

The Early History of FEE

BY HENRY HAZLITT

I've been invited to share some recollections about the early days of the Foundation for Economic Education. It must have been sometime in 1944 or 1945 that a handsome man dropped in to see me at the *New York Times*, where I was then writing the economic editorials, and introduced himself as Leonard Read, general manager of the Los Angeles Chamber of Commerce.

The free-enterprise philosophy had already become almost a religion with him. He told me he was looking for a wider audience to which to explain that philosophy, and was thinking of setting up a libertarian foundation of his own.

In 1946 Leonard had raised the money, set up the Foundation for Economic Education here at Irvington, and invited me to become one of his original trustees and officers.

It is astonishing how soon Leonard's action began to produce important results. Friedrich Hayek, in London, impressed by Read's initiative, raised the money the next year, 1947, to call a conference at Vevey, Switzerland, of 43 libertarian writers, mainly economists, from half a dozen nations. The group of ten of us from the United States included such figures as Ludwig von Mises, Milton Friedman, George Stigler—and Leonard Read. That was the beginning of the still flourishing and immensely influential Mont Pelerin Society, now with several hundred members from dozens of countries.

Another effect of Leonard's initiative soon followed. Other libertarian foundations were set up in emulation. "Baldy" Harper, who had been working as an economist

for FEE from its first year, left in 1958 and started his Institute for Humane Studies in 1963 in California. Soon Antony Fisher set up like organizations in England, Canada, and eventually here. I recently learned from Antony that he is now watching over eighteen institutions in eleven countries. Manuel Ayau in Guatemala established his libertarian Universidad Francisco Marro-

quín. Groups in other Latin American countries have set up their own equivalents of FEE. It would take too long to name all the present institutions here and abroad, even if I knew of them all, that owe their origin directly to Leonard Read's example.

Let me return to the early days of the Foundation. The original officers were David M. Goodrich, chairman of the Board (he was then also chairman of the board of the B. F. Goodrich Company); Leonard Read, president; myself, vice-president; Fred R. Fairchild, professor of economics at Yale University, secretary; and Claude Robinson, president of the Opinion Research Institute, treasurer. There were sixteen trustees. They included H. W.

Luhnow, president of William Volker & Company; A. C. Mattei, president of Honolulu Oil Corporation; William A. Paton of the University of Michigan; Charles White, president of the Republic Steel Corporation; Leo Wolman, professor of economics at Columbia; Donaldson Brown, former vice-president of General Motors; Jasper



Leonard E. Read (1898–1983)

FEE Archives

Henry Hazlitt had a long and distinguished career as economist, journalist, author, editor, and literary critic. This article, first published in the March 1984 issue of The Freeman, is excerpted from his remarks at the Leonard E. Read Memorial Conference on Freedom, November 1983.

Crane, former vice-president of Du Pont; B. E. Hutchinson, chairman of the finance committee of Chrysler Corporation; Bill Matthews, publisher of the *Arizona Star*; W. C. Mullendore, president of the Southern California Edison Company; and the officers of FEE.

You can see from this list what Leonard Read's persuasive powers must have been.

FEE opened its doors on March 16, 1946. Most of the spring and summer was spent in the library, as renovation continued on the main building. The staff, as of September 1946, consisted of Leonard Read as President, Herbert Cornuelle as assistant to the President, W. M. Curtiss as Executive Secretary, Baldy Harper as Economist, Orval Watts as Editorial Director, and A. D. Williams, Jr. as director of public relations.

Leonard's first move was to publish an outline of the aims of the Foundation and its proposed activities. He listed no fewer than fourteen of these that would be "among those to be considered for program inclusion" as the resources of the Foundation would permit. I condense them here: (1) encouragement, including financial assistance, to scholars, (2) special studies of current economic or political issues, (3) pamphlets applicable to "hundreds of economic problems," (4) leaflets for mass distribution, (5) a journal (this was realized in mid-1954 when FEE took over *The Freeman*), (6) books: the abridgment, publication, and distribution of classical works such as, for instance, *The Wealth of Nations* and *The Federalist Papers*, (7) the promotion and publication of satisfactory textbooks, (8) a "pamphlet-of-the-month club," (9) a radio program, nationwide, (10) organize advisory and study groups in every state and in every community in America—not political action groups, (11) analysis of collectivistic trends so that new interventionist proposals can be examined and refuted before they have been adopted, (12) a lecture institute, (13) arranging for graduate

students in economics and potential instructors to accept short-term positions in industry to acquaint them with actual production problems. And finally, (14) a study of the methods of financing and integrating all these activities.

