Inflation, all the newsdailies and weeklies tell us, is our number one problem. More than that, it's the government's number one problem, because it's continuing—cheapening the dollar with each passing day, leaving even the middle and upper-middle income earner increasingly strapped for funds—at a time when business is slowing toward what many economists now see as an inevitable recession. Inflation and recession together is supposed to be impossible, according to the theories of John Maynard Keynes, whose notions about governmental tampering with the economy have dominated thinking in Washington since the 1930s. And the Carter administration candidly admits that it is unable to make head nor tail of the present situation. Still, Carter himself has proposed wage and price controls ("voluntary guidelines") as the solution to the problem he admits he can't understand.

He would have done better to read Henry Hazlitt's new book on The Inflation Crisis, and How to Resolve It (Arlington House, 192 pp., $8.95), an updated and extensively revised edition of his earlier What You Should Know About Inflation (1960). Hazlitt has understood for years that there is only one root cause, one principal stimulus, of inflation: government expansion of the money supply. And his newest book applies this understanding to the current situation with characteristic lucidity and readability.

As a writer on economic matters, after all, Hazlitt is an old pro. He joined the staff of the Wall Street Journal in 1913, when he was 19 years old, and has been writing about economic and financial matters ever since. During World War I, and during the decade-long boom which followed it, Hazlitt wrote on finance for the New York Evening Post, the New York Evening Mail, the New York Herald, and The Sun. During the '30s he moved over to the New York Times, and during the '40s, '50s and '60s he contributed a regular column on economic issues to Newsweek. It was also during the '40s and '50s that Hazlitt completed his most famous and influential books: Economics in One Lesson (1946), and The Failure of the New Economics: An Analysis of the Keynesian Fallacies (1959).

But Henry Hazlitt has never devoted his considerable journalistic and scholarly talents exclusively to economics. His first book, published when he was not yet twenty-two years old, was an intelligent popular book on Thinking as a Science. During the '30s, he served as literary editor of the Nation, and as editor-in-chief, succeeding H.L. Mencken, of the American Mercury; during that decade he also published one of his most provocative and infrequently discussed books, The Anatomy of Criticism, a "trialogue" among a book reviewer, the editor of a scholarly literary journal, and a professor of literature. In the '60s he turned his attention to philosophy and published The Foundations of Morality.

Today, at 84, Hazlitt continues to criticize government economic policy from the perspective he first adopted before World War I and has been refining and deepening ever since. He continues to contribute to periodicals (the November 11 issue of Human Events contains an article by Hazlitt arguing that it is only by reducing the money supply that the Carter administration will be able to do anything about inflation).

LR sent regular contributors Richard Ebeling and Don Lavoie to talk with this distinguished journalist and author about the past, present, and future of his long career. Here are some samples from their conversation.

LR: President Carter's new program of "voluntary" wage and price controls is oddly reminiscent of earlier price control schemes — during the second World War, during the Korean war, and during the Nixon administration. What lessons do you think we've learned from those earlier experiments?

Hazlitt: It depends on who you mean by "we". If you're thinking of the present federal officialdom, if you're
thinking of the Joint Economic Committee of Congress—they’ve learned nothing from the past. It’s a curious thing, and one which has begun to occupy my thoughts more and more—the enormous gap between professional thinking about social problems and what filters down to the politicians. It’s amazing. The thinkers and the politicians seem to be in two different worlds. The politicians act as if they’d never heard anything at all about the inadequacies of price controls. When Carter talks about fighting inflation, he seldom mentions the budget deficit; he never mentions the expanding money supply. He mentions keeping big companies from raising their prices. The whole business about what causes inflation and what harm price controls do—it never seems to filter down.

Now there is such a thing as deliberate ignorance, and I think it’s part of the ignorance of the politician, but not all of it. My next book is going to be on this subject. I have a tentative title for it: Is Politics Insoluble? Its thesis will be that the political problem is the real problem, that most of the major economic problems have been solved. That is to say, we know now what most of the remedies for economic problems are and are not. The problem is, what limits should you put on government power?

