation or so which usually elapses before a new opinion becomes a political force. This phenomenon will be familiar to the readers of Dicey's Law and Opinion, and I could add many further instances to those given there. But it is perhaps specially necessary to remind you of it, because the unique rapidity with which, in our own time, the teach ing of Lord Keynes has penetrated into public consciousness may a little mislead you about what is the more regular course of things. I shall presently have to suggest an explanation of this exceptional case.

Another point to which I have indirectly referred already, but on which I must dwell a little, is the fact that in our field no knowledge can be regarded as established once and for all, and that, in fact, knowledge once gained and spread is often not disproved, but simply lost and forgotten. The elements of the free-trade argument, at one time nearly understood by every educated man, are a case in point. The reason why in our field knowledge can be so lost is, of course, that it is never established by exper iment, but can be acquired only by following a rather difficult process of reasoning. And people will believe a thing if you just tell them 'it has been shown by experi ment' – although they may understand nothing about it they will not accept in the same manner an argument, even though that argument may have convinced everybody who has understood it. The result is that in economics you can never establish a truth once and for all but have always to convince every generation anew – and that you may find much more difficult when things appear to yourself no longer so simple as they once did.

I cannot attempt here more than to touch upon the inexhaustible subject of Economists and the Public, a subject on which Professor H. Hutt of Capetown has written a thoughtful book, which contains many wise things and some not so wise – and which I strongly recom mend to your attention. There are very interesting points in this connexion, which have considerable bearing on our professional position as economists, such as the special difficulty, in our field, of distinguishing between the expert and the quack – and the equally important fact of the traditional unpopularity of the economists. You prob ably all know the remark of Walter Bagehot that the public has never yet been sorry to hear of the death of an economist. In fact, the dislike for most of the teaching of the economists in the past has built up a picture of the economist as a sort of monster devouring children. There is little to justify it in the facts. One of the

great liberal politicians of the early nineteenth century (Sir James Mackintosh) has said that ‘he had known Smith slightly, Ricardo well and Malthus intimately and found them about the best men he had known’. I can to some extent confirm this. As you perhaps know I have amused myself at times by digging into the history of economics, and during the past twenty-five years I have had the opportu nity to know not only a good many economists of this and the past generation but also to compare them with schol ars in other fields. And I must say I have found them on the whole a surprisingly nice, sensitive and sane lot of people, less crotchety and mad than other scientists. Yet they still enjoy a reputation worse than almost any other profession and are imagined to be particularly hard, prej udiced, and devoid of feeling. And it was, and still is, the most eminent of economists in an academic sense, towards whom these reproaches were most frequently directed, while nothing is easier than for a crank to acquire the reputation of being a friend of the people. Things are in this respect still very much the same as they were in Adam Smith’s time, and what he said about the relation of an MP to monopolies applies very much to the relation of the economist to the practical ‘interests’ – and not only the capitalist interests: ‘The member of parlia ment’, you will find it said in the Wealth of Nations.

Who supports every proposal for strengthening this monopoly (of house manufacturers), is sure to acquire not only the reputation of understanding trade, but great popularity and influence with an order of men whose number and wealth render them of great importance. If he opposes them, on the contrary, and still more if he has authority enough to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public services, can protect him from the most infamous abuse and detraction, from personal insults, nor sometimes real danger, arising from the insolent outrage of furious and disappointed monopolists.

Before I pursue this subject of the effect of public opinion and political bias on the work of the economist I must for a moment pause to consider the various reasons and purposes which make us study economics. It is proba bly still true of most of us – and in this, too, economics differs from most other subjects – that we did not turn to economics for the fascination of the subject as such. Whatever may guide us later, few do – or at least did in my time – turn to economics for that reason simply because we usually don’t quite know what economics is. Indeed I remember that when I first borrowed during the last war from a fellow officer a textbook on economics I was strongly repelled by the dreariness of what I found, and my social enthusiasm was hardly sufficient to make me plod through the tome in which I hoped to find – and needless to say, did not find – the answer to the burning problem of how to build a juster society for which I really cared. But while the motives which have led most of us and I hope most of you – to the study of economics are highly commendable, they are not very conducive to real advance of insight. The fact which we must face is that nearly all of us come to the study of economics with very strong views on subjects which we do not understand. And even if we make a show of being detached and ready to learn, I am afraid it is almost always with a mental reser vation, with an inward determination to prove that our instincts were right and that nothing we learn can change our basic convictions. Though I am verging dangerously on preaching, let me nevertheless implore you to make a determined effort to achieve that intellectual humility which alone helps one to learn. Nothing is more perni cious to intellectual honesty than pride in not having changed one’s opinions – particularly if, as is usually the case in our field, these are opinions which in the circles in which we move are regarded as ‘progressive’ or ‘advanced’ or just modern. You will soon enough discover that what you regard as specially advanced opinions are just the opinions dominant in your particular generation and that it requires much greater strength and independence of mind to take a critical view of what you have been taught to be progressive than merely to accept them.

Back to my main topic. The great majority of you neces sarily study the social sciences not with the intention of going on to study them for the rest of your lives, but with a view to a job in which in the near future you can use your knowledge. You will then be entirely concerned with what is practical and will have to take the dominant ideals and ideas of your time for granted. Though in the long run it may be the economist who creates these ruling ideas, what he can do in practice is determined by the ideas created by his fathers or grandfathers. Does that mean that in academic study, too, we ought to be concerned with the immediately practical, take the current of ideas for granted, and prepare ourselves for the particular job we shall probably be called upon to perform? Now I do not believe that the universities can

do this or that they would perform their proper function if they attempted to do it. I do not think that in the social sciences the univer sities could give an effective ‘professional training’ or that persons so trained would be of much use except for subor dinate jobs. The practical aspects of a particular job are much better learnt on the job – and that is even true of many of the more general concrete aspects of the society in which we live. What you need, if through that inevitable apprenticeship you hope ultimately to rise to more responsible positions, is a capacity to interpret the detail with which you will be concerned and to see through the catchwords and phrases which govern everyday life. Does the study of the social sciences as it is now pursued provide this education, or how can it be made to do so?

This raises immediately the vexed problem of special ization versus a general and all-round education, much more acute and difficult in the social sciences than anywhere else. Let me meet a common misunderstanding: it is often argued that in social life everything hangs so closely together that society can only be studied ‘as a whole’. If that were really the case it would mean that it could not be studied at all. Nobody is capable of really understanding all aspects of society, and so far as advance ment of knowledge is concerned specialization is in the social sciences as necessary as anywhere, and becomes daily more necessary. But in another sense the contention that exclusive knowledge of a single sector of the social sciences is of little use is perfectly true. While you may be a very useful member of society if you are a competent chemist or biologist but know nothing else, you will not be a useful member of society if you know only economics or political science and nothing else. You cannot successfully use your technical knowledge unless you are a fairly educated person, and, in particular, have some knowledge of the whole field of the social sciences as well as some knowledge of history and philosophy. Of course real competence in some particular field comes first. Unless you really know your economics or whatever your special field is, you will be simply a fraud. But if you know only economics and nothing else, you will be a bane to mankind, good, perhaps, for writing articles for other economists to read, but for nothing else. If you have only three years this double task of acquiring technical compe tence in a narrow field plus a general education is a formidable task. But you will find it will for long be the only opportunity you have to collect a great deal of varied knowledge whose meaning and significance you will recognize only later. And if you mean to make the acade mic study of one of the subjects your life-work, it is even more important that during your undergraduate years you let your interests range rather widely. Any successful orig inal work on one of the social sciences requires now many years of exacting and exclusive attention to a narrow field, and it will be only after ten or fifteen years in which by such work you have become entitled to regard yourself as a creative economist that you once again emerge as a man who can look at things in a wider perspective and can broaden out beyond your narrow specialism. It is in the years before you have become specialists, before you have tied yourself to a particular field or a particular purpose, that you must acquire what general education you will have to guide you in the most active and productive part of your life.

