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Versus Eugen Richter and Henry Hazlitt**

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Two Opposing Economic-Literary Critiques of Socialism: George Orwell Versus Eugen Richter and  
Henry Hazlitt  
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Abstract: Orwell's famous fictions, *Animal Farm* and *Nineteen Eighty-Four* criticized totalitarian forms of socialism from a Public Choice perspective, assuming that socialism would work as an economic system as long as the proper political institutions were in place to curb the potential for the abuse of power. This is contrasted with two novels by others who took the opposite approach: Richter's *Pictures of the Socialistic Future* and Hazlitt's *Time Will Run Back*. These two assumed that the political implementation of socialism would be perfect but that socialism would necessarily turn totalitarian because of the problem of economic calculation. These novels assumed away the Public Choice problem of institutions and the abuse of power and focused on the political implications of socialism as a purely economic system. Contrasting these two sets of novels shows how the Austrian and Public Choice schools criticize socialism in two entirely different ways.

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Perhaps George Orwell's two fictions, *Animal Farm* (1945) and *Nineteen Eighty-Four* (1949) need no introduction, for they are sometimes assigned as *the* quintessential refutations of socialism and communism. But in fact, Orwell was an avowed socialist and his two famous fictions could not possibly have been intended to controvert socialism. Several recent works have attempted to rehabilitate Orwell's status as a socialist and reexamine his famous fictions accordingly.<sup>1</sup> Orwell could not have meant to condemn socialism *per se*, but only non-democratic totalitarian forms thereof. He did not argue that socialism *per se* would necessarily fail as an economic system. Instead, his point was that socialism succeed only if political institutions were crafted in such a way as to ensure that those in power were suitably incentivized to behave as they ought. His concerns were similar to those of James Madison, who saw that government officials cannot be naively trusted as if they were angels, but that

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<sup>1</sup> Makovi, "George Orwell as a Public Choice Economist"; Roback 1985; Crothers 1994; White 2008; Newsinger 1999. The author thanks Christopher Fleming, a doctoral candidate in economics at George Mason University for the reference to that obscure essay by Crothers.

the political system must be crafted so as to direct them where they ought to go. Otherwise, they would abuse their power and establish a despotic oligarchy. Orwell believed that a democratic socialism was the solution to the totalitarian potential of socialism. Orwell therefore essentially presaged modern Public Choice.

Orwell's message was invaluable especially to fellow socialists who naively assumed that once socialism was implemented in any form whatsoever, the right people would automatically rise to the top. In apprehending quite early the nature of the Soviet Union, where other socialists were either starry-eyed dupes or bigoted apologists, Orwell was both critically observant and brutally honest.

But to appreciate Orwell's criticism of socialism, one should look at a totally different criticism of socialism, to see what Orwell did *not* say. Taking the Public Choice approach, Orwell assumed that socialism would work if only the the political institutional protected against the abuse of power. By contrast, others made the complete opposite assumption, assuming away the entire Public Choice and proposing (if only for the sake of argument) that there was no problem of abuse of power at all. They tried to show that even ignoring the possibility for the abuse of power, socialism would still necessarily turn totalitarian anyway due to the inherent economic logic of the system. In this essay, this opposing approach will be examined in detail. In particular, we will study the anti-socialist dystopian fictions of Eugen Richter and Henry Hazlitt which argued that the economic logic of socialism meant it would necessarily turns totalitarian and tyrannical even assuming the government officials have the best of intentions and never abused their power. Therefore, the fictions of Richter and Hazlitt may be understood as the mirror images of Orwell's famous fictions. More generally, this essay will illustrate how the Public Choice criticism of socialism's political institutions is the complete polar opposite of the Austrian criticism of the problem of economic calculation under socialism.

