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Introduction to Political Theory  
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How Liberal Capitalism Creates Industrial Servitude and Socialism Affords Freedom

*The Road to Serfdom* can best be described as agitprop for a new era of politics that was beginning to blossom in the West. Agitprop is a ‘political strategy in which the techniques of agitation and propaganda are used to influence and mobilize public opinion,’ (Britannica)—which is quite ironic in this scenario due to the term’s Soviet lineage, but perfectly describes the brutal and uncloaked message of Friedrich Hayek. His main claim is the benefits of a government operating under a neoliberal plan, casting it as though it’s the only viable solution to ensure the individual freedom of everyone. On the way toward proving his thesis, he continuously makes the point that socialism and freedom can’t operate together. Focusing on this single argument, I believe that with Alexander Gourevitch’s *From Slavery to the Cooperative Commonwealth*, it can be disputed. As mentioned previously, Hayek’s manifesto is propaganda for neoliberalism, and it rides on the fear of communism in the West during the postwar era. Rather than considering for the most part the Soviet Union, which is what Hayek is doing, looking back to the Knights of Labor and the theory of labor republicanism, as Gourevitch does, provides sound reasoning to confidently dispute Hayek’s claim.

Before continuing, ‘freedom’ must be defined in an unbiased way, but one must remember Isaiah Berlin’s two concepts of liberty (liberty being interchangeable with freedom), which effectively define freedom as less government intervention in individuals’ lives and vice versa. Negative liberty is closely tied to liberalism and is referring to freedom from interference by other people—furthermore, it’s freedom from external restraint and contrasts significantly with positive liberty, which is the freedom to pursue goals and act upon an individual’s free will in collaboration with society. This, in effect, places limitations on that individual’s actions; ignoring cold war ideological conflict that in Western thought tends to lean toward the benefits of negative liberty, positive liberty also entails self-actualization and

the fulfilling of one's purposes in a collective union. In terms of these authors, Hayek's philosophy would align with negative freedom, as a neoliberal rule would allow entities to freely move around society with limited government restrictions, while Gourevitch and what the Knights of Labor fought for would align with positive liberty, as the latter organization stood for cooperation among union members to better the economic situation of each individual member.

Another important detail to iron out is what socialism means to Hayek and Gourevitch. Socialism, according to Karl Marx (considered the godfather of modern socialist thought), is where the worker produces labor the direct opposite economic system of capitalism, which is a relationship between worker and capitalist. In a capitalist hierarchy, the capitalist controls the 'means of production' by using workers to produce labor for their own personal economic benefit. What socialism does, in theory, is allow for the actualization of the workers who comprise the working class by ending the alienation that they have in a capitalist system between themselves and their work—i.e., seize the means of production. According to Gourevitch (2014), "That is why, in the name of republican liberty, these Knights sought 'to abolish as rapidly as possible, the wage system, substituting co-operation therefore.'" (p. 6); although in name, as Gourevitch notes, the Knights didn't go by socialists, they fought for a very similar goal. By establishing a co-operative, it effectively cut out a singular owner, and instead, the workers of a factory, for instance, would have total collective authority and control of their labor. This now brings into question, does socialism (labor republicanism in the case of the Knights of Labor) mean freedom?

For the most part, socialists are able to win workers onto their side due to bad working conditions, and for not having a voice in the company they contribute to, they clearly understand the true dynamics at play and wish to remedy that. Hayek writes from a point of privilege, sequestered in academic setting, and his summation of freedom, as a result, comes from an incomplete view of the working world. When talking about the propaganda used by socialists, Hayek (1944) says, "there can

be no doubt that the promise of greater freedom has become one of the most effective weapons of socialist propaganda and that the belief that socialism would bring freedom is genuine and sincere. But this would only heighten the tragedy if it should prove that what was promised to us as the Road to Freedom was in fact the High Road to Servitude” (p. 27). First off, he accepts that a core belief associated with socialism is a belief that the new system will create a better world—utopian to some extent. However, he disagrees that positive liberty would follow as a result of a socialist institution; instead, it would result in a system of dictatorship and total government control over companies and workers. He further backs up his claim by mentioning, “the relative ease with which a young communist could be converted into a Nazi or *vice versa* was generally know in Germany” (p. 30); which is to say that socialists, like fascists, are attracted to the ideology merely because of its extremity—and that unknowingly, according to Hayek, socialists were being led down a road to authoritarianism and, as a result, losing their freedom.