What I want to plead for here is that in this you should let yourself be guided not by any fixed purpose but mainly by intellectual curiosity and a spirit of exploration. Apart from what you need for examination purposes there is no definite field of knowledge which you can hope to have ‘covered’ by the time you complete your course. And you will derive infinitely more profit if you allow yourself to follow up problems which at the moment interest you, or interest yourself in questions which you feel are definitely interesting, than if you make it a set purpose to master a definite subject. That you do enough of that the impend ing examinations see to. But no man or woman deserves to be at a university whose intellectual energy is completely absorbed by that except in the last months before the exams, in work for the exam. Unless you use the opportunities you now have in this respect you will never make the gain which I still regard as the greatest of all that the university can give: the discovery that to learn, to come to understand things, can be the greatest of human pleasures, and the only one that will never be exhausted.

I see I let myself again and again be drawn away from what I wanted to talk more about than anything, and as time is now getting short I must concentrate entirely on that one point. It is a point connected with the one I have just discussed – the way in which, not as beginners, but in our original work as economists, we guide and direct our interests. Should we aim at immediate usefulness, should we concern ourselves mainly with what is immediately practicable? Or should we pursue whatever intellectual difficulty we feel we might be able to solve, follow up problems where we see accepted views

are defective or muddled and where, therefore, we can hope to effect some theoretical improvement, irrespective of whether we can now see what its practical significance will be or not? The question is, of course, closely connected with whether the economist should strive for immediate influence or whether the economist should be content to work in effect for a distant future in which he has little personal interest. This is, of course, a choice which only the academic econ omist, the ‘don’, has to make; but it is nevertheless of some importance.

When I stress the unpopular and unfashionable answer to these questions I do not, of course, mean to imply that these are really exclusive alternatives and that a sensible person will not aim at some judicious balance between the two. What I want to suggest is merely that the ‘academic’ attitude which I shall favor is being unduly disparaged at the moment and the dangers to full intellectual integrity and independence which the more ‘practical’ attitude involves are perhaps not fully enough recognized.

The reason why I think that too deliberate striving for immediate usefulness is so likely to corrupt the intellec tual integrity of the economist is that immediate usefulness depends almost entirely on influence, and influence is gained most easily by concessions to popular prejudice and adherence to existing political groups. I seriously believe that any such striving for popularity (at least till you have very definitely settled your own convic tions) is fatal to the economist and that above anything he must have the courage to be unpopular. Whatever his theoretical beliefs may be, when he has to deal with the proposals of laymen the chance is that in nine out of ten cases his answer will have to be that their various ends are incompatible and that they will have to choose between them and to sacrifice some ambitions which they cherish. This is an inevitable consequence of the type of problems with which he has to deal: problems which are well described by the lines of Schiller that

With ease by one another dwell the thoughts But hard in space together clash the things.

The economist’s task is precisely to detect such incompat ibilities of thoughts before the clash of the things occurs, and the result is that he will always have the ungrateful task of pointing out the costs. That’s what he is there for and it is a task from which he must never shirk, however unpopular and disliked it may make him. Whatever else you may think of the classical economists you must admit that they never feared being unpopular.

It is fashionable now to sneer at their ‘non-conformist conscience’ or ‘self-castigating spirit’ which found plea sure in recommending all sorts of self-denial. And perhaps at a time when to adhere to their doctrines was essential to respectability there really was not as much merit in their stern attitude as some of them might claim. But the pendu lum has now so much swung in the opposite direction, the fashion is now so much to give the public what it wants rather than to warn it that it cannot have all, that it is worth remembering how much easier this is than to take the unpopular course. I think as economists we should at least always suspect ourselves if we find that we are on the popular side. It is so much easier to believe pleasant conclusions, or to trace doctrines which others like to believe, to concur in the views which are held by most people of good will, and not to disillusion enthusiasts, that the temptation to accept views which would not stand cold examination is sometimes almost irresistible.

It is the desire to gain influence in order to be able to do good which is one of the main sources of intellectual concessions by economist. I do not mean, and do not wish to argue, that the economist should entirely refrain from making value judgements or from speaking frankly on political questions. I do not believe that the former is possible or the latter desirable. But I think he ought to avoid committing himself to a party – or even devoting himself predominantly to some one good cause. That not only warps judgement – but the influence it gives him is almost certainly bought at the price of intellectual inde pendence. Too much anxiety to get a particular thing done, or to keep one’s influence over a particular group, is almost certain to be an obstacle to his saying many unpopular things he ought to say – and leads to his com promising with ‘dominant views’ which have to be accepted, and even accepting views which would not stand serious examination.

I trust you will forgive me if I seriously suggest that the danger of such intellectual corruption, of

concession made to the desire of gaining influence, is today greater from what are known as the left or progressive parties than from those of the right. The forces of the right are usually neither intelligent enough to value the support of intellec tual activities, nor have they the sort of prizes to offer which are likely to influence honest people. But the fact that, whatever may be true of the country as a whole, the ‘intelligentsia’ is predominantly left means that you are certain to have much greater influence, and therefore apparently chances to be useful, if you accept the sort of views which are generally regarded as ‘progressive’. There are now, and probably always will be, any number of attractive jobs, such as various sorts of research or adult education, in which you will be welcomed if you hold the right kind of ‘progressive’ views, and will have a better chance of getting on various committees or commissions if you represent any known political programme than if you are known to go your own way. Never forget that the repu tation of being ‘progressive’ adheres almost always to people or movements which have already half succeeded in converting people.

There can be no question that in resisting the inclina tion to join in with some popular movement one deliberately excludes oneself from much that is pleasant, profitable and flattering. Yet I believe that in our field more than in any other this is really essential: if anyone, the economist must keep free not to believe things which it would be useful and pleasant to believe, must not allow himself to encourage wish-dreams in himself or others. I don’t think the work of the politician and the true student of society are compatible. Indeed it seems to me that in order to be successful as a politician, to become a political leader, it is almost essential that you have no original ideas on social matters but just express what the majority feel. But I have perhaps said already more than enough about the external temptations and I want to say only a few more words about the internal ones, the seductive attraction exercised by the pleasantness of certain views. Here, too, there has recently been a great change of attitude. While the classical economists were perhaps a little too apt to feel ‘that is too good to be true’, I believe this attitude is still a safer one than the feeling that the conclusions of an argument are so desirable that they must be true.

I can illustrate this position only from my own experi ence and that will probably be different from yours. From all considerations other than the purely scientific one I have every reason to wish that I were able to believe that a planned socialist society can achieve what its advocates promise. If I could convince myself that they are right this would suddenly remove all the clouds which to me blacken all the prospects of the future. I should be free to share in the happy confidence of so many of my fellow men and to join with them in the work for a common end. As an econ omist such a situation would indeed have a double attraction. As I am again and again reminded by some socialist colleagues, our special knowledge would secure us a much more important position and I might rise to be a trusted leader instead of a hated obstructionist. You will probably say that of course it is only pride which, once I have staked my professional reputation on a certain view, now prevents me from seeing the truth. But it was not always so. And I have indeed been mainly thinking of the extremely painful process of disillusionment which led me to my present views.