### I. Orwell's Democratic Socialism Redux

First, we might briefly acquaint ourselves with the nature of Orwell's Public Choice criticism of totalitarian socialism and his advocacy for democratic socialism.<sup>2</sup> Orwell stated in his “Review of *Communism and Man* by F. J. Sheed” (1939a) that

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<sup>2</sup> For further discussion of Orwell's Public Choice criticism of socialism, see Makovi, “George Orwell as a Public Choice Economist.” An especially lucid and important discussion of Orwell's concern with the abuse of power is Crothers 1994. On Orwell's convictions as a socialist, see White 2008 and Newsinger 1999. For an argument that democratic socialism would necessarily fail even without the abuse of power, see Makovi, “George Orwell and the Incoherence of Democratic Socialism” (unpublished manuscript).

It is obvious that any economic system would work equitably if men could be trusted to behave themselves but long experience has shown that in matters of property only a tiny minority of men will behave any better than they are compelled to do. (Orwell 2002: 113)

Thus, Orwell did not criticize socialism as an economic system but he criticized only the political implementation of socialism. His concern was the same as James Madison's, *viz.* whether the political institutions would provide such incentive structures as would prevent the abuse of power. Orwell thought that democracy was the solution to this Public Choice problem, as he stated in his “Review of *Russia Under Soviet Rule* by N. de Basily” (1939b):

The essential act is the rejection of democracy - that is, of the underlying values of democracy; once you have decided upon that, Stalin - or at any rate something *like* Stalin - is already on the way. (Orwell 2002: 111; emphasis in original)

In other words, Orwell thought democracy alone was sufficient to solve the Public Choice problem of the abuse of power and thereby prevent the emergence of totalitarianism. Once that was done, the political problems of socialism would be solved and there would be no purely economic problems left to be concerned with.

But as we shall shortly see, Richter and Hazlitt assumed away the Public Choice problem of incentives and intentions, and argued that even if the socialist planners were wholly public-spirited, tyranny would still necessarily result anyway. However, Richter's and Hazlitt's argument rested on certain economic premises - Classical School economics in the case of Richter and Austrian School economics in the case of Hazlitt (following Mises and Hayek) - which a socialist would reject out-of-hand, as Orwell did in his “Review of *The Road to Serfdom* by F. A. Hayek” (1944).<sup>3</sup>

## II. Eugen Richter's *Pictures of the Socialistic Future*

Nineteenth-century German classical liberal (libertarian) and parliamentarian Eugen Richter wrote his 1891 dystopian fiction, *Pictures of the Socialistic Future* (Richter 2010), to show how socialism would fail even when its planners had the best of intentions.<sup>4</sup> Nowhere in the story is the

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<sup>3</sup> For a discussion of Orwell's review (2007) of Hayek's book (1944), see Richman (2011). Concerning Orwell's economic views in general, see Roback (1985).

<sup>4</sup> Cotton argued, “no doubt influenced by Edward Bellamy's utopia, *Looking Backward*” (Bellamy 1888). I later saw that Samson B. Knoll (1991), in a review of Ritter 1960, argues that the cottage industry of German-language

government shown to have any ill-intentions. Everything is done in complete sincerity. Nevertheless, a totalitarian tyranny results, due to the logic of socialism as an economic system. The novel is thus an exercise in *reductio ad absurdum*. For example, the narrator's son Franz and his fiancée are forced to put their upcoming marriage on indefinite hold because the government has assigned them to live and work in different cities (Richter 2010: 21). After all, if the government is to plan production, it must assign employment to everyone, and the government's plans for economic efficiency cannot be spoiled by a marriage which might after all be dissolved by divorce at any moment anyway (Richter 2010: 22). And many people had to be assigned labor which was contemptible and undesirable to them because, after all, everyone had requested only the most pleasant and enjoyable work. Not everyone can be a forest-keeper; somebody has to clean the sewers (Richter 2010: 24).<sup>5</sup> Most distressingly, the government finally had to ban all emigration. For reasons the government's officials honestly could not understand, many people had been attempting to leave the country, especially the most skilled and most well-educated. But it could not allow the socialistic system to be spoiled by the emigration of the very best and most valuable people. So finally, the government forbade emigration, posting armed troops along every border (Richter 2010: 57-59). And while the socialist government was in fact democratic, it had accidentally and unintentionally restricted the freedom of speech. For all printing presses were

