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Philadelphia 6, Pa.

August 8, 1946.

Mr. Henry Hazlitt.
New York Times.
New York City.

Dear Sir:

I have read your "Economics in One Lesson" with keen interest, delighted with your explication of the current economic fetishism that is dragging us right up to the threshold of the socialist state. I agree emphatically and consciously with every point you make from cover to cover.

Whether you would or would not agree with my thesis on the subject I am unable to determine from the book, or from many of your commentaries in periodicals which I have read with approval. As I am quite lonely in that thesis and in need of a friend or two, I am going to submit it to you, even though this may not be the appropriate time to burst in upon you.

The thesis is that the quack economics running rampant today is the direct product of gigantism in business which has seized the country, and that gigantism in business is utterly dependent upon quantity discounts. If you will put quantity discounts under a microscope, you will find that they have no part in efficiency and that they are nothing more than a subsidy to bigness, a device for nullifying the law of diminishing returns. The consequence of nullifying the law of diminishing returns is that we are rapidly being transformed into a nation of hired men. And a nation so transformed cannot possibly be interested in capitalism; it will just naturally turn toward the incipient socialism which we now have.

Therefore I believe we will never again look upon the vision of personal liberty until we establish equitable relations in trade. You may be interested to know that several months ago I made a notation in my book of notes to the effect that the people see in quantity discounts the cutting of consumer prices as beneficial and fail to see the suppression of a free market economy at the producing end.

The socialists practically shout to us that they would have no case if we did not have "monopoly capitalism" (they should call it oligopoly capitalism). Alexander Bittelman reports Lenin's analysis of it as stating two propositions. "One is that monopoly, the direct opposite of free competition, which in its turn is a basic characteristic of capitalism and of commodity production in general, rises from and is produced by the operation of this very same free competition. The second is that monopoly, rising from free competition, does not remove this free competition, but exists over it and alongside it, thus creating a whole series of acute contradictions, frictions and conflicts".

The worst of the New Dealers give us many a clue as to how we might shake them off quite painlessly. Our misplaced Secretary of Commerce says, "The true danger is that decisions determining the economic destinies of millions upon millions of Americans tend to be made by a few men in a few central spots".

I am enclosing, should you be interested, a reprint of an article of mine published two years ago upon the subject. If you find it somewhat neophytic in presentation, that's because it is neophytic, but I will yield to no one in perception of the subject.

At present I am trying to get together another article somewhat broader in scope and, I hope, more interesting, which may be completed some weeks hence. If you feel that it might be worthy of your time to read it over, and perhaps offer some help, I would be deeply appreciative.

Yours very truly,

Arthur W. Jolly.