You will probably not have the experience in the same connexion, but I am sure that, if you do not regard your economics just as a given instrument to achieve given ends, but as a continuous adventure in the search for truth, you will sooner or later have a similar experience in one connexion or another. It will be for you as well a choice between cherished and pleasant illusions on the one side and the ruthless pursuit of an argument which will lead you almost certainly into isolation and unpopu larity and which you do not know where else it will lead. I believe this duty to face and think through unpleasant facts is the hardest task of the economist and the reason why, if he fulfils it, he must not look for public approval or sympathy for his efforts. If he does he will soon cease to be an economist and become a politician – a very honourable and useful calling, but a different one, and not one which gives the kind of satisfaction we expect when we embark on an intellectual pursuit. It is this choice about which I wanted to talk and of the necessity of which I mainly wanted to warn you. There are, as you will realize more and more, many self-denying ordinances which the economist must pass on himself if he wants to remain true to his vocation. But the most important of them seems to me that he must never directly aim at immediate success and public influence. I do not go as far as Professor Hutt in the book mentioned who wants the economists to submit to an almost monastic discipline in order to protect them from corruption. But I believe there is more truth in what he says than is commonly admitted. And I don’t know that any

economist will be happy in his profes sion till he has made the choice and, if he chooses the pursuit of light rather than of fruits, reconciles himself with these limitations.

If he is able to do so I believe he has a better chance in the long run to contribute to the improvement of our social problems than if he more directly strove for it. I am also convinced that if he has made the renunciation there is a great deal of real pleasure in his work, just as there would be if he had equally wholeheartedly devoted himself to any more tangible and definite goal. So far as I myself am concerned, at any rate, and in spite of what I have said, I have never really regretted that I became an economist, or really wished to change with anybody else.

But I have been long enough. It was not my intention when I started to preach a sermon, and if I have sometimes more than verged on it, you must forgive me. It was the first and I trust will be the last sermon I shall ever preach. And it has taken this form not because I am anxious to convert you to my point of view, but rather because I had to talk about questions which have deeply concerned me and where it has cost me considerable efforts to clear my own mind, and on which in consequence I feel strongly."

6.What Individualism Is, and What It Is Not:
To advocate any clear-cut principles of social order is today an almost certain way to incur the stigma of being an unpractical doctrinaire. It has come to be regarded as'-the sign of the judicious mind that in social matters one does not adhere to fixed principles but decides each question "on its merits"; that one is generally guided by expediency and is ready to compromise between opposed views. Principles, however, have a way of asserting themselves even if they are not explicitly recognized but are only implied in particular decisions, or if they are present only as vague ideas of what is or is not being done. Thus it has come about that under the sign of "neither individualism nor socialism" we are in fact rapidly moving from a society of free individuals toward one of a completely collectivist character.

The difficulty which we encounter is not merely the familiar fact that the current political terms are notoriously ambiguous or even that the same term often means nearly the opposite to different groups. There is the much more serious fact that the same word frequently appears to unite people who in fact believe in contradictory and irreconcilable ideals. Terms like "liberalism" or "democracy," "capitalism" or "socialism," today no longer stand for coherent systems of ideas. They have come to describe aggregations of quite heterogeneous principles and facts which historical accident has associated with these words but which have little in common beyond having been advocated at different times by the same people or even merely under the same name.

No political term has suffered worse in this respect than "individualism."...

Before I explain what I mean by true individualism, it may be useful if I give some indication of the intellectual tradition to which it belongs. The true individualism which I shall try to defend began its modern development with John Locke, and particularly with Bernard Mandeville and David Hume, and achieved full stature for the first time in the work of Josiah Tucker, Adam Ferguson, and Adam Smith and in that of their great contemporary, Edmund Burke — the man whom Smith described as the only person he ever knew who thought on economic subjects exactly as he did without any previous communication having passed between them.

In the nineteenth century I find it represented most perfectly in the work of two of its greatest historians and political philosophers: Alexis de Tocqueville and Lord Acton. These two men seem to me to have more successfully developed what was best in the political philosophy of the Scottish philosophers, Burke, and the English Whigs than any other writers I know; while the classical economists of the nineteenth century, or at least the Benthamites or philosophical radicals among them, came increasingly under the influence of another kind of individualism of different origin.

This second and altogether different strand of thought, also known as individualism, is represented mainly by French and other Continental writers — a fact due, I believe, to the dominant role which Cartesian

rationalism plays in its composition. The outstanding representatives of this tradition are the Encyclopedists, Rousseau, and the physiocrats; and, for reasons we shall presently consider, this rationalistic individualism always tends to develop into the opposite of individualism, namely, socialism or collectivism. It is because only the first kind of individualism is consistent that I claim for it the name of true individualism, while the second kind must probably be regarded as a source of modern socialism as important as the properly collectivist theories.

I can give no better illustration of the prevailing confusion about the meaning of individualism than the fact that the man who to me seems to be one of the greatest representatives of true individualism, Edmund Burke, is commonly (and rightly) represented as the main opponent of the so-called “individualism” of Rousseau, whose theories he feared would rapidly dissolve the commonwealth “into the dust and powder of individuality,” and that the term “individualism” itself was first introduced into the English language through the translation of one of the works of another of the great representatives of true individualism, de Tocqueville, who uses it in his Democracy in America to describe an attitude which he deplores and rejects. Yet there can no doubt that both Burke and de Tocqueville stand in all essentials close to Adam Smith, to whom nobody will deny the title of individualist, and that the “individualism” to which they are opposed is something altogether different from that of Smith ...

The next step in the individualistic analysis of society, however, is directed against the rationalistic pseudo-individualism which also leads to practical collectivism. It is the contention that, by tracing the combined effects of individual actions, we discover that many of the institutions on which human achievements rest have arisen and are functioning without a designing and directing mind; that, as Adam Ferguson expressed it, “nations stumble upon establishments, which are indeed the result of human action but not the result of human design”; and that the spontaneous collaboration of free men often creates things which are greater than their individual minds can ever fully comprehend. This is the great theme of Josiah Tucker and Adam Smith, of Adam Ferguson and Edmund Burke ...

The difference between this view, which accounts for most of the order which we find in human affairs as the unforeseen result of individual actions, and the view which traces all discoverable order to deliberate design is the first great contrast between the true individualism of the British thinkers of the eighteenth century and the so-called “individualism” of the Cartesian School. But it is merely one aspect of an even wider difference between a view which in general rates rather low the place which reason plays in human affairs, which contends that man has achieved what he has in spite of the fact that he is only partly guided by reason, and that his individual reason is very limited and imperfect, and a view which assumes that Reason, with a capital R, is always fully and equally available to all humans and that everything which man achieves is the direct result of, and therefore subject to, the control of individual reason.

The anti-rationalistic approach, which regards man not as a highly rational and intelligent but as a very irrational and fallible being, whose individual errors are corrected only in the course of a social process, and which aims at making the best of a very imperfect material, is probably the most characteristic feature of English individualism ...

So let me return, in conclusion, to what I said in the beginning: that the fundamental attitude of true individualism is one of humility toward the processes by which mankind has achieved things which have not been designed or understood by any individual and are indeed greater than individual minds. The great question at this moment is whether man’s mind will be allowed to continue to grow as part of this process or whether human reason is to place itself in chains of its own making. What individualism teaches us is that society is greater than the individual only in so far as it is free. In so far as it is controlled or directed, it is limited to the powers of the individual minds which control or direct it. If the presumption of the modern mind, which will not respect anything that is not consciously controlled by individual reason, does not learn in time where to stop, we may, as Edmund Burke warned us, “be well assured that everything about us will dwindle by degrees, until at length our concerns are shrunk to the dimensions of our minds.”