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socialist utopias and dystopias was sparked by the 1889 German translation of Bellamy (Knoll 1991: 37), but I do not read German and I could not examine Ritter 1960 for myself. However, I am unaware of any evidence that Orwell had ever seen Richter's novel. Knoll shows that Richter's novel had had some currency in Germany (Knoll 1991: 37f.), but Knoll does not indicate how popular the English translation of Richter ever was. Knoll does say that Richter has been merely "briefly noted in, e.g., *America as Utopia*" (Knoll 1991: 35, citing Roemer 1981). In that collection Roemer edited, the reference to Richter is found in Robert Plank's contribution (Pank 1981: 211). Plank says only that Richter was an Imperial German Liberal equally opposed to Bismarck and the Socialists who wrote a parody of Bellamy's *Looking Backward* "that became quite popular." So Plank agrees with Knoll that Richter was inspired by Bellamy, but he too provides little evidence regarding the popularity of Richter's novel, and not only does he neglect to mention the English translation, he does not even cite the original German title. Another brief reference to Richter is in Creveld 1999: 220, where Creveld says only that Richter's novel was "a nineteenth-century caricature of the complete welfare state." So it would appear that Richter's novel was probably not well known in English, nor to Orwell, but this is only speculation based on the paucity of references. The only sustained discussion of Richter is in Raico 1990.

<sup>5</sup> Cotton pointed out that in More's *Utopia* (1516), people rotate in an out of more desirable and less desirable occupations, and the truly onerous work is done by convicts and saints; apparently More had realized the allocational dilemma created by the abolition of differential wages.

state-property, and the state was responsible for publishing all materials, both political and not. When election-time began approaching, people realized that there were no ration coupons for purchasing space to run campaign ads (Richter 2010: 93). It had simply never occurred to the government's officials that ration coupons needed to exist to purchase not only food and housing but also political ads. Obviously, it was impossible to allow everybody to run an advertisement; there wouldn't be enough newspapers in the world. But if advertising space is limited, and the government owns all the printing presses, how is it to decide who deserves to run an ad? There was no deliberate, orchestrated censorship, but in reality, censorship became *de facto* simply because the government alone owned all the means of communication. By the end of the book, Germany has become a totalitarian dictatorship, not because anybody has abused his power, but on the contrary, because socialism has been implemented faithfully and consistently. The more sincere and well-intentioned the public officials were, the more totalitarian and despotic the regime became. The government was still democratic, and everything which the government had done had in fact been in sincere pursuit of authentic socialism. As Ralph Raico says of Richter's novel,

Sometimes the work even verges on what at first seems absurd, especially in connection with the relations of social equality that will supposedly obtain under socialism, e.g., the new socialist reich chancellor must shine his own boots and clean his own clothes, in Richter's account. The explanation for this, however, is that Richter took the egalitarian promises of the socialists too literally, *too seriously*. He lacked any inkling of Marxism's drive to bring to power a new class of privileged higher-echelon state functionaries. (Raico 1990: 11)

I would interpret Richter more charitably. It seems to me that Richter probably wished to concede the benefit of the doubt to the socialists. He did not wish to make the sort of argument which Orwell later would, that the public officials of a socialist government would be liable to abuse their power. He wanted to show that even without such a Public Choice assumption, socialism would necessarily be tyrannical. In fact, the more faithfully and sincerely the government put socialism into effect, the more tyrannical it would become. A lax and corrupt government might have allowed the economic plan to be spoiled for the sake of allowing husband and wife to stay together. But a thoroughgoing socialist could not allow this. The government had made a plan for the benefit of all people, and it could not let petty and parochially private concerns like romance spoil the welfare of all. The more sincere the socialist

regime, the more liable it was to become what Isabel Paterson called the “The Humanitarian With the Guillotine” (Paterson 1943: 235-250). Thus, Richter's assumption was precisely the opposite of Orwell's: Orwell assumed socialism would work if the political institutions prevented the abuse of power, whereas Richter argued that socialism would necessarily fail even under the assumption that the socialistic government was perfectly democratic and that all its officials were sincere and trustworthy.

