



Atlas Economic
Research Foundation

Atlas INVESTOR REPORT

A Quarterly Insider Update – SPRING 2004



From the
President's Desk

REACHING POLICY LEADERS

In our recent issue of *Highlights* we reported on the meeting that the Association for Liberal Thinking helped organize for the ruling party in Turkey. Members of ALT, not long ago haunted by judicial harassment for their independent defense of freedom, are now playing a prominent role in helping lay the foundations for sound policy. The implications for the free world are enormous.

In February, I joined several think tank leaders from the Americas at an event paying tribute to departing Spanish Prime Minister José María Aznar. Aznar chose to deliver his farewell address in Cartagena de Indias – one of the most beautiful cities of the world, located in the Colombian Caribbean coast – next to his colleague Alvaro Uribe (president of Colombia). The Fundación Internacional para la Libertad (FIL), headed by Mario Vargas Llosa, played the major facilitating role. Former presidents, ministers, congressmen, and ambassadors also joined us for this last workshop with Aznar in office.

In March, we also received visits from a former president (Slovenia) and vice president (Costa Rica), who continue to have a large impact in their countries and who want to

learn more about ways to collaborate with think tanks.

In all these efforts, Atlas stays strictly non-partisan. We recommend that think tanks offer their insights and policy prescriptions to parties of very diverse backgrounds and traditions. As our founder

through our International Freedom Corps program, fellowships, and training sessions. With your support and their commitment, one day they will also have enough credibility to influence the direction of their countries.

Of course, none of the political figures mentioned above have been able to implement all the policies favorable to the free society that appear on their wish list. One can argue that there are failures in leadership, but there is also a failure and a lack of think tank presence in many countries, and the resulting paucity of efforts to create environments hospitable for reform. The openness of political leaders to think tanks and intellectual entrepreneurs sends us a message that we need to keep helping create, enhance and mobilize, these little platoons that continue to educate and advocate for true liberty.



The former president of Bolivia Jorge Quiroga with Atlas's Alex Chafuen in Cartagena.

Antony Fisher used to say, we do not care who is left or right, but who is right or wrong. The free enterprise system has proven to be the most formidable mechanism to lead people to prosperity, and the think tanks we support are proving to be effective tools in promoting this message to policymakers.

In previous issues of *Investor Report*, you have seen the young faces of budding intellectual entrepreneurs who we try to foster

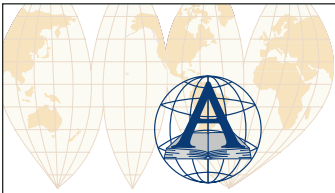


Inside

Liggio on Hayek3

Larry Reed in Asia ..4

Centre for Independent
Studies.....6



Atlas Economic Research Foundation

The Atlas Economic Research Foundation works with think tanks and individuals around the world to advance a vision of a society of free and responsible individuals, based upon private property rights, limited government under the rule of law and the market order. Atlas is a nonprofit 501(c)(3) organization that is supported solely by donations from individuals, foundations and corporations.

Board of Directors

William Sumner (Chairman)
Hon. James Arthur Pope (Vice Chairman)
John Blundell
Tim Browne
Alejandro Garza Lagüera
George Pearson
René Scull
Linda Whetstone
Hon. Curtin Winsor

Staff

Alejandro A. Chafuen
President & Chief Executive Officer

Leonard P. Liggio
Executive Vice President

Bradley A. Lips
Chief Operating Officer &
Secretary/Treasurer

Jo Kwong
Director of Institute Relations

Colleen Dyble
Associate Director of Institute Relations

Joyce Schroeder
Office Manager

Elena Ziebarth
Associate Director of Public Affairs

Carol Coulter Davis
Assistant to the President

Priscilla Tacujan
Assistant to the Exec. Vice President

Atlas Senior Fellows

William Dennis
Paul K. Driessen
Becky Norton Dunlop
Romulo Lopez-Cordero
Julieta Moreno
Deroy Murdock