7.Why Intellectuals Fall for Socialism:
In all democratic countries, in the United States even more than elsewhere, a strong belief prevails that the influence of the intellectuals on politics is negligible. This is no doubt true of the power of intellectuals to make their peculiar opinions of the moment influence decisions, of the extent to which they can sway the popular vote on questions on which they differ from the current views of the masses. Yet over somewhat longer periods they have probably never exercised so great an influence as they do today in those countries. This power they wield by shaping public opinion.

In the light of recent history it is somewhat curious that this decisive power of the professional secondhand dealers in ideas should not yet be more generally recognized. The political development of the Western World during the last hundred years furnishes the clearest demonstration. Socialism has never and nowhere been at first a working-class movement. It is by no means an obvious remedy for the obvious evil which the interests of that class will necessarily demand. It is a construction of theorists, deriving from certain tendencies of abstract thought with which for a long time only the intellectuals were familiar; and it required long efforts by the intellectuals before the working classes could be persuaded to adopt it as their program.

In every country that has moved toward socialism, the phase of the development in which socialism becomes a determining influence on politics has been preceded for many years by a period during which socialist ideals governed the thinking of the more active intellectuals. In Germany this stage had been reached toward the end of the last century; in England and France, about the time of the first World War. To the casual observer it would seem as if the United States had reached this phase after World War II and that the attraction of a planned and directed economic system is now as strong among the American intellectuals as it ever was among their German or English fellows. Experience suggests that, once this phase has been reached, it is merely a question of time until the views now held by the intellectuals become the governing force of politics.

The character of the process by which the views of the intellectuals influence the politics of tomorrow is therefore of much more than academic interest. Whether we merely wish to foresee or attempt to influence the course of events, it is a factor of much greater importance than is generally understood. What to the contemporary observer appears as the battle of conflicting interests has indeed often been decided long before in a clash of ideas confined to narrow circles. Paradoxically enough, however, in general only the parties of the Left have done most to spread the belief that it was the numerical strength of the opposing material interests which decided political issues, whereas in practice these same parties have regularly and successfully acted as if they understood the key position of the intellectuals. Whether by design or driven by the force of circumstances, they have always directed their main effort toward gaining the support of this “elite,” while the more conservative groups have acted, as regularly but unsuccessfully, on a more naive view of mass democracy and have usually vainly tried directly to reach and to persuade the individual voter.

The term “intellectuals,” however, does not at once convey a true picture of the large class to which we refer, and the fact that we have no better name by which to describe what we have called the secondhand dealers in ideas is not the least of the reasons why their power is not understood. Even persons who use the word “intellectual” mainly as a term of abuse are still inclined to withhold it from many who undoubtedly perform that characteristic function. This is neither that of the original thinker nor that of the scholar or expert in a particular field of thought. The typical intellectual need be neither: he need not possess special knowledge of anything in particular, nor need he even be particularly intelligent, to perform his role as intermediary in the spreading of ideas. What qualifies him for his job is the wide range of subjects on which he can readily talk and write, and a position or habits through which he becomes acquainted with new ideas sooner than those to whom he addresses himself.

Until one begins to list all the professions and activities which belong to the class, it is difficult to realize how numerous it is, how the scope for activities constantly increases in modern society, and how dependent on it we all have become. The class does not consist of only journalists, teachers, ministers, lecturers, publicists, radio commentators, writers of fiction, cartoonists, and artists all of whom may be

masters of the technique of conveying ideas but are usually amateurs so far as the substance of what they convey is concerned. The class also includes many professional men and technicians, such as scientists and doctors, who through their habitual intercourse with the printed word become carriers of new ideas outside their own fields and who, because of their expert knowledge of their own subjects, are listened with respect on most others. There is little that the ordinary man of today learns about events or ideas except through the medium of this class; and outside our special fields of work we are in this respect almost all ordinary men, dependent for our information and instruction on those who make it their job to keep abreast of opinion. It is the intellectuals in this sense who decide what views and opinions are to reach us, which facts are important enough to be told to us, and in what form and from what angle they are to be presented. Whether we shall ever learn of the results of the work of the expert and the original thinker depends mainly on their decision.

The layman, perhaps, is not fully aware to what extent even the popular reputations of scientists and scholars are made by that class and are inevitably affected by its views on subjects which have little to do with the merits of the real achievements. And it is specially significant for our problem that every scholar can probably name several instances from his field of men who have undeservedly achieved a popular reputation as great scientists solely because they hold what the intellectuals regard as “progressive” political views; but I have yet to come across a single instance where such a scientific pseudo-reputation has been bestowed for political reason on a scholar of more conservative leanings. This creation of reputations by the intellectuals is particularly important in the fields where the results of expert studies are not used by other specialists but depend on the political decision of the public at large. There is indeed scarcely a better illustration of this than the attitude which professional economists have taken to the growth of such doctrines as socialism or protectionism. There was probably at no time a majority of economists, who were recognized as such by their peers, favorable to socialism (or, for that matter, to protection). In all probability it is even true to say that no other similar group of students contains so high a proportion of its members decidedly opposed to socialism (or protection). This is the more significant as in recent times it is as likely as not that it was an early interest in socialist schemes for reform which led a man to choose economics for his profession. Yet it is not the predominant views of the experts but the views of a minority, mostly of rather doubtful standing in their profession, which are taken up and spread by the intellectuals.

The all-pervasive influence of the intellectuals in contemporary society is still further strengthened by the growing importance of “organization.” It is a common but probably mistaken belief that the increase of organization increases the influence of the expert or specialist. This may be true of the expert administrator and organizer, if there are such people, but hardly of the expert in any particular field of knowledge. It is rather the person whose general knowledge is supposed to qualify him to appreciate expert testimony, and to judge between the experts from different fields, whose power is enhanced. The point which is important for us, however, is that the scholar who becomes a university president, the scientist who takes charge of an institute or foundation, the scholar who becomes an editor or the active promoter of an organization serving a particular cause, all rapidly cease to be scholars or experts and become intellectuals, solely in the light of certain fashionable general ideas. The number of such institutions which breed intellectuals and increase their number and powers grows every day. Almost all the “experts” in the mere technique of getting knowledge over are, with respect to the subject matter which they handle, intellectuals and not experts.

In the sense in which we are using the term, the intellectuals are in fact a fairly new phenomenon of history. Though nobody will regret that education has ceased to be a privilege of the propertied classes, the fact that the propertied classes are no longer the best educated and the fact that the large number of people who owe their position solely to the their general education do not possess that experience of the working of the economic system which the administration of property gives, are important for understanding the role of the intellectual. Professor Schumpeter, who has devoted an illuminating chapter of his Capitalism, Socialism, and Democracy to some aspects of our problem, has not unfairly stressed that it is the absence of direct responsibility for practical affairs and the consequent absence of first hand knowledge of them which distinguishes the typical intellectual from other people who also wield the power of the spoken and written word. It would lead too far, however, to examine here further the development

of this class and the curious claim which has recently been advanced by one of its theorists that it was the only one whose views were not decidedly influenced by its own economic interests. One of the important points that would have to be examined in such a discussion would be how far the growth of this class has been artificially stimulated by the law of copyright.

It is not surprising that the real scholar or expert and the practical man of affairs often feel contemptuous about the intellectual, are disinclined to recognize his power, and are resentful when they discover it. Individually they find the intellectuals mostly to be people who understand nothing in particular especially well and whose judgement on matters they themselves understand shows little sign of special wisdom. But it would be a fatal mistake to underestimate their power for this reason. Even though their knowledge may often be superficial and their intelligence limited, this does not alter the fact that it is their judgement which mainly determines the views on which society will act in the not too distant future. It is no exaggeration to say that, once the more active part of the intellectuals has been converted to a set of beliefs, the process by which these become generally accepted is almost automatic and irresistible. These intellectuals are the organs which modern society has developed for spreading knowledge and ideas, and it is their convictions and opinions which operate as the sieve through which all new conceptions must pass before they can reach the masses.