LR: How should the problem be approached? How should the dismantling and control of government be accomplished?

Hazlitt: That’s very difficult to answer. It isn’t so difficult to state what should be done. It’s simply difficult to the point of near impossibility to get someone to do it, to get the holders of power to yield power. This would require the holders of power to admit publicly, “We don’t know how to manage this; we’ve been managing it and we’ve made a mess of things. The thing to do is to try to return this problem to the free market. The free market can solve this far better, and all those of us who advocated this government intervention made a mistake.” That’s the first necessary step, and it’s very difficult to imagine its being taken. You’ve got a terrific number of bureaucrats who have a vested interest in continuing nationalization, for example. They’re in danger of losing their jobs very quickly if their industries are denationalized. That’s a tremendous vested interest. And this is not primarily an economic problem. The economic problems are fairly easy, comparatively speaking. It’s a political problem. It’s the fixed idea that a new law or a new executive order or a new regulatory commission is a solution to a problem. A few days ago the President signed an executive order ordering bureaucrats to write simply and plainly. How do you enforce that? I can hear the judge: “I sentence you to three months in jail for writing obscurely and complexly.” But this order is no sillier in principle than a lot of what we’re doing.

LR: You’ve been writing from the free market point of view for more than half a century. How did you first become interested in libertarian ideas?

Hazlitt: When I was about seventeen or eighteen I read Herbert Spencer. Spencer, of course, was not an economist, but he was certainly a libertarian. Later I read Adam Smith and John Stuart Mill.

LR: Have you changed your ideas in any fundamental way since that earlier period? Do you still consider yourself a Spencerite?

Hazlitt: Well, no. I think Spencer was wrong on a great many things, but he was certainly right on the limits he wanted to put on government. In some things I’ve become much more a libertarian than I was then, because I now realize that government can be trusted to do practically nothing right.

LR: Early in the 1930s, you were criticizing the New Deal in the Nation, though the Nation was known for its leftist bent. How did you come to write those pieces?

Hazlitt: Well, that was sort of an accident. I had been book editor of the New York Sun—that too happened accidentally—and the Nation was looking for a new book editor. At that time I was having some problems with the Sun, so when this offer came along from the Nation I said ok. Now at that time I was very much addicted to H.L. Mencken and his general attitude, and that led a lot of people to think that I was a socialist—or at least a liberal in the present American sense of the word. I came to the Nation as a book editor, strictly to review and assign books. But they knew that I had been writing the
economics editorials of the New York Sun before I became book editor there and that I had written the stock market column for the Tribune and had been financial editor of the Mail. I had the background. So they asked me to write on what they assumed were "technical" problems, and I wrote on them.

LR: You also wrote for the New York Times during the 30s and 40s. Was the general editorial position of the Times quite different then?

Hazlitt: Oh, quite different. The Times hadn't consistently adopted the libertarian attitude of my own editorials, but they were open to it. I had left the Nation to succeed H.L. Mencken (at his request) as the editor of the American Mercury, but I didn't get along too well with the publisher, Alfred Knopf. So, a very short time after that Knopf and I decided that he would look for another editor and I would look for another job. So I went to the New York Times. I had always wanted to write for the Times, because it exercised such great influence.

Usually my editorials would confine themselves to a particular problem and would not broaden the argument to contend that we ought to have a completely free economy. I avoided sweeping generalities as much as I could and kept to the limited issue discussed in the editorial.

LR: Before you went to the Times, how did you come to get the job offer from H.L. Mencken?