4084 University Drive, Suite 103
Fairfax, Virginia 22030-6812
703-934-6969 - Phone
703-352-7530 - Fax
www.atlasUSA.org
atlas@atlasUSA.org

At Atlas

Atlas's Leonard Liggio to Receive "International Award of Liberty" in Italy

The Società Libera's prestigious jury, composed of leading figures of Italian civil society, has honored Atlas's Professor Leonard P. Liggio with the "International Award of Liberty" for his contributions to a liberal culture. The award will be given June 21, 2004 at a ceremony to be televised by RAI (Italy's state-run TV channel) on prime time.



Leonard Liggio (right) stands with the current Italian Defense Minister Antonio Martino next to a portrait of Atlas founder, Sir Antony Fisher, at an Atlas conference in 1999.

According to the director of Società Libera, Vincenzo Olita, the practice of liberalism, understood as a system of freedom and responsibility, faces big barriers to become accepted in local communities. For this reason, Società Libera rewards those in the areas of scientific research, economics and culture who have given testimony to the values of responsibility and liberty. In the area of culture, Società Libera regards the contributions of Karl Popper, F.A. Hayek, Bruno Leoni, Carl Menger and Dario Antiseri, as the guide for their award.

Atlas Announces the 2004 Winners of the Templeton Freedom Awards Program

Atlas announced the winners of its inaugural Templeton Freedom Awards Program. Supported by and named for Sir John Templeton, a pioneer of international investing and philanthropy, the program rewards innovative work of think tanks in countries throughout the world. More than 140 institutes from over 50 countries competed for prizes and award grants within the program.

The *Templeton Freedom Prizes for Excellence in Promoting Liberty* were given to first place (\$10,000) and second place winners (\$5000) in four different categories. For Ethics and Values, winners were Acton Institute for the Study of Religion and Liberty (Michigan) and Instituto Cultural Ludwig von Mises (Mexico). For Social Entrepreneurship, Liberty Institute (India) and Fraser Institute (Canada). For Student Outreach, Centre for Civil Society (India) and National Center for Policy Analysis (Texas). For Free-Market Solutions to Poverty, Instituto Libertad y Democracia (Peru) and National Economic Research Institute (China).

Additionally, Atlas announced 15 winners of *Templeton Freedom Award Grants for Institute Excellence*: Association for Liberal Thinking (Turkey), Centro de Divulgación del Conocimiento Económico (Venezuela), Center for Liberal-Democratic Studies (Serbia & Montenegro), Centre for Civil Society (India), Civic Institute (Czech Republic), Free Market Foundation (South Africa), Fundación Libertad (Argentina), F. A. Hayek Foundation (Slovakia), Institut Économique de Montréal (Canada), Institute of Economic Affairs (Ghana), Istituto Bruno Leoni (Italy), Instituto Ecuatoriano de Economía Política (Ecuador), Instituto Libertad y Desarrollo (Chile), Liberty Institute (India), and the Lithuanian Free Market Institute (Lithuania).

To receive a copy of the 2004 Templeton Freedom Awards Program booklet with information on this year's winners and the application process for the coming year's competition, please contact Atlas at atlas@atlasUSA.org.



60th Anniversary of Hayek's The Road to Serfdom

After reading *The Road to Serfdom* several times, I see the work as much more than the popular book of F.A. Hayek. I have found it to contain a number of themes and references which find depth and expanse in his other works.

Milton Friedman wrote an introduction to the first edition published in Germany (1971). Friedman reproduced his German introduction in the Fiftieth Anniversary Edition. Friedman said:

“Over the years, I have made it a practice to inquire of believers in individualism how they came to depart from the collectivist orthodoxy of our times. For years, the most frequent answer was a reference to [*The Road to Serfdom*]. Professor Hayek’s remarkable and vigorous tract was a revelation particularly to the young men and women who had been in the armed forces during the war. Their recent experience had enhanced their appreciation of the value and meaning of individual freedom. In addition, they had observed a collectivist organization in action. For them, Hayek’s predictions about the consequences of collectivism were not simply hypothetical possibilities but visible realities that they had themselves experienced in the military.”