It is of the nature of the intellectual's job that he must use his own knowledge and convictions in performing his daily task. He occupies his position because he possesses, or has had to deal from day to day with, knowledge which his employer in general does not possess, and his activities can therefore be directed by others only to a limited extent. And just because the intellectuals are mostly intellectually honest, it is inevitable that they should follow their own conviction whenever they have discretion and that they should give a corresponding slant to everything that passes through their hands. Even where the direction of policy is in the hands of men of affairs of different views, the execution of policy will in general be in the hands of intellectuals, and it is frequently the decision on the detail which determines the net effect. We find this illustrated in almost all fields of contemporary society. Newspapers in "capitalist" ownership, universities presided over by "reactionary" governing bodies, broadcasting systems owned by conservative governments, have all been known to influence public opinion in the direction of socialism, because this was the conviction of the personnel. This has often happened not only in spite of, but perhaps even because of, the attempts of those at the top to control opinion and to impose principles of orthodoxy.

The effect of this filtering of ideas through the convictions of a class which is constitutionally disposed to certain views is by no means confined to the masses. Outside his special field the expert is generally no less dependent on this class and scarcely less influenced by their selection. The result of this is that today in most parts of the Western World even the most determined opponents of socialism derive from socialist sources their knowledge on most subjects on which they have no firsthand information. With many of the more general preconceptions of socialist thought, the connection of their more practical proposals is by no means at once obvious; in consequence of that system of thought become in fact effective spreaders of its ideas. Who does not know the practical man who in his own field denounces socialism as "pernicious rot" but, when he steps outside his subject, spouts socialism like any left journalist? In no other field has the predominant influence of the socialist intellectuals been felt more strongly during the last hundred years than in the contacts between different national civilizations. It would go far beyond the limits of this article to trace the causes and significance of the highly important fact that in the modern world the intellectuals provide almost the only approach to an international community. It is this which mainly accounts for the extraordinary spectacle that for generations the supposedly "capitalist" West has been lending its moral and material support almost exclusively to those ideological movements in countries father east which aimed at undermining Western civilization and that, at the same time, the information which the Western public has obtained about events in Central and Eastern Europe has almost inevitably been colored by a socialist bias. Many of the "educational" activities of the American forces of occupation of Germany have furnished clear and recent examples of this tendency.

A proper understanding of the reasons which tend to incline so many of the intellectuals toward socialism is thus most important. The first point here which those who do not share this bias ought to face frankly is

that it is neither selfish interests nor evil intentions but mostly honest convictions and good intentions which determine the intellectual's views. In fact, it is necessary to recognize that on the whole the typical intellectual is today more likely to be a socialist the more he his guided by good will and intelligence, and that on the plane of purely intellectual argument he will generally be able to make out a better case than the majority of his opponents within his class. If we still think him wrong, we must recognize that it may be genuine error which leads the well-meaning and intelligent people who occupy those key positions in our society to spread views which to us appear a threat to our civilization.1 Nothing could be more important than to try to understand the sources of this error in order that we should be able to counter it. Yet those who are generally regarded as the representatives of the existing order and who believe that they comprehend the dangers of socialism are usually very far from such understanding. They tend to regard the socialist intellectuals as nothing more than a pernicious bunch of highbrow radicals without appreciating their influence and, by their whole attitude to them, tend to drive them even further into opposition to the existing order.

If we are to understand this peculiar bias of a large section of intellectuals, we must be clear about two points. The first is that they generally judge all particular issues exclusively in the light of certain general ideas; the second, that the characteristic errors of any age are frequently derived from some genuine new truths it has discovered, and they are erroneous applications of new generalizations which have proved their value in other fields. The conclusion to which we shall be led by a full consideration of these facts will be that the effective refutation of such errors will frequently require further intellectual advance, and often advance on points which are very abstract and may seem very remote from the practical issues.

It is perhaps the most characteristic feature of the intellectual that he judges new ideas not by their specific merits but by the readiness with which they fit into his general conceptions, into the picture of the world which he regards as modern or advanced. It is through their influence on him and on his choice of opinions on particular issues that the power of ideas for good and evil grows in proportion to their generality, abstractness, and even vagueness. As he knows little about the particular issues, his criterion must be consistency with his other views and suitability for combining into a coherent picture of the world. Yet this selection from the multitude of new ideas presenting themselves at every moment creates the characteristic climate of opinion, the dominant Weltanschauung of a period, which will be favorable to the reception of some opinions and unfavorable to others and which will make the intellectual readily accept one conclusion and reject another without a real understanding of the issues.

In some respects the intellectual is indeed closer to the philosopher than to any specialist, and the philosopher is in more than one sense a sort of prince among the intellectuals. Although his influence is farther removed from practical affairs and correspondingly slower and more difficult to trace than that of the ordinary intellectual, it is of the same kind and in the long run even more powerful than that of the latter. It is the same endeavor toward a synthesis, pursued more methodically, the same judgement of particular views in so far as they fit into a general system of thought rather than by their specific merits, the same striving after a consistent world view, which for both forms the main basis for accepting or rejecting ideas. For this reason the philosopher has probably a greater influence over the intellectuals than any other scholar or scientist and, more than anyone else, determines the manner in which the intellectuals exercise their censorship function. The popular influence of the scientific specialist begins to rival that of the philosopher only when he ceases to be a specialist and commences to philosophize about the progress of his subject and usually only after he has been taken up by the intellectuals for reasons which have little to do with his scientific eminence.

The "climate of opinion" of any period is thus essentially a set of very general preconceptions by which the intellectual judges the importance of new facts and opinions. These preconceptions are mainly applications to what seem to him the most significant aspects of scientific achievements, a transfer to other fields of what has particularly impressed him in the work of the specialists. One could give a long list of such intellectual fashions and catchwords which in the course of two or three generations have in turn dominated the thinking of the intellectuals. Whether it was the "historical approach" or the theory of evolution, nineteenth century determinism and the belief in the predominant influence of environment as against heredity, the theory of relativity or the belief in the power of the unconscious- every one of these

general conceptions has been made the touchstone by which innovations in different fields have been tested. It seems as if the less specific or precise (or the less understood) these ideas are, the wider may be their influence. Sometimes it is no more than a vague impression rarely put into words which thus wields a profound influence. Such beliefs as that deliberate control or conscious organization is also in social affairs always superior to the results of spontaneous processes which are not directed by a human mind, or that any order based on a plan laid down beforehand must be better than one formed by the balancing of opposing forces, have in this way profoundly affected political development.

Only apparently different is the role of the intellectuals where the development of more properly social ideas is concerned. Here their peculiar propensities manifest themselves in making shibboleths of abstractions, in rationalizing and carrying to extremes certain ambitions which spring from the normal intercourse of men. Since democracy is a good thing, the further the democratic principle can be carried, the better it appears to them. The most powerful of these general ideas which have shaped political development in recent times is of course the ideal of material equality. It is, characteristically, not one of the spontaneously grown moral convictions, first applied in the relations between particular individuals, but an intellectual construction originally conceived in the abstract and of doubtful meaning or application in particular instances. Nevertheless, it has operated strongly as a principle of selection among the alternative courses of social policy, exercising a persistent pressure toward an arrangement of social affairs which nobody clearly conceives. That a particular measure tends to bring about greater equality has come to be regarded as so strong a recommendation that little else will be considered. Since on each particular issue it is this one aspect on which those who guide opinion have a definite conviction, equality has determined social change even more strongly than its advocates intended.