Hazlitt: I had become a Mencken fan very early, and a regular reader of his first magazine, The Smart Set. I read and reviewed nearly every one of his books as it came out. But I never met Mencken until I took over as book editor of the Nation. He had done a few reviews for the Nation before I became book editor, so I thought if I hit him only once every once in a while for a review, he wouldn't say no and break the spell. So about every three months I asked him for a review and he wrote it. We corresponded a little bit, but not much. Mencken's correspondence was usually a one-or-two-line letter sent along with his review. Then one day he called me up and invited me up to his room in the Algonquin, where he stayed when he was in New York. He started reminiscing about his whole life. He said he'd had ten years editing the Mercury and thought he'd had enough, that it needed a younger editor. Mencken thought the Mercury was getting a little too stereotyped. Everybody said that every piece in it was written in Menckenese. He said he wanted to give it up and devote himself to writing books, and would I like to be his successor? That's the first time I actually met him. He lived in Baltimore and never went on the cocktail circuit. When he came to New York, it was usually to see the people he already knew there.

Anyway, I accepted his offer and edited the Mercury until Knopf and I could no longer work together. Then I went to the Times, where I stayed for 12 years. But eventually the Times and I began to part company. When the international monetary conference at Bretton Woods, New Hampshire was called in 1944, the Times sent an army of reporters to cover different aspects of it, and they asked me if I wanted to go there too. I said I didn't. I wanted to be a free agent and criticize the proposals as they were framed. And by the time the agreement took shape, I could see that Bretton Woods was going to lead us to exactly the situation it has led us to—with the dollar in decline, world inflation, and unemployment at home. But before long came the day when the delegates from 43 nations approved the agreement. Arthur Sulzberger—who was then running the Times—called me to his office.

"Look," he said, "when 43 nations sign an agreement, I don't know how we can still oppose it."

And I said, "Well, whatever you think; but if that's so, I can't write any more editorials on Bretton Woods. I think the whole agreement is nonsense. I think they're merely building up inflation. I think the whole idea of Bretton Woods is to make inflation worldwide and respectable." So I didn't write any more editorials.

I also had a signed Monday article on the financial page in addition to my unsigned editorial. Arthur Sulzberger said, "Under your column we're thinking of printing a line saying, 'the opinions of Mr. Hazlitt are not necessarily those of the New York Times.'" I replied, "You can do that if you wish; but I'll have to point out a problem that you'll have: If we just put that under my signed column and under nobody else's, you'll be implying that every one of their opinions is necessarily the opinion of the New York Times." So he said, "I get your point," and he never did it.

Anyway, it was at that time that the Newsweek offer came along, and I thought that I might be having increasingly uncomfortable relations with the Times; so I took it.

But the Times was always very generous. In 1945, I told them I would like to take every other day off at my own expense to write a book called Economics in One Lesson, and they said, "fine." Then, when I was all through, I sent them a list of the 45 days I'd taken off, so they could deduct the pay. But they never deducted the pay. So I went to Arthur Sulzberger and said, "I've been getting my regular salary. You haven't deducted anything." And Sulzberger said, "we've decided to make you a present of the time."

There was never any head-on confrontation between me and the Times. In the Bretton Woods matter, there was just this issue of "if the whole world is doing this, who are we, the New York Times, to say it's wrong?" I was saying, in effect, that the so-called experts weren't really experts.

The man in the street still has a vague idea that if all these smart heads of all the governments agree on something, it must be right. The fact that they could agree to something completely idiotic never occurs to people. And
anybody who suggests such a thing is dismissed as talking irresponsibly, just for the sake of attracting attention. A lot of newspapermen feel that way too. So I moved on to Newsweek.