### III. Henry Hazlitt's *Time Will Run Back*

The case is similar in Henry Hazlitt's reverse-dystopia, *Time Will Run Back* (1966).<sup>6</sup> The entire world is governed by one single socialist super-state but things have not gone as the socialists planned. The entire world is depicted as living in poverty under political oppression and nobody can figure out why. The socialist dictator, Stalenin, confides to his son, Peter Uldanov, that he had to send his own wife, Peter's mother, into exile because she had accused him of betraying the revolution. Stalenin says that he sincerely was implementing Marxist-Leninism as best he knew how, and that he had hoped before her death to finally produce the paradise which had been promised (Hazlitt 1966: 26, 31).<sup>7</sup> When Peter asks another Party member why there had not been any technological progress in the entire century since the revolution, the other member confesses, “That, Comrade Uldanov, is a question I have never been able to answer” (Hazlitt 1966: 63). Later, another party member pleads that he cannot understand why all the workers are so lazy. They must be compelled to work with force and threats because without such incentives, the workers refuse to do much of anything (Hazlitt 1966: 87). The Party member is sincerely dumbfounded by the people's intransigence and stubborn refusal to work. The Party is truly ingenuous, and cannot understand why the socialist system is not working. And like Richter's, Hazlitt's novel tries to show that the tyranny is the consequence of the logic of socialism as

<sup>6</sup> I call it a “reverse-dystopia” because the book begins as a dystopia until “time runs back” and capitalism is rediscovered. I have been unable to find a single academic citation of Hazlitt's novel, not even in Sargent 1981, which does not mention Richter either. I could not even find more than one or two popular citations of Hazlitt or Richter on the internet, e.g. by libertarian blogs. I am unaware of any evidence whether Orwell knew of Hazlitt, but Hazlitt clearly knew of Orwell: Hazlitt gives a litany of economists who were his influences (*Time Will Run Back* vi) and he claims that the similarity of his novel to *Nineteen-Eighty Four* (Orwell 1949), Zamiatin's *We* (1921), and Huxley's *Brave New World* [1932] was owed to the fact that they were all “plagiarizing from the actual nightmare created by Lenin, Hitler and Stalin” (*Time Will Run Back* vi-vii).

<sup>7</sup> Of course, Stalenin could be lying. But he was speaking to his own son, whom he later installed into power as his successor, so it seems more likely that Stalenin was telling the truth. The simplest interpretation is that Stalenin really was trying his best to implement the true Marxist utopia.

an economic system, and has nothing to do with any ill-intentions or abuse of power. For example, when Peter suggests eliminating every law except those forbidding murder and theft and the like, fellow party member Adams points out that with all wages equal, it is impossible to get some people to do the more unpleasant tasks without compelling them with violence (Hazlitt 1966: 116, 119). The majority of the laws must be compulsions to force people to obey the central-plan, and to punish them for any deviation from the plan, for otherwise, the central-plan simply does not work. There cannot be freedom to choose one's own occupation in a socialist system if the government is to plan all production, for the government needs to be able to ensure that all the workers are engaged in precisely the industries which the government has predetermined. And even when Peter permitted complete freedom of speech, the people kept silent and did not use their new freedom, because the state was their sole employer, and they were still afraid to say anything which might upset it (Hazlitt 1966: 128). If anything they said got them fired, they had nowhere else to turn for a job. And because all of the means of publication and communication were state-owned, none of their managers were courageous enough to publish dissent, lest they lose their jobs too (Hazlitt 1966: 133). Finally, Peter says to Adams,