Not only moral ideals act in this manner, however. Sometimes the attitudes of the intellectuals toward the problems of social order may be the consequence of advances in purely scientific knowledge, and it is in these instances that their erroneous views on particular issues may for a time seem to have all the prestige of the latest scientific achievements behind them. It is not in itself surprising that a genuine advance of knowledge should in this manner become on occasion a source of new error. If no false conclusions followed from new generalizations, they would be final truths which would never need revision. Although as a rule such a new generalization will merely share the false consequences which can be drawn from it with the views which were held before, and thus not lead to new error, it is quite likely that a new theory, just as its value is shown by the valid new conclusions to which it leads, will produce other new conclusions to which further advance will show to have been erroneous. But in such an instance a false belief will appear with all the prestige of the latest scientific knowledge supporting it. Although in the particular field to which this belief applies all the scientific evidence may be against it, it will nevertheless, before the tribunal of the intellectuals and in the light of the ideas which govern their thinking, be selected as the view which is best in accord with the spirit of the time. The specialists who will thus achieve public fame and wide influence will thus not be those who have gained recognition by their peers but will often be men whom the other experts regard as cranks, amateurs, or even frauds, but who in the eyes of the general public nevertheless become the best known exponents of their subject.

In particular, there can be little doubt that the manner in which during the last hundred years man has learned to organize the forces of nature has contributed a great deal toward the creation of the belief that a similar control of the forces of society would bring comparable improvements in human conditions. That, with the application of engineering techniques, the direction of all forms of human activity according to a single coherent plan should prove to be as successful in society as it has been in innumerable engineering tasks, is too plausible a conclusion not to seduce most of those who are elated by the achievement of the natural sciences. It must indeed be admitted both that it would require powerful arguments to counter the strong presumption in favor of such a conclusion and that these arguments have not yet been adequately stated. It is not sufficient to point out the defects of particular proposals based on this kind of reasoning. The argument will not lose its force until it has been conclusively shown why what has proved so eminently successful in producing advances in so many fields should have limits to its usefulness and become positively harmful if extended beyond these limits. This is a task which has not yet been satisfactorily performed and which will have to be achieved before this particular impulse toward socialism can be removed.

This, of course, is only one of many instances where further intellectual advance is needed if the harmful ideas at present current are to be refuted and where the course which we shall travel will ultimately be decided by the discussion of very abstract issues. It is not enough for the man of affairs to be sure, from his intimate knowledge of a particular field, that the theories of socialism which are derived from more general ideas will prove impracticable. He may be perfectly right, and yet his resistance will be overwhelmed and all the sorry consequences which he foresees will follow if his is not supported by an effective refutation of the idees meres. So long as the intellectual gets the better of the general argument, the most valid objections of the specific issue will be brushed aside.

This is not the whole story, however. The forces which influence recruitment to the ranks of the intellectuals operate in the same direction and help to explain why so many of the most able among them lean toward socialism. There are of course as many differences of opinion among intellectuals as among other groups of people; but it seems to be true that it is on the whole the more active, intelligent, and original men among the intellectuals who most frequently incline toward socialism, while its opponents are often of an inferior caliber. This is true particularly during the early stages of the infiltration of socialist ideas; later, although outside intellectual circles it may still be an act of courage to profess socialist convictions, the pressure of opinion among intellectuals will often be so strongly in favor of socialism that it requires more strength and independence for a man to resist it than to join in what his fellows regard as modern views. Nobody, for instance, who is familiar with large numbers of university faculties (and from this point of view the majority of university teachers probably have to be classed as intellectuals rather than as experts) can remain oblivious to the fact that the most brilliant and successful teachers are today more likely than not to be socialists, while those who hold more conservative political views are as frequently mediocrities. This is of course by itself an important factor leading the younger generation into the socialist camp.

The socialist will, of course, see in this merely a proof that the more intelligent person is today bound to become a socialist. But this is far from being the necessary or even the most likely explanation. The main reason for this state of affairs is probably that, for the exceptionally able man who accepts the present order of society, a multitude of other avenues to influence and power are open, while to the disaffected and dissatisfied an intellectual career is the most promising path to both influence and the power to contribute to the achievement of his ideals. Even more than that: the more conservatively inclined man of first class ability will in general choose intellectual work (and the sacrifice in material reward which this choice usually entails) only if he enjoys it for its own sake. He is in consequence more likely to become an expert scholar rather than an intellectual in the specific sense of the word; while to the more radically minded the intellectual pursuit is more often than not a means rather than an end, a path to exactly that kind of wide influence which the professional intellectual exercises. It is therefore probably the fact, not that the more intelligent people are generally socialists but that a much higher proportion of socialists among the best minds devote themselves to those intellectual pursuits which in modern society give them a decisive influence on public opinion.2

The selection of the personnel of the intellectuals is also closely connected with the predominant interest which they show in general and abstract ideas. Speculations about the possible entire reconstruction of society give the intellectual a fare much more to his taste than the more practical and short-run considerations of those who aim at a piecemeal improvement of the existing order. In particular, socialist thought owes its appeal to the young largely to its visionary character; the very courage to indulge in Utopian thought is in this respect a source of strength to the socialists which traditional liberalism sadly lacks. This difference operates in favor of socialism, not only because speculation about general principles provides an opportunity for the play of the imagination of those who are unencumbered by much knowledge of the facts of present-day life, but also because it satisfies a legitimate desire for the understanding of the rational basis of any social order and gives scope for the exercise of that constructive urge for which liberalism, after it had won its great victories, left few outlets. The intellectual, by his whole disposition, is uninterested in technical details or practical difficulties. What appeal to him are the broad visions, the spacious comprehension of the social order as a whole which a planned system promises.

This fact that the tastes of the intellectual were better satisfied by the speculations of the socialists proved fatal to the influence of the liberal tradition. Once the basic demands of the liberal programs seemed satisfied, the liberal thinkers turned to problems of detail and tended to neglect the development of the general philosophy of liberalism, which in consequence ceased to be a live issue offering scope for general speculation. Thus for something over half a century it has been only the socialists who have offered anything like an explicit program of social development, a picture of the future society at which they were aiming, and a set of general principles to guide decisions on particular issues. Even though, if I am right, their ideals suffer from inherent contradictions, and any attempt to put them into practice must produce something utterly different from what they expect, this does not alter the fact that their program for change is the only one which has actually influenced the development of social institutions. It is because theirs has become the only explicit general philosophy of social policy held by a large group, the only system or theory which raises new problems and opens new horizons, that they have succeeded in inspiring the imagination of the intellectuals.

The actual developments of society during this period were determined, not by a battle of conflicting ideals, but by the contrast between an existing state of affairs and that one ideal of a possible future society which the socialists alone held up before the public. Very few of the other programs which offered themselves provided genuine alternatives. Most of them were mere compromises or half-way houses between the more extreme types of socialism and the existing order. All that was needed to make almost any socialist proposal appear reasonable to these “judicious” minds who were constitutionally convinced that the truth must always lie in the middle between the extremes, was for someone to advocate a sufficiently more extreme proposal. There seemed to exist only one direction in which we could move, and the only question seemed to be how fast and how far the movement should proceed.

The significance of the special appeal to the intellectuals which socialism derives from its speculative character will become clearer if we further contrast the position of the socialist theorist with that of his counterpart who is a liberal in the old sense of the word. This comparison will also lead us to whatever lesson we can draw from an adequate appreciation of the intellectual forces which are undermining the foundations of a free society.