Referring to Gourevitch, his take on the matter of collectivism and freedom comes from a grounded perspective, as the Knights of Labor understood the intricacies of the owner and worker relationship. Gourevitch (2014) links the many forms of labor in the era of America he’s writing about when he says,

The cooperative ideal threatened Southern planters, Northern industrialists and Western railroad owners alike because it struck at the dominant industrial relations between employer and employee. Affording all workers shared ownership and management of an enterprise, whether a sugar plantation, newspaper press, or garment factory, was – according to the Knights – the only way to secure to everyone their social and economic independence. (p. 6)

According to Gourevitch, Southern slavery/sharecropping and Northern industrial labor were two sides of the same coin, so co-operative, socialist adjacent labor unions were a formidable combatant against

this economic tyranny. He clearly states that shared ownership is the key to both social and economic freedom; he says independence which would seem to allude to negative liberty as the absence of interference, but positive liberty makes more sense, as it's the betterment of economic position in accordance with union allies. And it's important he notes social liberty since Hayek (1944) quotes de Tocqueville, who says "Democracy attaches all possible value to each man; socialism makes each man a mere agent, a mere number...while democracy seeks equality in liberty, socialism seeks equality in restraint and servitude" (p. 25); one can't hope to be free if the job they contribute their whole labor force to doesn't give them anything substantial in return. This sentiment that a worker is freer under capitalism is for the purpose of the capital owner, not the laborer. Gourevitch and the Knights know this simple fact, what Hayek is trying to push is trickle-down economics—central to capitalism. By affording freedom, he insinuates, to wealthy individuals and corporations, the lower classes will benefit as well because of philanthropy and the competitive nature of capitalism; however, Gourevitch sees it as collectivist action, as the only way to truly secure freedom both economically and socially. Because in the real world, capitalist entities aren't generous and, as Marx was well aware, merely want to ensure the largest economic output with the least input.

Central to the socialist theory is the concept of labor and the value of one's occupation. In a positive liberty sense, it's about finding the job that suits you best and one that you can perform well while enjoying the work itself. Traditionally, this sort of freedom is only allowed through a socialist regime or organization like the Knights, who as a union have apprenticeships for workers who want to enter a certain field. What Hayek argues is that capitalism allows the same freedom through the guise of competition; Hayek (1944) states,

Not only in our capacity as consumers, however, and not even mainly in that capacity, would the will of the authority shape and "guide" our daily lives. It would do so even more in our position as producers. These two aspects of our lives cannot be separated;

and as for most of us the time we spend at our work is a large part of our whole lives, and as our job usually also determines the place where and the people among whom we live, some freedom in choosing our work is, probably, even more important for our happiness than freedom to spend our income during the hours of leisure. (p. 97)

He's saying that people in society are both producers and consumers, and the former is more so affected by the higher authority of the state, which is for the most part indisputable. People need to consume in order to survive—although in a capitalist economy the mode of consumption will look different from a more socialist order—and people have to produce labor either to remain afloat or they could be mandated to do something. His point about how our lives are morphed around where we work is an uncontroversial and agreeable take; however, where I strongly disagree is the caveat that we need 'some freedom in choosing our work'.

Gourevitch (2014) tells it how it actually is, not the fallacy that Hayek presents; he notes that, "One of the most consistent arguments labor republicans made was that just because a contract was voluntary did not mean it was made freely. The workers "assent but they do not consent, they submit but do not agree" (p.106). First off, more proof to assist in the concept that both labor republicans and socialists may not go by the same name, they are in fact fighting for similar things as well as theorizing the world of labor relations the same. This argument made by Gourevitch directly disputes this claim by Hayek that 'freedom of occupation' is true freedom afforded in a capitalist system. What is mentioned here is that when entering into a contract, it may for all intents and purposes be entered voluntarily, but the economic needs of people (especially the working class) rank among their highest concerns across centuries of capitalism. So in other words, they're going to take what they can get before their ship starts sinking. The quote he cites echos slavery in a way, as it's a relation of domination and submission. So to say that freedom is the choice of which industrial slave-holder you get to call