You are forcing me to admit that the reign of slavery and terror imposed by my father and Bolshekov is not an accident, not some monstrous perversion of the socialist ideal, but merely *the logical and inevitable outcome of the socialist ideal!* You are forcing me to admit that complete socialism means complete deprivation of individual liberty and an absolute government dictatorship. (Hazlitt 1966: 145f.; emphasis in original)

Thus Hazlitt, like Richter, assumed that the government is altruistic and sincerely wishes to implement only the truest, most authentic socialism. And yet tyranny and despotism result as the logical and inexorable consequence of the logic of the socialist economic system. Freedom and material prosperity do not return to the world until Peter and Adams accidentally reinvent capitalism. Every non-Marxist book had previously been systematically wiped from existence by the worldwide socialist regime, and so roughly half the novel is composed of detailed Socratic dialogues between Peter and Adams as they slowly rediscover for themselves the basic principles of economics. It is only when the two protagonists complete their rediscovery of economics that political liberty and material prosperity make themselves known together in the world again.<sup>8</sup> Hence the novel's full title, *Time Will Run Back: A Novel about the Discovery of Capitalism*.

<sup>8</sup> These dialogues are so detailed and thorough that insofar as one agrees with the Austrian School views of Hazlitt, the novel could actually be used as an economics textbook.



As with Richter's novel, Hazlitt's is the mirror-image of Orwell's. Whereas Orwell presaged Public Choice and thought any economic system would work if only the political institutions could prevent the abuse of power, Richter and Hazlitt assumed the abuse of power away and strove to demonstrate that even so, socialism would necessarily turn totalitarian and despotic.

#### IV. The Problem of Economic Calculation

That this was Hazlitt's intention, is corroborated when we consider the source of Hazlitt's inspiration. According to Hazlitt, the inspiration for his novel was “several paragraphs in Ludwig von Mises' [sic] *Socialism*” (Hazlitt 1966: p. vi), and he says that his own novel is about “the problem of economic calculation” (Hazlitt 1966: p. viii). This gives us a key to Hazlitt's intent. The essence of Mises's position in the so-called “socialist calculation debate” (which Mises inaugurated) was this: even if the socialist government were perfectly public-spirited and well-intentioned, socialism would still utterly fail because the government would have no idea what to order the people to do. The government would have the good intention to issue only orders for the genuine welfare of the people, and yet it would have no rational way to know which orders it ought to issue. The government would be operating blindly in the dark, despite the best of intentions. As Murray N. Rothbard notes,

Before Ludwig von Mises raised the calculation problem in his celebrated article in 1920, everyone, socialists and non-socialists alike, had long realized that socialism suffered from an incentive problem. . . . The traditional socialist answer held that the socialist society would transform human nature, would purge it of selfishness, and remold it to create a New Socialist Man. That new man would be devoid of any selfish, or indeed any self-determined, goals. . . . But the uniqueness and the crucial importance of Mises's challenge to socialism is that it was totally unrelated to the well-known incentive problem. Mises in effect said: All right, suppose that the socialists have been able to create a mighty army of citizens all eager to do the bidding of their masters, the socialist planners. What exactly would those planners tell this army to do? . . . Mises demonstrated that, in any economy more complex than the Crusoe or primitive family level, the socialist planning board would simply not know what to do, or how to answer any of these vital questions. . . . [T]he planning board would not be able to plan, or to make any sort of rational economic decisions. Its decisions would necessarily be completely arbitrary and chaotic, and therefore the existence of a socialist planned

economy is literally “impossible” (to use a term long ridiculed by Mises's critics).  
(Rothbard 1991: 51-3)

Thus, Mises never impugned the motives of the socialist planners, nor did he ever suggest that any of them might abuse their power. His entire argument assumed that the socialist planners were completely sincere and public-spirited. And yet their system was destined to fail by its own logic. The best of intentions cannot make an illogical system function as intended. Mises's argument was thus the opposite of Public Choice. And as Hazlitt explicitly declared he was inspired by Mises to write his novel, it is appropriate that he appears to have made the same assumptions in his novel as Mises had in his technical economic writings.