Paradoxically enough, one of the main handicaps which deprives the liberal thinker of popular influence is closely connected with the fact that, until socialism has actually arrived, he has more opportunity of directly influencing decisions on current policy and that in consequence he is not only not tempted into that long-run speculation which is the strength of the socialists, but is actually discouraged from it because any effort of this kind is likely to reduce the immediate good he can do. Whatever power he has to influence practical decisions he owes to his standing with the representatives of the existing order, and this standing he would endanger if he devoted himself to the kind of speculation which would appeal to the intellectuals and which through them could influence developments over longer periods. In order to carry weight with the powers that be, he has to be “practical,” “sensible,” and “realistic.” So long as he concerns himself with the immediate issues, he is rewarded with influence, material success, and popularity with those who up to a point share his general outlook. But these men have little respect for those speculations on general principles which shape the intellectual climate. Indeed, if he seriously indulges in such long-run speculation, he is apt to acquire the reputation of being “unsound” or even half a socialist, because he is unwilling to identify the existing order with the free system at which he aims.3

If, in spite of this, his efforts continue in the direction of general speculation, he soon discovers that it is unsafe to associate too closely with those who seem to share most of his convictions, and he is soon driven into isolation. Indeed there can be few more thankless tasks at present than the essential one of developing the philosophical foundation on which the further development of a free society must be based. Since the man who undertakes it must accept much of the framework of the existing order, he will appear to many of the more speculatively minded intellectuals merely as a timid apologist of things as they are; at the same time he will be dismissed by the men of affairs as an impractical theorist. He is not radical enough for those who know only the world where “with ease together dwell the thoughts” and much too radical for those who see only how “hard in space together clash the things.” If he takes

advantage of such support as he can get from the men of affairs, he will almost certainly discredit himself with those on whom he depends for the spreading of his ideas. At the same time he will need most carefully to avoid anything resembling extravagance or overstatement. While no socialist theorist has ever been known to discredit himself with his fellows even by the silliest of proposals, the old-fashioned liberal will damn himself by an impracticable suggestion. Yet for the intellectuals he will still not be speculative or adventurous enough, and the changes and improvements in the social structure he will have to offer will seem limited in comparison with what their less restrained imagination conceives.

At least in a society in which the main requisites of freedom have already been won and further improvements must concern points of comparative detail, the liberal program can have none of the glamour of a new invention. The appreciation of the improvements it has to offer requires more knowledge of the working of the existing society than the average intellectual possesses. The discussion of these improvements must proceed on a more practical level than that of the more revolutionary programs, thus giving a complexion which has little appeal for the intellectual and tending to bring in elements to whom he feels directly antagonistic. Those who are most familiar with the working of the present society are also usually interested in the preservation of particular features of that society which may not be defensible on general principles. Unlike the person who looks for an entirely new future order and who naturally turns for guidance to the theorist, the men who believe in the existing order also usually think that they understand it much better than any theorist and in consequence are likely to reject whatever is unfamiliar and theoretical.

The difficulty of finding genuine and disinterested support for a systematic policy for freedom is not new. In a passage of which the reception of a recent book of mine has often reminded me, Lord Acton long ago described how “at all times sincere friends of freedom have been rare, and its triumphs have been due to minorities, that have prevailed by associating themselves with auxiliaries whose objects differed from their own; and this association, which is always dangerous, has been sometimes disastrous, by giving to opponents just grounds of opposition....”4 More recently, one of the most distinguished living American economists has complained in a similar vein that the main task of those who believe in the basic principles of the capitalist system must frequently be to defend this system against the capitalists--indeed the great liberal economists, from Adam Smith to the present, have always known this.

The most serious obstacle which separates the practical men who have the cause of freedom genuinely at heart from those forces which in the realm of ideas decide the course of development is their deep distrust of theoretical speculation and their tendency to orthodoxy; this, more than anything else, creates an almost impassable barrier between them and those intellectuals who are devoted to the same cause and whose assistance is indispensable if the cause is to prevail. Although this tendency is perhaps natural among men who defend a system because it has justified itself in practice, and to whom its intellectual justification seems immaterial, it is fatal to its survival because it deprives it of the support it most needs. Orthodoxy of any kind, any pretense that a system of ideas is final and must be unquestioningly accepted as a whole, is the one view which of necessity antagonizes all intellectuals, whatever their views on particular issues. Any system which judges men by the completeness of their conformity to a fixed set of opinions, by their “soundness” or the extent to which they can be relied upon to hold approved views on all points, deprives itself of a support without which no set of ideas can maintain its influence in modern society. The ability to criticize accepted views, to explore new vistas and to experience with new conceptions, provides the atmosphere without which the intellectual cannot breathe.

A cause which offers no scope for these traits can have no support from him and is thereby doomed in any society which, like ours, rests on his services. It may be that as a free society as we have known it carries in itself the forces of its own destruction, that once freedom has been achieved it is taken for granted and ceases to be valued, and that the free growth of ideas which is the essence of a free society will bring about the destruction of the foundations on which it depends. There can be little doubt that in countries like the United States the ideal of freedom today has less real appeal for the young than it has in countries where they have learned what its loss means. On the other hand, there is every sign that in Germany and elsewhere, to the young men who have never known a free society, the task of constructing

one can become as exciting and fascinating as any socialist scheme which has appeared during the last hundred years. It is an extraordinary fact, though one which many visitors have experienced, that in speaking to German students about the principles of a liberal society one finds a more responsive and even enthusiastic audience than one can hope to find in any of the Western democracies. In Britain also there is already appearing among the young a new interest in the principles of true liberalism which certainly did not exist a few years ago.

Does this mean that freedom is valued only when it is lost, that the world must everywhere go through a dark phase of socialist totalitarianism before the forces of freedom can gather strength anew? It may be so, but I hope it need not be. Yet, so long as the people who over longer periods determine public opinion continue to be attracted by the ideals of socialism, the trend will continue. If we are to avoid such a development, we must be able to offer a new liberal program which appeals to the imagination. We must make the building of a free society once more an intellectual adventure, a deed of courage.

What we lack is a liberal Utopia, a program which seems neither a mere defense of things as they are nor a diluted kind of socialism, but a truly liberal radicalism which does not spare the susceptibilities of the mighty (including the trade unions), which is not too severely practical, and which does not confine itself to what appears today as politically possible. We need intellectual leaders who are willing to work for an ideal, however small may be the prospects of its early realization. They must be men who are willing to stick to principles and to fight for their full realization, however remote. The practical compromises they must leave to the politicians. Free trade and freedom of opportunity are ideals which still may arouse the imaginations of large numbers, but a mere “reasonable freedom of trade” or a mere “relaxation of controls” is neither intellectually respectable nor likely to inspire any enthusiasm. The main lesson which the true liberal must learn from the success of the socialists is that it was their courage to be Utopian which gained them the support of the intellectuals and therefore an influence on public opinion which is daily making possible what only recently seemed utterly remote. Those who have concerned themselves exclusively with what seemed practicable in the existing state of opinion have constantly found that even this had rapidly become politically impossible as the result of changes in a public opinion which they have done nothing to guide. Unless we can make the philosophic foundations of a free society once more a living intellectual issue, and its implementation a task which challenges the ingenuity and imagination of our liveliest minds. But if we can regain that belief in the power of ideas which was the mark of liberalism at its best, the battle is not lost. The intellectual revival of liberalism is already underway in many parts of the world. Will it be in time?