your boss, then obviously that isn't freedom on either side. What socialism affords is an opportunity to break away from this system of domination because instead of a singular boss, the company is cooperatively owned. And in a union, for example, there exists a strategy called 'collective bargaining' whereby workers of a shop ask for something from their employer by putting their collective labor on the line. It could result in a strike; however, some things can be handled civilly and the boss can respect their workers by meeting their demands. This is positive liberty, so that means it's not inherently about collectivism (which is not to say it's unimportant); rather it allows for individual growth through the power of numbers—because one man against an army of Pinkertons isn't a battle that will weigh on the side of the worker.

Economic planning is another important aspect in regard to a socialist economy, as it involves nationalization and governmental authority, and regulation of all sectors of the economy (i.e., labor, capital, and natural resources). Hayek (1944), in reference to the liberal system of economics, says, "It is important not to confuse opposition against this kind of planning with a dogmatic *laissez-faire* attitude. The liberal argument is in favour of making the best possible use of the forces of competition as a means of co-ordinating human efforts...it is a better way of guiding individual efforts than any other" (p.37); his argument then is that competition is key in the economy, which is the general rule accepted by Western nations. As has been proved before, individuals can't fight for what they need on their own; it's a mere talking point for a conservative economy to say that the system of competition is good for the individual. To be honest, yes, it's good for the wealthy individual to get wealthier, which means they have access to freedom. But for the poor working class, they are stuck in their socioeconomic position without a union and in constant competition with their once comrade. Socialism breaks these chains placed on the workers; through the process of unionization, there is a guarantee that individual freedom will be secured.

What Hayek presents is cheery, painting competition as an undeniably good thing and economic planning as a means to an end of domination. However, what he chooses to ignore is the lawful domination that exists within his system of fruitful competition; he tries to argue that liberal economics is not laissez-faire because there do exist government restrictions on companies. This is wishful thinking, or rather a reluctance to admit the base power structures at play in a society with labor that isn't appreciated as it would be under socialism. When Gourevitch (2014) analyzes reconstruction-era capitalism, he synthesizes, "The governing classes' "presumptuous authority" was housed in the rights of property and contract, and the claims about legal independence that stood behind them. The "false idea" resided in the fact that these legal institutions failed to prevent the laborer from, in that telling republican phrase, coming "under the authority of anybody" (p. 102); the power of capitalists coming from the property they own and the contracts they create with laborers has been mentioned. What's important is the idea of 'legal independence'—rather than laws in a non-socialist economy regulating capitalist entities, the law works to benefit them. It creates economic freedom for them at the cost of legal institutions not affording protections for the laborers, who will constantly be under the boot of one owner or another. This is all to say that a competitive system, as Hayek outlines, doesn't foster development but instead stagnation in terms of moving toward an egalitarian society. It's the backbone of capitalist dystopia, where the rich and powerful have complete access to explore the stars, while the working class is left competing among themselves for breadcrumbs.

What most theorists who believe in a capitalist system base their reasoning on are the few who rise above the rest. By their logic, if one person can become a 'self-made' millionaire, then the systems in place that they used, and often abused, can also be taken advantage of by the poorest to the richest. Gourevitch, the Knights of Labor, labor republicans, and—the umbrella

term often associated with this kind of thinking—socialists pick apart the miscalculations and ignorance of these theorists, as well as scrutinize the current system, which just so happens to be the legacy of Hayek that Gourevitch disagrees with. Freedom for all can only be afforded through the introduction of socialist policies or a complete takeover. Unlike a Marxist socialist, the labor republicans work within the system of industrial capitalism to afford freedom for the underrepresented working class; it comes at the cost of a capitalist's profit; however, their freedom, as mentioned earlier, comes at the cost of the loss of their employees' freedom. In America, specifically, a form of social democracy seems like it would be able to achieve realistically what the labor republicans wanted. It involves compromising on a full socialist revolution, but that dream seems like an impossibility in modern America. Government authority in the workplace, through legislation that protects unions or laws to weaken the power of millionaire and billionaire capitalists, is the only plausible chance at affording all their due freedom.



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