Milton Friedman’s contrast between the military organization and the individualism of the market society recalls the analyses of earlier individualists: Herbert Spencer’s *The Man vs. The State*; William Graham Sumner’s “The Forgotten Man,” *What Social Classes Owe to Each Other*; and Albert J. Nock’s *Our Enemy, the State* which describes the conflict between political power and social power (the free economy). Hayek considers himself a true individualist in the traditions of Locke, Hume, Smith and Burke because of his emphasis on tradition, evolutionary institutions and spontaneous order. The individualism of the family, firm, association, partnership and exchange economy is always threatened by the coercion of political power.

Based on De Tocqueville, Lord Acton and Hillaire Belloc’s *The Servile State*, Hayek saw collectivism as the abandonment of the principles of “the whole evolution of Western civilization:” socialism rapidly abandons “the salient characteristics of Western civilization as it has grown from the foundations laid by Christianity and the Greeks and the Romans . . . the basic individualism inherited by us from Erasmus and Montaigne, from Cicero and Tacitus, Pericles and Thucydides, is progressively relinquished.”

Hayek identifies individualism with the Western Tradition beginning with Aristotle, Pericles, Thucydides, the Stoics, Cicero, Tacitus, Aquinas, Erasmus, Montaigne, the School of Salamanca, Hooker, Grotius, Milton, and Locke. Hayek notes the important influence of Thomas Aquinas on the great Anglican theologian, Richard Hooker, who was a major source of John Locke’s thinking. John Locke and Francis Hutcheson provided refutations of the anti-individualist theory of Thomas Hobbes. Hayek notes Hobbes’ misinterpretations of Thucydides as demonstrated by Benjamin Constant, *On the*

A World of Ideas

Leonard P. Liggio

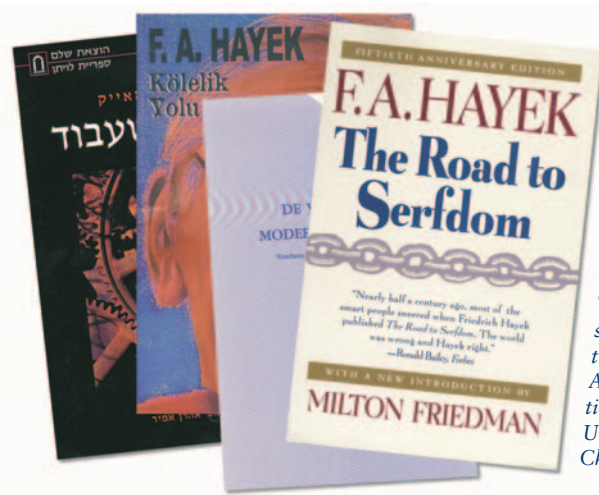


Liberty of the Ancients Compared to That of the Moderns and Fustel de Coulanges *The Ancient City*.

Hayek’s opening address to the Mont Pelerin Society recalls that many persons who shared the values of individual freedom “were repelled by the aggressive rationalism which would recognize no values except those whose utility (for an ultimate purpose never disclosed) could be demonstrated by individual reason, and which presumed that science was competent to tell us not only what is but also what ought to be.”

“It is this intolerant and fierce rationalism which is mainly responsible for the gulf which, particularly on the Continent, has often driven religious people from the liberal movement into reactionary camps in which they felt little at home. I am convinced that unless this breach between true liberal and religious convictions can be healed there is no hope for a revival of liberal forces. There are many signs in Europe that such a reconciliation is today nearer than it has been for a long time, and that many people see in it the one hope of preserving the ideals of Western civilization. It was for this reason that I was specially anxious that the subject of the relation between Liberalism and Christianity should be made one of the separate topics of our discussion; and although we cannot hope to get far in exploring this topic in a single meeting, it seems to me essential that we should explicitly face the problem.”

