

Orwell for Socialism

In a reflective moment, George Orwell wrote, “Every line of serious work that I have written since 1936 has been written, directly or indirectly, *against* totalitarianism and *for* democratic socialism, as I understand it.” Yet if you actually read his oeuvre, you’ll find a striking disparity: Orwell’s anti-totalitarian writing is massive, but his pro-socialist writing is wafer thin. As far as I know, the closest thing Orwell produces to an argument for democratic socialism appears in his review of Hayek’s *Road to Serfdom*:

[Hayek] does not see, or will not admit, that a return to ‘free’ competition means for the great mass of people a tyranny probably worse, because more irresponsible, than that of the State. The trouble with competitions is that somebody wins them. Professor Hayek denies that free capitalism necessarily leads to monopoly, but in practice that is where it has led, and since the vast majority of people would far rather have State regimentation than slumps and unemployment, the drift towards collectivism is bound to continue if popular opinion has any say in the matter.

And:

Capitalism leads to dole queues, the scramble for markets, and war. Collectivism leads to concentration camps, leader worship, and war. There is no way out of this unless a planned economy can somehow be combined with the freedom of the intellect, which can only happen if the concept of right and wrong is restored to politics.

In Orwell’s day, many readers would have responded, “Orwell wrote little, but the few pro-socialist words he wrote suffice.” Even today, many would sympathize. Yet despite my love for Orwell, he he’s thoroughly mistaken. Point-by-point:

[Hayek] does not see, or will not admit, that a return to ‘free’ competition means for the great mass of people a tyranny probably worse, because more irresponsible, than that of the State.

Hardly. As of 1940, quality of life for “the great mass of people” was near its all-time global high in the world’s most capitalist countries: the United States, United Kingdom, and Switzerland. These countries were the richest and the freest – and not “just for the rich.” Seriously, where on Earth would you rather be living in 1940? You could say that the United States, United Kingdom, and Switzerland were even better for the great mass of people immediately prior to the Great Depression. But that’s praising with faint damnation.

The trouble with competitions is that somebody wins them.

This is misleading even for athletics. Yes, someone wins the game. To *continue* winning, however, even the best teams have to keep practicing and improving. Every day is another chance for losing teams to turn things around.

The same goes for business. On any given day, some firms are doing great. That doesn’t mean, however, that they’ve permanently “won.” Even if all of their direct competitors go out of business, successful firms have to worry about future competitors. Amazon is by far the best store in history, but they tirelessly strive to improve because they want to stay number one.

Professor Hayek denies that free capitalism necessarily leads to monopoly, but in practice that is where it has led...

“Monopoly”?! What is Orwell even talking about? I suppose he could be focusing on a few industries with large economies of scale, but even in his time that would have been a modest share of total output. Or he might be thinking about industries like agriculture with state-sponsored cartels, but you can hardly blame “free capitalism” for that.

and since the vast majority of people would far rather have State regimentation than slumps and unemployment, the drift towards collectivism is bound to continue if popular opinion has any say in the matter.

Mass unemployment is a grave evil, and the evil was probably never graver than during the Great Depression. But even in Orwell’s day, economists had a compelling diagnosis and effective cures.

The diagnosis: Unemployment is caused by excessive wages. The effective cures: Either (a) let wages fall, or (b) print more money to reduce wages surreptitiously. Despite its

popularity, “state regimentation” is a red herring that fails to address the actual problem.

Capitalism leads to dole queues, the scramble for markets, and war.

The dole was indeed a popular response to high unemployment. But once you grasp the wage-unemployment connection, you start to worry that the dole prolongs unemployment by reducing the pressure to bring wages down to the full employment level.

The “scramble for markets” story is Leninist dogma. As the gravity model predicts, rich countries mostly trade with nearby rich countries, not their nation’s colonies. The post-war loss of colonies was a big blow to nationalist pride, but economically trivial because the colonies were never economically important in the first place.

And war? Blame nationalism and totalitarianism, not “capitalism.” If capitalist greed ran Europe in 1914, all of the major powers would have realized that preserving good economic relations with European neighbors was vastly more profitable than grabbing some remote, impoverished colonies.

Collectivism leads to concentration camps, leader worship, and war.

Yes, yes, and yes.

There is no way out of this unless a planned economy can somehow be combined with the freedom of the intellect, which can only happen if the concept of right and wrong is restored to politics.

On the contrary, the “way out” is to combine freedom of the intellect with a free market economy. Fortunately, that’s easy because these two freedoms are not only compatible, but mutually supportive. And if we restore the concept of right and wrong to politics, combining these two freedoms is precisely what we’ll do, because there is a strong moral presumption in favor of freedom.