

Ludwig von Mises

Review of J. M. Keynes, *The End of Laissez-Faire, Ideas on the Unification of Private and Social Economy*

(Munich and Leipzig: Duncker and Humblot, 1926)

Translated by Joseph Stromberg.

This text reproduces an address given by the English economist John Maynard Keynes on June 23, 1926, at the University of Berlin. It makes a sharp critique of liberalism and capitalism; it rejects the free private ownership of the means of production, but wishes nonetheless not to be socialist. Rather, it recommends as the solution a middle point between private ownership of the means of production, on the one hand, and social ownership, on the other; that is, private property regulated through social control. The state would not undertake this social control; instead "semi-autonomous corporate bodies within framework of the state" would do it, hence "a certain return to medieval forms of independent autonomies."

Keynes proposes nothing more than what for decades, especially in German lands, has been promoted by official science and by all of public opinion as the "solution to the social question." There would be no occasion to bother with this little pamphlet, for everything that it brings forth has already been carried out in the German language a hundred times over, and, if perhaps not any better, still no worse, and in any case more thoroughly. But the title, which Keynes has given his work, and its epigrammatic irritations call for a critical note from here.

The famous maxim reads, in full, *laissez faire et laissez passer*. It thus referred – admittedly without complete agreement between historical experience and the maxim – to "faire" (doing) as far as disposal over goods with the exception of changing their physical location is concerned, and "passer" (passing) as far as the free movement of men and articles of trade is concerned. In fact, the two kinds of effort belong together, and no one can separate them at will, for they are offshoots of the same social ideology.

Keynes, however, willfully speaks only of *laissez faire*. He mentions protectionism wholly in passing (p. 26); he speaks of free movement not at all. It is easy to understand the ground of this self-limitation. Protection and the thwarting of international free movement are, to be sure, nicely medieval, but their results are today already so clearly recognizable, that a social reformer, who fights liberalism, does well to remain silent about them. Especially an Anglo-Saxon, who wants to oppose liberalism in Berlin, must avoid stirring up these delicate matters.

Certainly there were found among his listeners some, who in the last few years were driven out of the land in which they had worked and lived; and many, who wish to emigrate from an overpopulated Middle Europe and cannot, because the workers of more thinly settled lands defend themselves against the addition of competitors.

And Keynes will also certainly know that protectionism has put Germany and England in the most difficult economic situation.

Had Keynes (really) spoken of the end of *laissez faire et laissez passer*, then he could not have failed to see that the world today is sick precisely because, for decades, things have not been regulated by this maxim. He who rejoices that peoples are turning away from liberalism, should not forget that war and revolution, misery and unemployment for the masses, tyranny and dictatorship are not accidental companions, but are necessary results of the antiliberalism that now rules the world.

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[Original Ludwig von Mises, "Das Ende des Laissez-Faire, Ideen zur Verbindung von Privat und Gemeinwirtschaft". *Zeitschrift für die gesamte Staatswissenschaft* 82(1927) pp. 190-91. Review of a lecture given by John Maynard Keynes in Berlin.]