Hayek noted that some philosophers associated individualism with egotism and with selfishness: “But the individualism of which we speak in contrast to socialism and all other forms of collectivism has no necessary connection with these.”



Hayek’s *The Road to Serfdom* has been translated into many different languages, including Hebrew, Dutch and Turkish, as shown here with the 50th Anniversary edition from the University of Chicago Press.

Good News from Korea, China and Vietnam



Perspectives on Liberty

Lawrence W. Reed
Senior Advisor, Atlas International Freedom Corps

A few hundred meters south of the demilitarized zone (DMZ) in South Korea sits the gleaming new Dorasan train station. Spacious, brightly lighted, and modern in every way, it lacks only two not-so-minor details: passengers and trains.



A South Korean soldier guards the virtually empty Dorasan station.

The Dorasan station is a symbol of hope, hope for the day when the peoples of the two Koreas are both free and united. When that day comes, trains will carry passengers back and forth across the impenetrable and forbidding border that now divides the communist North from the free and democratic South. But until that day arrives, ideas of freedom and free markets must be nurtured wherever they can be heard by sympathetic ears in the Korean peninsula. The Center for Free Enterprise (CFE) in Seoul is doing precisely that.

South Korea and the offices of CFE were my first stops on a three-country mission in mid-February as Senior Advisor to the Atlas Foundation's International Freedom Corps. Founded by Korean entrepreneur and business consultant Dr. Byoung-Ho Gong in April 1997, CFE's staff of 10 disseminates a wealth of policy papers and commentary to Korean media and opinion leaders. Among CFE's voluminous output are no fewer than 55 books. Both Dr. Gong and CFE president Dr. Chung-Ho Kim have translated into Korean numerous classics of free market literature and Austrian economics, including the writings of Frederic Bastiat, Ludwig von Mises, Ayn Rand and F. A. Hayek.

Dr. Byoung-Ho Gong (left) and Dr. Chung-Ho Kim (right), of the Center for Free Enterprise, Seoul.



Indeed, Hayek's name surfaced many times during my trip to Korea, China and Vietnam. Among intellectuals working for liberty in these countries, it appears that no one has exerted more influence than the Austrian economist who won the Nobel Prize in 1974. As a young scholar years ago, Dr. Kim authored a paper in defense of speculation, prompting a supportive letter from Hayek himself.

Attending a CFE luncheon in Seoul on February 13, I saw first-hand the fruit of CFE's good work among Korean students. The event featured the recognition of a dozen top prize-winners in a CFE-sponsored essay contest on liberty. The winning papers were replete with references to Hayek, Mises, Friedman, and other giants of free market economics.



Larry Reed speaking during the CFE Luncheon in Seoul, Korea.

Asked to speak, I was so impressed with what I saw that I scrapped my prepared remarks and talked instead about why, with so much at stake and so many new organizations like CFE devoted to advancing liberty, we should be optimistic about the future. Pessimism, after all, is a self-fulfilling prophecy. Think and act in a defeatist fashion and you'll almost surely lose. I learned afterwards from Chung-Ho Kim that an optimistic message was just what he and his associates needed as they work to combat a rising tide of socialist sentiment among South Koreans. CFE's work is more important, and more necessary, than ever.

One last note from Korea: At the DMZ, visitors can pay a small fee to be taken down into a tunnel built by the communists in Pyongyang to facilitate an invasion of the South. The tunnel was discovered in the 1970s and now serves as both a moneymaking attraction and a stark reminder of the evil regime to the north. "What sweet irony!" I thought as I descended into the tunnel to see it with my own eyes.