The difference between Hazlitt's and Mises's approaches is that while they made the same assumption of altruism and trustworthiness by the government, Mises confined himself to showing that socialism would lead to anarchy of production, a complete and utter breakdown of any semblance of an economy. Hazlitt, by contrast, went beyond Mises and argued that the same problem of economic calculation under socialism meant that any attempt to plan the economy in a socialist manner would inevitably result in totalitarian tyranny and the denial of freedom irrespective of the good intentions of the planners, despite the lack of any abuse of power. David Ramsay Steele too assayed a similar demonstration, using the same Misesian problem of economic calculation to show not only that socialism could not function economically - that it could not provide material sufficiency - but that it would necessarily be tyrannical as well. According to Steele:

Nothing could be further from the aspirations of Marx and Engels than an oppressive state or a meddlesome bureaucracy, but their commitment to society-wide comprehensive industrial planning requires that the communist administration be an omniscient state. This is not apparent to Marx because of his unawareness of the problem of economic calculation. (Steele 1992: 316)

For Marx, “Such an organizational form” allowing political liberty  
can be made to seem compatible with the Marxian insistence on “planned production for use” by assuming that the task of planning is child's play, and this in turn must require the assumption that most allocative decisions are obvious and undebatable. (Steele 1992: 316f.)

And again,

One of the reasons why the early Marxists were able to combine (in their imaginations) a single great industrial plan with a loosely federated non-authoritative structure is that vast areas of decision-making which we can see would have to be put into the plan and translated into instructions to subordinates, the Marxists saw as being self-evident and hardly requiring any administrative attention. (Steele 1992: 262)

Furthermore,

Marx . . . doesn't envisage the trappings of central-planning, no matter how obvious these may seem to us. With his blind spot about the role of the market, Marx underestimates the scale of the task facing the communist administration. (Steele 1992: 270)

But Orwell does not appear to have known much economics, and whatever he did know inclined him away from, not towards free-market capitalism (Makovi, "George Orwell as a Public Choice Economist"; Roback 1985). So unlike Richter, Hazlitt, and Steele, he could not have predicted for *economic* reasons that socialism would be tyrannical. In fact, in his column "As I Please 63" in 1946, Orwell explicitly stated of the totalitarians that, "It is not easy to find a direct economic explanation of the behaviour of the people who now rule the world" (Orwell 2002: 1137). In *Nineteen Eighty-Four* (Orwell 1949), Winston struggles with this question, saying, "I understand HOW: I do not understand WHY" (quoted in Howe 1982b: 331; Deutscher 1974: 129). While Winston is being tortured by O'Brien, he offers the answer of Dostoyevski's Grand Inquisitor and Zamiatin's Benefactor in *We*: that totalitarian despots abuse their power benevolently for their victims' good (Howe 1982a: 101; Howe 1982b: 330f.; Rahv 1987: 17f.). Winston suggests to O'Brien

That the Party did not seek power for its own ends, but only for the good of the majority. That it sought power because men in the mass were frail, cowardly creatures who could not endure liberty or face the truth, and must be ruled over and systematically deceived by others stronger than themselves. . . . That the choice for mankind lay between freedom and happiness, and that, for the great bulk of mankind, happiness was better. That the Party was the eternal guardian of the weak, a dedicated sect doing evil that good might come, sacrificing its own happiness to that of others. (quoted in Howe 1982a: 101)

But O'Brien dismisses Winston's explanation as ridiculous, chastising him and explaining,

The Party seeks power entirely for its own sake. We are not interested in the good of the others; we are interested solely in power. . . . Power is not a means, it is an end. One does not establish a dictatorship in order to safeguard a revolution; one makes the revolution in order to establish the dictatorship. The object of persecution is persecution. The object of terrorism is terrorism. The object of oppression is oppression. The object of torture is torture. The object of murder is murder. The object of power is power. Now do you begin to understand me? (quoted in Howe, 1982a: 101; Howe 1982b: 330; Rahv 1987: 17; Deutscher 1974: 125; Calder 1974: 148.)