LR: During your years as a New York Times editorial writer and a Newsweek columnist, you got to know some of the most important founders of the contemporary libertarian movement and helped to introduce their work to American readers. How did you discover the work of

Hazlitt: Early in the ‘20s, when I was financial editor of the Evening Mail, I read my friend Benjamin Anderson’s book The Value of Money, in which he criticized Mises’s theory of money and credit but called it an “exceptionally excellent book” with “very noteworthy clarity and power”. Then later, in 1937, I read a review in the London Economist of a new English translation of Socialism. I wrote to the publisher, Jonathan Cape, saying I was very much interested in this book—could they send me a copy to review in the New York Times? Much to my surprise they wrote me back saying no, they didn’t want to do that because they were negotiating for an American publisher, and they didn’t want to have it reviewed in the U.S. before the American publisher had published it. So I wrote back again saying, well, all right, but let me know as soon as you’ve heard anything. Then they wrote me back a couple of months later and said, “our negotiations with the American publisher have fallen through, so we are sending you a copy of the English edition.” I reviewed it in January of 1938. And I wrote then that it was the most devastating criticism of socialism I had ever read.

I sent a copy of my review to Mises, addressing it to the British publisher to forward to him wherever he was. And they did and some correspondence developed between us. Then one day in 1940 the telephone rang and I picked it up and a voice said, “this is Mises speaking.” I had regarded Mises as a classic. It was almost as if someone had said, “this is John Stuart Mill speaking.” That’s how the thing began.

LR: Didn’t you try to get Mises a position at the New School for Social Research?

Hazlitt: I tried several places—I just ran into a blank wall. He was very badly off. He didn’t have a job, and he was living on his savings. He never said a word to me about this, but Margit kept letting me know what the situation was. So I gave a dinner party and had Mises and Alvin Johnson of the New School. We had it in our apartment at 37 Washington Square. I took Alvin Johnson aside and said, “you know Mises is one of the greatest economists living and here he hasn’t got a job. Do you think the New School ... ?” I knew that he had taken on a number of German refugees, but they were all socialists, every one of them. And he said, “Mises? He’s much too far to the right.”

I was able to get Yale University Press to print his book Omnipotent Government. Charles Merz, my colleague from the New York Times editorial page, was one of the directors of Yale University Press. So at his suggestion I sent Mises’s manuscript to the Yale Press and that’s how they came to publish it.

LR: Do you attribute Mises’s difficulty in getting a teaching position to his politics?

Hazlitt: I think it was entirely because of his politics. Hayek has said that he was discriminated against in Austria because he was a Jew. I never even knew that Mises had any Jewish blood in him, and I don’t think that played any role in his American career. I think simply that he seemed too far to the right. People thought it was...
absurd to want to eliminate all welfare programs.

LR: Why do you think Hayek has always been more accepted by the economics profession than Mises?

Hazlitt: Because he seemed less extreme to them. Because his writing was much more conciliatory. Mises never tried to conciliate his opponent. He never said, "well, he may have certain merits but in this he happens to be wrong." He just said, "on this thing, he's wrong" and that's all. And he never hesitated to state the extreme case and to state it in an extreme way. Hayek leads up

Hazlitt lecturing at the Foundation for Economic Education

very gradually and cautiously to his conclusions, and he always says that his opponent is a very learned and intelligent man but perhaps he has made a mistake here.

LR: Didn't you once introduce Ludwig von Mises to Ayn Rand?

Hazlitt: Ah yes. Ayn Rand. I met her when she was a reader for my wife in the story department of Paramount Pictures. What they did was to have all the new books synopsized, and the new plays too. Each book would get a 20-page synopsis, then a 6-page synopsis, then a one-page synopsis, then a two-line synopsis, so the producers could look through these quickly to see what they might be able to produce as a motion picture.

Ayn did these synopses and she told my wife she was working on a novel. "This novel is going to be a best-seller", she said, "and it's going to be made into a movie, and I am going to pick the star and sell it to Hollywood

and it will change men's minds." She was doing the synopses at night to support writing the novel in the daytime.

My wife and I had them both to dinner at our house, Ayn Rand to meet Mises and Mises to meet Ayn Rand. After the dinner they went out into the living room, and I went to serve some drinks. When I came back, I found them in a violent argument. I don't know how it started. Ayn Rand stood up and said, "you think I'm just a little Jewish girl who doesn't know anything." I hadn't heard what Lu said, but I said "oh, I'm sure Lu didn't mean it that way." Then Lu got up and said, "I did mean it that way." I think perhaps what happened was—he was a little deaf, you know, and he didn't always know what was being said. Ultimately the thing all calmed down and they had terrific admiration for each other, though they got off to a really bad start.

