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March 28, 1955

Mr. Henry Hazlitt
c/o News-Week
News-Week Building
Broadway and 42nd Street
New York 36, N. Y.

Dear Mr. Hazlitt:

I have read with interest your page in News-Week of March 28, 1955, with all of which I heartily agree.

Referring particularly to your statement with regard to the increase of money and credit, and the argument of the Administration that a practical equality in wholesale commodity prices and the cost of living existing in January 1955 as compared with January 1954 showed that no inflation was taking place, it is interesting to note the statement in the Encyclopedia Britannica, volume 9, page 138. The subject is "The Federal Reserve System," and the author is George L. Harrison, LL.D., who was President of the Federal Reserve Bank of New York at the time the article was written. While you are undoubtedly familiar with this article, it is possible that you have not read it recently and may not be completely aware of the striking similarity between your statement and that of Mr. Harrison concerning the situation which preceded the depression which began in 1929. Mr. Harrison's statement, in part, is as follows:

"Because there was no rise in commodity prices it was believed by many that the country had avoided the dangers which admittedly lay in the huge gold holdings and the continued imports. But while commodity prices did not rise, inflationary forces were at work. The volume of bank credit advanced rapidly, and freely available credit was reflected in rising wages, an extraordinary amount of building construction, land booms in Florida and many urban centres, a large volume of new financing, and especially in rising prices of securities."

Yours very truly,

AJB:ho