Orwell could not understand the totalitarian impulse as anything but an abuse of and lust for power for its own sake. By contrast, Richter and Hazlitt had striven to produce precisely an economic explanation of totalitarianism and tyranny.<sup>9</sup> So Orwell denied that there was an *economic* explanation for totalitarianism, and in fact, Orwell was ignorant of the problem of economic calculation in precisely the same way that Steele says Marx was. Orwell naively stated in “The Lion and the Unicorn” (1941) that

<sup>9</sup> Cf. the Manchesterite argument that restriction of freedom of trade leads to war. As the saying goes, “Where goods do not cross borders, armies will.” Several economists have used this to explain why socialist states (including the Nazi regime) were so militarily aggressive: because socialist states pursued a policy of autarky (economic self-sufficiency) which required *Lebensraum*, “living space” to operate. If imports are banned, then the state must militarily conquer those territories which possess desired resources. See Mises 1985 (esp. chapter 3, parts 4-10) and Gustav Cassel 1934. But whereas Cassel took autarky for granted as a then-popular policy, Mises explained *why* this impulse was so popular: that foreign trade is a market-based activity antithetical to the ideology and values of socialism and therefore ideologically anathema to the socialist state. Therefore, Mises said, the authentically socialist state is necessarily autarkic (cf. Osterfeld 1992: 7, quoting Marx and Engels). Furthermore, said Mises, under true socialism, foreign trade must be limited if not entirely precluded because it reduces national sovereignty by granting economic power to the foreign trading partner (cf. Osterfeld 1992: 181f.) and because any changes in foreign markets threaten to disrupt the intricate domestic central plan of the state. Meanwhile, economic interventionism in domestic markets - which falls short of socialism - requires restrictionist trade barriers to prevent foreign competition from spoiling the plans of the government. For example, if a state wishes to boost domestic wages in a given industry by unionism or minimum wages, then it must establish trade barriers to keep foreign nations from undercutting those wages by offering cheaper goods. Thus, Mises and Cassel strove to explain why socialist policies necessarily turn despotic. Hints at a similar analysis are also found in John Jewkes 1968: 111, 218, 223, 234, 236. This helps explain Hayek's argument in the *Road to Serfdom* (2007) that German National Socialism was not a corruption or departure from socialism, but instead, that the Nazis had simply taken socialism to its logical conclusion, and had been more willing than the German Social Democrats to use whatever means necessary to implement socialism, including warfare (Hayek 2007: 146, 160, 182). Indeed Hayek approvingly cites both Cassel and Mises (Hayek 2007: 239f.).

“In a Socialist economy these [economic] problems do not exist. The State simply calculates what goods will be needed and does its best to produce them” (Orwell 2002: 316). According to Jennifer Roback,

it is naive to assume, as Orwell seems to have, that planning an economy is a straight-forward extension of the exercise of planning a family shopping list. . . . Orwell seemed to have no appreciation of the magnitude of the coordination problem that the price system attempts to solve. (Roback 1985: 131)

Orwell was unaware of the Misesian proof of the impossibility of rational economic calculation under socialism. If Steele is correct that Marx predicted freedom under socialism only due to his ignorance of economics, then the same should be true of Orwell. The reason that Orwell correctly foresaw tyranny under socialism despite his ignorance of economics was because he instead had a keen appreciation of the realities of politics. His blindness in one area was compensated by an almost unparalleled clarity in the other.<sup>10</sup>