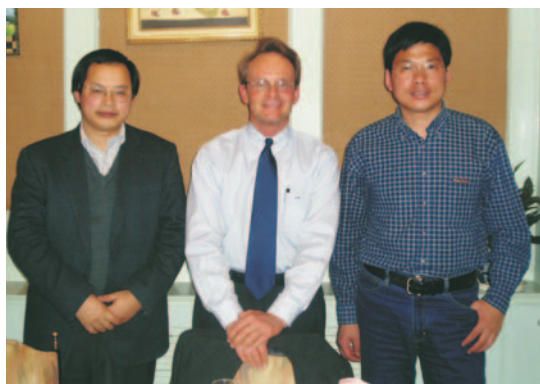
After Seoul, it was on to Beijing for my fourth visit to China since 1985. Though still a staunch one-party state, a quarter-century of economic reform emphasizing free markets and private entrepreneurship is transforming this nation of 1.2 billion people. Living standards have soared and a new Chinese middle class has emerged. In mid-March, the National People's Congress approved amendments that enshrine the country's first constitutional protections of private property since the communist takeover in 1949.

Liu Junning, a prominent Chinese political scientist and libertarian, believes the economic freedoms must go further and

be complemented by greater political and social liberties, federalism, and the rule of law. To push China in those directions, he formed the Cathay Institute for Public Affairs (CIPA) in December 2002. In January, he was one of more than 100 top Chinese intellectuals who signed a petition demanding that basic freedoms of speech and press be codified in law.

CIPA's planned programs for 2004 include a book forum focusing on the ideas of such notables as David Hume and Bruno Leoni. Though Marxism is still formally taught in China's government schools, Liu Junning says that "almost no one believes a word of it."

If the reaction I got to a speech at People's University is any indication, Junning's observation is on the mark. Thanks to arrangements made by the Friedrich Naumann Foundation, I lectured on free market principles and privatization issues for 90 minutes to an audience of about 100 graduate students and economics faculty members. One of the attendees raised the usual Marxist objections, only to be bombarded by many others in the audience with cogent, persuasive refutations. Junning himself weighed in, arguing that "benevolent despotism" is an oxymoron and that "central planning is, as Hayek demonstrated, a deceit and a pretense to knowledge." There is nothing about the Chinese people, he explained, that makes them unsuitable for self-government and free enterprise.



Dr. Xingyuan Feng, Larry Reed, and Liu Junning from Cathay Institute for Public Affairs.

China's march toward freer markets is getting a boost from other home-grown think tanks aside from CIPA. One of them is the Unirule Institute of Economics in Beijing. Its founder and former president, Mao Yushi, was one of millions of intellectuals forced to work on farms during the Cultural Revolution of the 1960s but now sees "no turning back" for China's market reforms. His institute, begun in 1993, produces in-depth analyses of the problems and solutions of transitioning from central planning to a free economy.

Vietnam, the third and final stop on my Atlas assignment, is ripe for its first free market think tank and the formation of at least one may be imminent. Manh Cuong Nguyen, a lecturer at National Economics University in Hanoi, was one of several Vietnamese I met who have devoured every work of Hayek, Mises and Friedman they can get



Intellectual entrepreneurs in Vietnam: Cong Minh Nguyen (left) and Manh Cuong Nguyen (right)

their hands on. With the help of Atlas, the Mackinac Center and others in the U.S., he may be able to launch a think tank in Hanoi within a year.

Like China, Vietnam learned much from a brutally devastating experiment in socialist central planning. For more than a decade now, the government in Hanoi has been implementing market reforms, selling off state enterprises, encouraging private business and foreign investment, and even permitting the creation of a capitalist-style stock market. Half of the nation's GDP is now generated by private businesses large and small, and fully 90 percent of Vietnam's workers are employed in the private sector.

The deputy editor of *Vietnam Securities Review*, Cong Minh Nguyen, showed me the stock exchange in Ho Chi Minh City, where shares of two dozen companies are actively traded. The exchange is slated for a substantial expansion in coming months. To keep these positive reforms on track, says Minh, Vietnam needs the work of a free market think tank, and he'd like to assist anyone who wants to get one going.