And then in an amazingly short time a stream of publications began to pour forth. There were more than a hundred in the first few years. Some of these were one-page leaflets, some small folders, some moderate-length pamphlets, and some were in effect short books. I must confine myself to mentioning only a few of these, in their order of publication. The earliest I find is *Profits and the Ability to Pay Wages*, by Professor Fred Fairchild of Yale. This came out in August, 1946; it ran to 64 pages. A month later came a 22-page pamphlet called

Roofs or Ceilings?, an attack on rent control, sent in by two young fellows from the University of Chicago, Milton Friedman and George J. Stigler, both destined to become future recipients of the Nobel prize in economics. FEE distributed 36,000 of these, plus a special condensed version of 500,000 copies for the National Association of Real Estate Boards.

Next, still in 1946, came a 74-page reprint of Andrew Dickson White's famous monograph, originally written

in 1876, on *Fiat Money Inflation in France*. FEE eventually distributed 52,000 copies of this. In January, 1947, FEE published an 88-page study called *Wages and Prices* by Professor Jules Bachman of New York University.

Planned Chaos

Next, in 1947, came *Planned Chaos*, a 90-page pamphlet by Ludwig von Mises. Lu had been put on the payroll by Leonard from the first year of the Foundation. Next in 1947 FEE began to publish Henry Grady Weaver's *Mainspring of Human Progress*, and to date has distributed 670,000 copies of it. The edition I have runs to 287 pages.



Henry Hazlitt and Ludwig von Mises

FEE Archives



FEE Senior Staff in the mid-1950s: Front: W. M. Curtiss, Bettina Bien (Greaves), Leonard Read, Ludwig von Mises, F.A. Harper; back: Paul Poirot, Edmund Opitz, Ivan Bierly, Charles Hull Wolfe, Thomas Shelly
FEE Archives

Late in 1947 a short book of mine—95 pages—was published called *Will Dollars Save the World?* in paperback and hardcover. Appleton-Century printed the hardback edition at \$1.50.

I'd like to say a few words about it, because it illustrates a disheartening consequence—or lack of consequence. By pre-arrangement with Appleton, Leonard ran off a first printing in paperback of 80,000 copies. (This was over my protest, because I thought he would get stuck with them. But he sold out practically the whole edition.) Then in January, 1948, the *Reader's Digest* reprinted a 6,500-word condensation of the book not only in its American but in all twenty of its foreign editions, a total circulation then of about 13 million copies. One immediate consequence is that FEE's own sales of the paperback came to a halt. Another was that I was asked to testify first before a Senate and then before the corresponding House committee on the then-pending

foreign-aid bill. But with all this undreamed-of publicity, I haven't a shred of hard evidence that my book or the *Reader's Digest* condensation of it saved the American taxpayer one slim dime in our foreign-aid outlays.

For that matter, I see no evidence that the Friedman-Stigler pamphlet did anything to slow down rent control. Nor can I think of any other of FEE's publications that had any direct effect on actual legislation.

On the surface, as I have said, this seems dreadfully disheartening. But it must be acknowledged that the American ideological situation is much better than if FEE had never come into being. Our institution has inspired the formation of dozens of others. Increasing numbers of people now know what is wrong. True, we have inflation everywhere, but few countries now try to combat it with

general price controls. FEE has provided precisely what its title promised—economic education. Even Adam Smith's *Wealth of Nations*, let us remember, did not begin to change actual legislation until many years after its original appearance.

Let me resume our history. In 1948 FEE published F.A. Harper's 71-page pamphlet on *High Prices*, and in 1949 Harper's 159-page book *Liberty: A Path to its Recovery*. Frédéric Bastiat's 75-page pamphlet, *The Law*, was translated by Dean Russell and published by FEE in 1950. So far, the Foundation has distributed 344,000 copies.

I come to one final item. It was in December, 1958, that Leonard first published his essay entitled "I, Pencil." The theme of that article, as most of you will remember, is that "no single person on the face of this earth knows how to make a pencil." It is a little classic—the essay of Leonard's that is certain to be long, long remembered. . . .