8.Why the Worst Get on Top:

No doubt an American or English “fascist” system would greatly differ from the Italian or German models; no doubt, if the transition were effected without violence, we might expect to get a better type of leader. Yet this does not mean that our fascist system would in the end prove very different or much less intolerable than its prototypes. There are strong reasons for believing that the worst features of the totalitarian systems are phenomena which totalitarianism is certain sooner or later to produce.

Just as the democratic statesman who sets out to plan economic life will soon be confronted with the alternative of either assuming dictatorial powers or abandoning his plans, so the totalitarian leader would soon have to choose between disregard of ordinary morals and failure. It is for this reason that the unscrupulous are likely to be more successful in a society tending toward totalitarianism. Who does not see this has not yet grasped the full width of the gulf which separates totalitarianism from the essentially individualist Western civilization.

The totalitarian leader must collect around him a group which is prepared voluntarily to submit to that discipline they are to impose by force upon the rest of the people. That socialism can be put into practice only by methods of which most socialists dis approve is, of course, a lesson learned by many social reformers in the past. The old socialist parties were inhibited by their democratic ideals; they did not possess the ruthlessness required for the performance of their chosen task. It is characteristic that both in Germany and in Italy the success of fascism was preceded by the refusal of the socialist parties to take

over the responsibilities of government. They were unwilling whole heartedly to employ the methods to which they had pointed the way. They still hoped for the miracle of a majority"s agreeing on a particular plan for the organization of the whole of society. Others had already learned the lesson that in a planned society the question can no longer be on what do a majority of the people agree but what the largest single group is whose members agree sufficiently to make unified direction of all affairs possible.

There are three main reasons why such a numerous group, with fairly similar views, is not likely to be formed by the best but rather by the worst elements of any society.

First, the higher the education and intelligence of individuals become, the more their tastes and views are differentiated. If we wish to fi nd a high degree of uniformity in outlook, we have to descend to the regions of lower moral and intellectual standards where the more primitive instincts prevail. This does not mean that the majority of people have low moral standards; it merely means that the largest group of people whose values are very similar are the people with low standards.

Second, since this group is not large enough to give sufficient weight to the leader"s endeavours, he will have to increase their numbers by converting more to the same simple creed. He must gain the support of the docile and gullible, who have no strong convictions of their own but are ready to accept a ready-made system of values if it is only drummed into their ears sufficiently loudly and frequently. It will be those whose vague and imperfectly formed ideas are easily swayed and whose passions and emotions are readily aroused who will thus swell the ranks of the totalitarian party.

Third, to weld together a closely coherent body of supporters, the leader must appeal to a common human weakness. It seems to be easier for people to agree on a negative programme — on the hatred of an enemy, on the envy of the better off — than on any positive task.

The contrast between the "we" and the "they" is consequently always employed by those who seek the allegiance of huge masses. The enemy may be internal, like the "Jew" in Germany or the "kulak" in Russia, or he may be external. In any case, this technique has the great advantage of leaving the leader greater freedom of action than would almost any positive programme.

Advancement within a totalitarian group or party depends largely on a willingness to do immoral things. The principle that the end justifies the means, which in individualist ethics is regarded as the denial of all morals, in collectivist ethics becomes necessarily the supreme rule. There is literally nothing which the consistent collectivist must not be prepared to do if it serves "the good of the whole", because that is to him the only criterion of what ought to be done.

Once you admit that the individual is merely a means to serve the ends of the higher entity called society or the nation, most of those features of totalitarianism which horrify us follow of necessity. From the collectivist standpoint intolerance and brutal suppression of dissent, deception and spying, the complete disregard of the life and happiness of the individual are essential and unavoidable. Acts which revolt all our feelings, such as the shooting of hostages or the killing of the old or sick, are treated as mere matters of expediency; the compulsory uprooting and transportation of hundreds of thousands becomes an instrument of policy approved by almost everybody except the victims.

To be a useful assistant in the running of a totalitarian state, therefore, a man must be prepared to break every moral rule he has ever known if this seems necessary to achieve the end set for him. In the totalitarian machine there will be special opportunities for the ruthless and unscrupulous. Neither the Gestapo nor the administration of a concentration camp, neither the Ministry of Propaganda nor the SA or SS (or their Russian counterparts) are suitable places for the exercise of humanitarian feelings. Yet it is through such positions that the road to the highest positions in the totalitarian state leads.

A distinguished American economist, Professor Frank H. Knight, correctly notes that the authorities of a collectivist state "would have to do these things whether they wanted to or not: and the probability of the people in power being individuals who would dislike the possession and exercise of power is on a level

with the probability that an extremely tender-hearted person would get the job of whipping master in a slave plantation".

A further point should be made here: collectivism means the end of truth. To make a totalitarian system function efficiently it is not enough that everybody should be forced to work for the ends selected by those in control; it is essential that the people should come to regard these ends as their own. This is brought about by propaganda and by complete control of all sources of information.

The most effective way of making people accept the validity of the values they are to serve is to persuade them that they are really the same as those they have always held, but which were not properly understood or recognized before. And the most efficient technique to this end is to use the old words but change their meaning. Few traits of totalitarian regimes are at the same time so confusing to the superficial observer and yet so characteristic of the whole intellectual climate as this complete perversion of language.

The worst sufferer in this respect is the word "liberty". It is a word used as freely in totalitarian states as elsewhere. Indeed, it could almost be said that wherever liberty as we know it has been destroyed, this has been done in the name of some new freedom promised to the people. Even among us we have planners who promise us a "collective freedom", which is as misleading as anything said by totalitarian politicians. "Collective freedom" is not the freedom of the members of society, but the unlimited freedom of the planner to do with society that which he pleases. This is the confusion of freedom with power carried to the extreme.

It is not difficult to deprive the great majority of independent thought. But the minority who will retain an inclination to criticize must also be silenced. Public criticism or even expressions of doubt must be suppressed because they tend to weaken support of the regime. As Sidney and Beatrice Webb report of the position in every Russian enterprise: "Whilst the work is in progress, any public expression of doubt that the plan will be successful is an act of disloyalty and even of treachery because of its possible effect on the will and efforts of the rest of the staff."

Control extends even to subjects which seem to have no political significance. The theory of relativity, for instance, has been opposed as a "Semitic attack on the foundation of Christian and Nordic physics" and because it is "in conflict with dialectical materialism and Marxist dogma". Every activity must derive its justification from conscious social purpose. There must be no spontaneous, unguided activity, because it might produce results which cannot be foreseen and for which the plan does not provide.

The principle extends even to games and amusements. I leave it to the reader to guess where it was that chess players were officially exhorted that "we must finish once and for all with the neutrality of chess. We must condemn once and for all the formula chess for the sake of chess."

Perhaps the most alarming fact is that contempt for intellectual liberty is not a thing which arises only once the totalitarian system is established, but can be found everywhere among those who have embraced a collectivist faith. The worst oppression is condoned if it is committed in the name of socialism. Intolerance of opposing ideas is openly extolled. The tragedy of collectivist thought is that while it starts out to make reason supreme, it ends by destroying reason.

There is one aspect of the change in moral values brought about by the advance of collectivism which provides special food for thought. It is that the virtues which are held less and less in esteem in Britain and America are precisely those on which Anglo-Saxons justly prided themselves and in which they were generally recognized to excel. These virtues were independence and self-reliance, individual initiative and local responsibility, the successful reliance on voluntary activity, non-interference with one"s neighbour and tolerance of the different, and a healthy suspicion of power and authority.

Almost all the traditions and institutions which have moulded the national character and the whole moral climate of England and America are those which the progress of collectivism and its centralistic

tendencies are progressively destroying.