A long time afterwards, I ran into Ayn and I said, "Ayn, do you know what Lu said to me the other day? I mentioned you, and he said, you're the most courageous man in America." She said, "did he say man?" And when I said yes, she was delighted.

LR: Rand is commonly regarded as one of the major natural rights theorists of the contemporary libertarian movement. You tend yourself to the alternative approach—to utilitarianism. How do you see the division between these two camps?

Hazlitt: I don't like the word "utilitarian". I think it's outlived its usefulness. It has a connotation, the connotation that Dickens gave it in Hard Times—I think it's in his Hard Times—that anybody who is a utilitarian is a person who sees only the material aspects of things and never the spiritual aspects of things, somebody who only asks "what use is it?" So what could he say about a poem or a sonnet or a musical composition, because "what use is it?" This is of course a complete perversion of what the utilitarians really believe. But apart from the fact that I don't like the word, it is the so-called utilitarian philosophy that judges conduct by its tendency to promote the well-being of the whole society in the long run. And this tends to coincide with the well-being of the individual in the long run. They are not identical. There are times when the ultimate interests of society and the individual might differ, for example, the duty of a captain to be the last to leave his ship—his self-interest does not correspond with that of the other people on the ship. But generally speaking, these interests correspond, and therefore the criterion is utilitarian in the sense that conduct must be judged right or wrong by its tendency to promote a further end than itself, the end of well-being, or happiness—well-being is a much better name for it.

LR: How would you respond to those who claim that by appealing to natural rights one naturally appeals to the idea of justice, whereas the utilitarian arguments appeal only to "whatever works best"?

Hazlitt: When people condemn "whatever works best," what they're condemning is a form of expediency—whatever works best for me in the short run. But whatever really works best is whatever works best for the whole society in the long run. Natural rights is an artificial conception. It originated in the effort of people to find some guide that God or Nature had implanted in the universe.
How do you define natural rights? They are simply the rights that people ought to have. Then people said, "it would best promote the well-being of the individual and society if people had such and such rights. They declared these to be natural rights. They think they've got a prop under them that they wouldn't have if they didn't use that adjective. "Natural rights" is a phrase that's intended to give sanctity to the belief that such rights were something built into the universe, prior to creation, prior to existence. It's a mystical phrase. It's simply an unnecessary concept.

LR: How is it unmystical to talk about the "the good of the whole in the long run", when in fact, what can we say about the good of society if society is nothing but an aggregate of individuals, and the individuals may not agree upon the ends that should be pursued?

Hazlitt: I think society should not be contrasted with the individual. Of course, it's individuals who make up society, but if each individual pursues his own self-interest short-sightedly and mistakenly, as he often does, then it's going to be bad for himself and bad for everybody else. It isn't that society is something standing outside of him. He has to consider others, and the best situation arises when he considers others in everything he does and others consider him in everything they do. It's just a matter of perspective. If an individual thinks about "what are my own interests in the long run?" he'll find that his own interest in the long run is to treat others fairly, be considerate of others and others will be considerate of him.

LR: Aren't you suggesting that people should be more interested in the long run even when the long run may not occur for a long time? For example, let's suppose someone advocated inflation because he thought he would benefit from it in the short run. He might not pay the consequences of these inflationist policies, these deficit budgets, until thirty or forty years later, by which time he may be dead.

Hazlitt: You mistake my meaning when I say think in terms of the long run rather than the short run. I don't mean that what's going to happen a year from now is more important than what's happening now. What I mean by the long run is all the short runs added together. Bentham stated it pretty well: if you drink for the pleasure of getting drunk now and forget how you're going to feel tomorrow, you are not maximizing your happiness, but the opposite. It's a question of maximizing your own happiness, or minimizing your own misery. You must take into account the future as well as the present. I am not advocating that you take into account the future at the expense of the present. That isn't the idea. I'm talking about the result on net balance.