## VII. Conclusion

Orwell was a socialist and an anti-capitalist until the end of his life. *Animal Farm* (Orwell 1945) and *Nineteen Eighty-Four* (Orwell 1949) were not intended as defenses of capitalism, and Orwell did not mean to condemn socialism *per se*, but only non-democratic, totalitarian forms thereof. He did not argue that socialism *per se* would necessarily fail as an economic system, but that socialism would fail if institutions were not crafted to provide those incentive structures which would ensure that men behaved as they ought. Orwell believed that a democratic socialism was the solution to the Public

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<sup>10</sup> But incredibly, Orwell himself seems to have eventually realize what Richter and Hazlitt already had, *viz.* that socialism necessarily requires forced labor. What is distressing is that when Orwell finally realized this fact, he did not make any moral objection or issue any protest worthy of the man who wrote *Animal Farm* (Orwell 1945) and *Nineteen Eighty-Four* (Orwell 1949). In Orwell's final edition of “London Letters” in the *Partisan Review* (11:3, summer 1946), Orwell argued (to quote Newsinger 1999: 139)

that in conditions of full employment if wages are evened out, workers will drift away from the more disagreeable jobs . . . Quite incredibly, he [Orwell] argued that socialists had to face up to the fact that “you had to make use of forced labour for the dirtier kinds of work.”

Incredibly, Orwell seems to have admitted the truth of Richter's and Hazlitt's argument. Newsinger notes (1999: 139) that “Labour Government on this occasion seems to have brought out the worst in him [Orwell].” For further discussion of this point, see Makovi, “George Orwell and the Incoherence of Democratic Socialism.”

Choice problem which he perceived (Makovi, "George Orwell as a Public Choice Economist").

So Orwell took the Public Choice approach and assumed that the economics of socialism were sound and he questioned instead the political logic of its implementation. But in so doing, Orwell missed the opportunity to take the opposite approach, to assume (for the sake of argument at least) political altruism and beneficence on the parts of the socialist government's officials and to examine instead the soundness of the socialist economic system itself. That approach would have demonstrated why democratic socialism was an inappropriate cure for the Public Choice shortcoming of socialism which Orwell had perceived far in advance of many of his fellow socialists.

As we saw, two novels - Eugen Richter's *Pictures of the Socialistic Future* and Henry Hazlitt's *Time Will Run Back* - attempted to prove that socialism would necessarily turn totalitarian even without any abuse of power. Even assuming perfect benevolence by the government's officials, the logic of socialism itself as an economic system means that socialism will necessarily turn totalitarian and tyrannical. The problem for Richter and Hazlitt was not the abuse of power but just the opposite: the more sincere and thoroughgoing the socialism, the more tyrannical it would become despite the political authorities' best intentions.

The aims of Orwell on the one hand, and of Richter and Hazlitt on the other, were thus diametrically opposed. Orwell believed that socialism would work given the right political institutions to incentivize authorities' behavior and prevent the abuse of power. But Richter and Hazlitt claimed that if the government is to centrally plan all production precisely, then it must assign everyone to his occupation, and nobody can have any freedom to change his employment. Therefore, socialism must result in totalitarianism even where democratic element of democratic socialism (hypothetically) successfully prevents the abuse of power. Even if democracy successfully prevents the abuse of power, this would do no good if Richter and Hazlitt are correct that the problem is not the abuse of power but the inherent logic of the economic system.

Nevertheless, Orwell had perceived at least half the argument against socialism, and we might just as well criticize Richter and Hazlitt for failing to make Orwell's Public Choice argument. Each side the debate made one assumption about half the socialist system - either its politics or its economics - in order to better study the other half. Each side of the debate made a valuable contribution by assuming away one half of the problem in order to better study the other half. By studying the two schools of thought side-by-side - Orwell against Richter and Hazlitt - we come to a better understanding of what each did. More generally, we see how the Public Choice criticism of socialist political institutions is the

opposite of the Austrian highlighting of the problem of economic calculation under socialism.

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