All of us who cherish liberty and free enterprise should derive both satisfaction and hope by the good work of our ideological brethren in Korea, China and Vietnam. Their work is a tribute to the power of ideas. Their success can be leveraged into victories elsewhere. And their commitment to the cause should inspire all of us to give them encouragement and to work harder at home for the values we share with them.

Lawrence W. Reed is president of the Mackinac Center for Public Policy in Midland, Michigan—www.mackinac.org.



Vietnam's economic reforms have allowed Ho Chi Minh City's many "cyclo" drivers to prosper.

Institute Profile: Centre for Independent Studies

In July 1976, Atlas founder Antony Fisher spoke with a young high school teacher who, discovering that Fisher was in Sydney, wanted to talk to him about the institute that he had just started. “I wished him luck” Fisher recounted sometime later. The Centre for Independent Studies not only got off the ground, it has become the most significant independent think tank in the South Pacific. Greg Lindsay, its founder and the school teacher at the other end of the phone, is still at the helm and the recipient in 2003 of one of Australia’s highest honours for his contribution to education and public debate on economic and social issues.

The establishment of CIS was a classic piece of intellectual entrepreneurship. Originally Lindsay planned to start a school, but after stumbling upon Hayek’s essay “The Intellectuals and Socialism” he shifted his attention to the wider world of ideas. Lindsay’s knowledge of the literature of liberty set CIS on a course from which it has not budged. Over 28 years it has gathered together legions of scholars – researchers and writers who have contributed to an astonishing level of output for an organization of its size.

The Centre started at a time that marked a low point for those committed to the free market and the free society in Australia. Its champions were few and generally were left to sloganeering about free enterprise and socialism without much deeper content. The Centre’s pioneering work on regulation, free trade and the general defence of the free market established its identity from the start as an organisation committed to reform. Australian policy has made progress in the right direction and its economic performance for the past decade has been close to the best in the world. In the mid-1980s CIS’s emphasis swung toward social policy and while economics remains a major focus, it is education, welfare, family issues, poverty, crime and the labour market that have formed the core of its work for the past decade. The Centre

considers itself as much a trans-Tasman organisation, having also undertaken work with a focus on New Zealand economic and social policy issues.

More recently, it has added a third major area to its armoury, namely foreign and strategic policy. In only a year, it has received national recognition for its work, particularly on the Pacific region, and the mood has changed. The destructive effect of foreign aid, for instance, is now better understood than at any time in the last 50 years. Many other topics are being pursued including a project seeking to better understand the unique relationship Australia shares with the United States, Australia’s place in the world, and the ‘idea’ of the West.

In an overview of Australian think tanks published in the *Sydney Morning Herald* in August 2003, CIS was described as an ideas powerhouse, with the article noting that “most observers, however, say no organization has ever enjoyed CIS’s influence in Australia.” One of the keys to CIS’s sustained success has been its unfailing independence. CIS has built its reputation as one of the few independent voices in public policy development in Australia and in not accepting government funding nor allowing research to be directed by supporters CIS ensures that its work can’t simply be ignored. Support for the CIS is broadly based and this has allowed it considerable flexibility.

Over the years, CIS has built informal relationships with institutes around the globe and Atlas has facilitated this. Through his involvement with the Mont Pelerin Society, Lindsay has had the opportunity to learn from the successes of other individuals and think tanks, while sharing his own experiences and helping bring classical liberal ideas to South and Southeast Asia.

What are the lessons from the story of the CIS? Well, a good idea, commitment to sound ideals, and hard work can create an organization of significance in any country.



St. Leonards, Australia

cis@cis.org.au

www.cis.org.au



CIS’s first office was a shed in Greg Lindsay’s backyard.