LR: Can a utilitarian speak of justice?

Hazlitt: I have never been able myself to reach a satisfactory definition of justice. And I'm not alone. I think Frank Knight writes somewhere that it's a very hard thing to reach a satisfactory definition of justice. But we do recognize injustice. In fact we can usually spot a case of injustice without hesitation. Mises was convinced that justice is whatever promotes social cooperation. Now to most people this would seem like a very odd definition of justice. But poor as it is, and I think it's very unsatisfactory, it's the most nearly satisfactory one I've been able to come up with. Whatever arrangement most promotes social cooperation in the long run is what we call justice. Now, Rawls thinks he's got a definition of justice that will stick, but I don't think his definition of justice holds. It's of the "let justice prevail though the heavens crumble" school. Mises was always making fun of that kind of definition, and I do too on the same grounds. If the universe disappeared, then justice couldn't be done. It's a contradiction. Justice is a means for promoting well-being—it isn't above well-being. Yet there are many who think, "what's the use of everybody being well-off if we don't have justice?" I think they're involved in a clear contradiction. If we didn't have justice, people wouldn't be well off. People think of justice as a primary idea, and I think that a mistake. I think it is a derivative idea. It's whatever arrangement or settlement promotes the best outcome.

LR: If one accepts this way of looking at the problem, then how does one respond to someone who says, "listen, I've heard your arguments. I realize that in the long run the free market and the recognition of private ownership of property tends to benefit everyone. But I see that we have a short run problem—there are people who are starving, there are people who have other types of disabilities, and though I don't want to totally ignore the benefits from certain policies in the long run, I see nothing wrong with a little bit of welfare to help the people over the short run transition, because foregoing a little bit of future benefit won't be so bad if right now we gain a little bit of good so these people don't have these terrible hardships." How do you respond to them?

Hazlitt: My response is that it doesn't gain us a little bit of good now. If you put people on extended relief, they give up working. Then your unemployment problem grows worse, because they're being "taken care of" by the system. And all such systems operate in exactly this way.

LR: How about monetary policy? Is any short run advantage gained by giving government a monopoly on issuing currency? What do you think of Hayek's proposal of free market money?

Hazlitt: Well, what he proposes is that anybody who wants to establish a currency may do so, and give it a special name of his own, like a "ducat", or something like that. Murray Rothbard made the right comment on that.
Hayek would issue his hayeks and Rothbard would issue rothbards, and so on. Hayek even suggests that everybody have a pocket calculator in his hand and find out what one currency is worth in terms of another. He does suggest, and I think correctly, that eventually people would use only a few currencies; but he doesn’t say what’s going to happen while there are a lot of competing currencies. If we allow people, as I have suggested myself, to mint coins, or to issue gold certificates, and actually have the gold that they say they have or otherwise be liable to suit for fraud, then I think that finally only three or four such coins or certificates would be accepted, just as today there are only three or four credit cards that are accepted nationally. But Hayek wants the value of a private currency to be fixed in terms of an index number. I think that could not work without making the currency convertible into fixed amounts of all the commodities in that index. It becomes an insoluble thing—the issuer of the currency would have to have on hand a shipload or a trainload or much more than that of various commodities to convert his currency notes into.

And Hayek makes the astonishing statement that an issuer could keep his private currency stable by limiting the issues. Now such limitation would have no meaning whatever so far as the value of the privately issued monies is concerned, except in relation to the known assets of the issuer and his reputation for honesty. If I issued a million hazlitts and Nelson Rockefeller issued a million rockefellers, there’s no question—even if I had announced that I’d limited my issue to a million hazlitts—there’s no doubt that regardless of that, Rockefeller’s currency would sell at a far higher rate than mine. Why? Because it is known—or at least suspected—that I haven’t got the resources that Rockefeller has.

