



OFFICE OF
THE DIRECTOR

UNITED STATES INFORMATION AGENCY

WASHINGTON

August 20, 1956

Dear Mr. Hazlitt:

I am taking the liberty of calling your attention to the enclosed copies of two Soviet articles which violently attack our American economic system. They were written by Eugene Varga, leading Russian economist.

I know you are familiar with the campaign against capitalism which the Communist propaganda machine all over the world has waged for years. To help counter this relentless drive to destroy confidence in our way of life, the U. S. Information Agency has intensified its efforts to describe our economic system accurately and fully to people overseas. We have been focusing particularly on the concept that America's is a modern capitalism which benefits the many instead of just a few. As we point out, it is an economic system which, in truth, can be called a "people's capitalism" because the ownership of America's wealth is so widespread and its benefits are so broadly shared in.

This campaign, which still is in its comparatively early stages, has already provoked an extraordinary amount of angry reaction from the Soviets. Even Mr. Shepilov, now the USSR foreign minister, revealed how great was the Soviet concern when he denounced "People's Capitalism" in a speech to the Twentieth Party Congress in February (he was then editor of Pravda). He called the concept "as absurd an idea as fried ice." It strikes at the heart of their doctrine.

The Soviet leaders have now called on Eugene Varga, their top economist, to step in and lead the Communist fight against the new capitalism with renewed vigor.

Mr. Henry Hazlitt,
Newsweek Magazine,
152 West 42 Street,
New York 18, New York.

The Varga material, as you will see, is provocative. It needs knocking down by authoritative sources. To this end I hope we may count on your counsel and assistance.

After you have read the Varga articles, you may wish to comment editorially, in a feature article, speech or other form. Such material would be of great value for consumption overseas. The U. S. Information Agency would be in a position to arrange useful distribution abroad, and we could also make good use of it on the Voice of America.

All of us here would be grateful for your thoughts on the matter.

Sincerely,



Abbott Washburn
Acting Director

Enclosures:

As stated