CIS chairman of the board Alan McGregor, board member Dr Peter Dodd, board member Hon Ruth Richardson, Australian Prime Minister John Howard, and CIS executive director Greg Lindsay at the 2002 CIS public policy conference, Consilium, on the Sunshine Coast, Queensland, Australia.



Students and faculty from the CIS Liberty & Society seminar in May 2003.

Financial Update

Atlas and many other U.S. non-profits endured difficult periods for fundraising in the period that followed 2001's recession and terrorist attacks. Thanks to you and other loyal donors, 2003 saw Atlas rebound strongly.

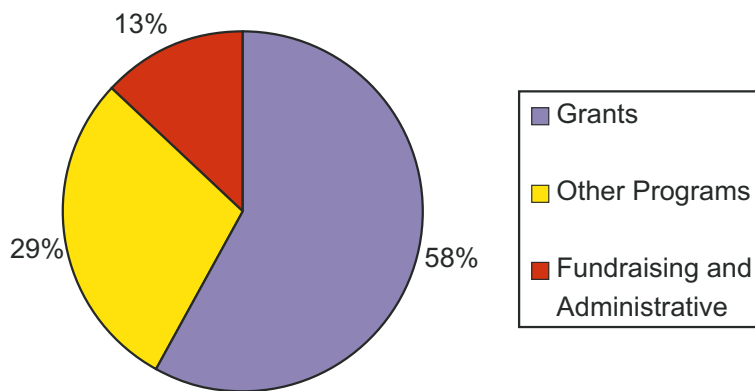
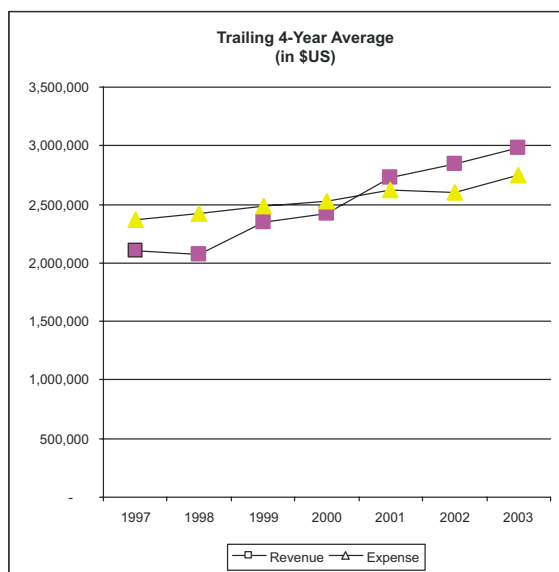
As shown in the audited financial statements now posted on Atlas's Web site (see www.atlasusa.org/pdf/Atlas_2003fs.pdf), Atlas recorded revenues of \$4,005,789 in 2003. This represents a record year for Atlas, though a significant portion of Atlas's increase from prior-year levels is due to the pledge from John Templeton Foundation that made possible the launch of the Templeton Freedom Awards. (Generally accepted accounting standards require Atlas to book multi-year donations in the year they are pledged.)

If we subtract the portion of the TFA pledge that remains receivable, Atlas still had a strong year, recording revenues of more than \$2.7 million, up from \$2.1 million in 2002. The graph below, presenting trailing four-year averages (to smooth

out the volatility caused by multi-year grants), shows a steady growth in Atlas's budget.

We hope you agree that this positive trend correlates with increases in the value being delivered by Atlas and the network with which it works.

Of course, none of Atlas's work would be possible without you and our other loyal donors. As Atlas is not endowed, we know we must work hard to merit your support. Our efforts are most visible in the programs and institute partners that you read about in the *Atlas Investor Report*, but the numbers of our financial statements also tell an important story. We are committed to growing Atlas, while remaining effective stewards of your generous contributions. Just as last year, Atlas devoted just 13% of its budget to fundraising and administrative expenses. 58% our overall budget was used for grants and fellowships, with the balance (29%) supporting our various programs.