Now all right, suppose I’ve got a rockefeller; what’s it worth? What can I get for it? Hayek says it might be made convertible either into German marks or into Swiss francs. But holders would then consult the daily exchange ratio and convert it into whichever was the dearer, and then buy whichever national currency was cheaper, and they’d trade your currency out of existence in no time flat, no matter how rich you were. So you have to make your private money convertible into one thing, not into either of two things. You can’t do that. And if it’s convertible only into Swiss francs, then it’s a superfluous Swiss franc. It’s amazing to me that Hayek, who’s so sophisticated on monetary matters, should make this proposal.

LR: About Hayek, when did you first meet?

Hazlitt: Well, I first met him in 1947. John Chamberlain happened to mention to me that there was a very important book coming out by Hayek—The Road to Serfdom. So I asked to do the review for the Times. I was bowled over by the book, and I wrote a review saying it was the most important political book of this generation. When the book editor of the Sunday Times Book Review gave it to me, we both assumed I was writing it for the back pages. But when he saw it called the “most important exposition of liberty since John Stuart Mill” he put the review on the front cover. The University of Chicago Press had printed only 3000 copies, but when it got a first-page review in the New York Times it immediately became a best seller and in a week the publishers were out of copies.

Then, in 1947, Hayek invited about 43 writers and scholars to Switzerland for the first conference of the Mont Pelerin Society. It was not a society then; it was a meeting of libertarians and became a society. That’s when I first definitely remember meeting him.

LR: You also know Hayek’s fellow free marketeer and Nobel Laureate, Milton Friedman. How would you contrast their approaches?

Hazlitt: Well, Milton has always been very sure of himself. He’s a very clear writer, a very easily readable writer. He has a very vigorous mind. But Hayek’s has always been more an exploring mind, more a mind that is not certain that he knows all the answers and in fact changes his answers frequently. He’s also a much more subtle writer, and a much more difficult writer to read partly because of stylistic reasons. His sentences are sometimes endless. I think that Hayek’s influence will be felt much longer than Milton’s though, because although Milton is a beautifully lurid writer, and a first-rate debater, what he’s contributed to economics is more questionable. In his monetary theories, he is, curiously enough, a statist. In spite of the fact that in everything else he is for the free market, when he comes to money, he’s a complete statist. He believes that control of the supply of money should be left entirely in the hands of the state. And his theory keeps changing all the time. Sometimes he’s advocated zero increase in the money supply, sometimes 2%, sometimes 4-5-6%—I think 6% is the highest he’s openly gone—and in one essay, he even said, “well, I really think I’m coming back to 2%. 2% for the long run will be good. But on the other hand, I would advocate 5%.” I think that Hayek’s influence will be more deepseated and longer lasting than Milton’s.

LR: Do you think his influence will help move us closer to a free society?

Hazlitt: Yes, it’s always possible. There are even signs of this happening in the near future—not here, where we’re going into deeper and deeper controls—but there are signs of such change in England and Sweden. In Sweden, they threw the Socialists out, but their successors haven’t had the nerve to do anything. And the Socialists may even reform themselves and learn some lessons. They’re doing that to a certain extent. And of course, there’s much greater freedom in Russia than there used to be, because we now hear about the dissenter—we never used to hear about dissenters. Again, in China, they are rebelling publicly against the worship of Mao. They’re trying to restore a certain normality, a certain pragmatism, a certain peace, and even some incentives.

LR: What would the world be like if it were free? What would a free society be like?

Hazlitt: I can only say that it would be free, and that freedom is a value in itself. Freedom would liberate the creative energies of people in all directions. You can’t foresee what they would do, what they would develop. I assume this freedom would not be the freedom to aggress against one’s neighbors, but all other freedoms. Such freedom, to repeat, would liberate creative energies everywhere. We can’t foretell or foresee what that would produce.