Save the Date!

**Atlas Workshop in
Salt Lake City, Utah**

August 13-14, 2004

Please join Atlas, the Sutherland Institute and the International Freedom Educational Foundation in Salt Lake City, Utah for a workshop on "Communicating the Ideal of Liberty."

Foster Freiss (Freiss & Associates) will give the keynote address at the opening dinner on August 13th. The program will include sessions on August 14th and a luncheon talk by Leonard Liggio on "The Cultural and Religious Foundations of Private Property."

For more information, please visit www.atlasUSA.org

Henry Hazlitt (1894-1993) played a tremendous role in promoting sound economics and the principles of the free society. If F.A. Hayek had more influence in academic circles, Hazlitt's impact on the educated layperson is hard to match. Hazlitt reached millions through his roles as columnist and editorialist of *The New York Times*, *Newsweek* and other prominent publications, as well as with his outstanding books (including a best-selling novel, a devastating critique of Keynesian economics, and his famous *Economics in One Lesson*).

It is no coincidence that Hazlitt, like Hayek, had a close relationship with Atlas's founder Antony Fisher. Here, we reprint a letter about how Hazlitt's review of Hayek's *The Road to Serfdom* boosted its readership and reputation. In other letters in our archives, Hazlitt expressed his admiration of Antony Fisher and his budding Atlas Economic Research Foundation.

He told Fisher: "I feel proud of our correspondence more than thirty years ago, before the Institute of Economic Affairs was even founded." In another letter, at the early stages of Atlas, he wrote: "I want to congratulate you on your insight in setting up so many institutes in so many places. Almost all others of the very few who have had the courage, energy, and public spirit to set up free enterprise institutes have yielded to the temptation to put everything into one institute. But I can now recognize how your setting up of many has enabled you to stimulate many contributors in many cities and nations to help finance these institutes—and enormously to extend their influence."

For a superb biography of Henry Hazlitt, we recommend the Ludwig von Mises Institute's Web site (see <http://www.mises.org/hazlittbio.asp>).

HENRY HAZLITT
65 DRUM HILL ROAD
WILTON, CONN. 06897

March 26, 1980

Mr. Antony G. A. Fisher
Director
Pacific Institute
220 Montgomery Street
San Francisco, CA 94104

Dear Antony:

Thanks for your letter of March 11. I shall get in touch, as you suggest, with Arthur Seldon.

The book that you wrote to David Martin about was not *Economics in One Lesson*, but my book on *The Inflation Crisis*. He liked it, but thought it too centered in the American situation and suggested that I get some British collaborator to add extensive material on the British situation. So far nothing has come of this.

What happened with Fritz Hayek's *Road to Serfdom* is fairly simple. I already had his *Prices and Production*, which he published in 1931, but am ashamed to say that I had given it only a profunctorary reading. When I heard that this new book by him was coming out, I asked the editor of the Sunday Book Review whether he would give it to me for review when it came in. (I should remind you that I was then one of the editors of *The Times* writing most of its economic editorials.) When I read the book, I was tremendously impressed, and gave it a review, which you may recall compared it with John Stuart Mill's essay *On Liberty* and calling it the most important book on political philosophy published in our generation. The *Times* Book Review editor, when he assigned Hayek's book to me, probably intended (as I expected myself) to run it on page 27 or so. But when he got my review, he decided to run it on page 1. The publishers, The Chicago University Press, had printed only 3000 copies, and when my review appeared the book became an immediate best seller, and the first printing was sold out in a week. The *Reader's Digest* then decided to run a digest of the book and printed on the top front page of the Digest a few lines from my review. (Would you believe it? I don't think I have a single copy of that Digest in my library today.) I was at that time an occasional contributor to the *Reader's Digest*, and they knew of me, but I had no direct communication with them about the Hayek book and their digest came as as much of a surprise to me as to anybody else.

With warmest regards to you and Dorian.

As ever,

