



Novel Economics

Economist Bruce Yandle tells of his first encounter with Henry Hazlitt's *Economics in One Lesson*: "I thought to myself, 'What arrogance!'" Bruce said. "Here was I, fresh from surviving four years in a rigorous economics Ph.D. program, and I run across this slim book in which a journalist announces that he's going to teach economics in *one* lesson. Ha!"

"Well, buddy," Bruce continues. "I read that book and, darn it, the title proved to be absolutely right. It *is* economics in one lesson."

Henry Hazlitt's works do indeed challenge our obsession with pedigrees. He held no university degree and yet he understood economics more deeply and more widely than 95 percent of all Ph.D.-sporting economists. One piece of solid evidence of Hazlitt's deep understanding is his crystalline prose. His explanations are so smooth that readers sense that his words spilled from his pen effortlessly. But I'm sure that "effortless" does not apply to Hazlitt's writing. To write as clearly as he wrote requires not only profound knowledge but hard work.

Hazlitt's impressive understanding and style are on full display in his 1951 novel, *Time Will Run Back* (originally titled *The Great Idea*). Formally a work of fiction, it is really an extended lesson in economics—one not only easy to digest, but one that "tastes"

good too. It has neither jargon nor pedantry, just crisp explanations of the basic workings of an economy, spiced with compelling insights on the nature of the tyranny that inevitably is unleashed by attempts at central planning.

The story opens when the dictator of Wonworld, Stalenin, falls ill and summons his only son from Bermuda, where the boy and his mother have lived since his birth, mercifully without much contact with the rest of the centrally planned tyranny that covers the globe. Wonworld is the name of the worldwide Marxist dictatorship that was created nearly 200 years earlier, in the late twentieth century, when the forces of communism defeated the last hold-out forces of capitalism and freedom.

The son, twentysomething Peter, arrives in the capital, Moscow, free of the brainwashing that numbed and ruined the minds of almost everyone else in Wonworld. Although at first accepting Marxist central planning as the only feasible means of organizing a decent society, Peter is one of few people in Wonworld who retains the power of critical observation and rational thought.

His father wants Peter to succeed him as Wonworld's dictator. Despite intrigues and assassination attempts by Stalenin's rivals for the top post, Peter manages to assume—while his father inches closer to death—much of the absolute power.

But in an unbelievable (but forgivable) plot twist, the power does not go to Peter's head. Instead, he remembers the horrors

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that he witnessed during his first days in Moscow—days that he spent as an obscure newcomer. He remembers that a girl he liked was taken away in the middle of the night on vague trumped-up charges and never again seen. He remembers that all “bourgeois” music, literature, and art have been destroyed, including the Mozart that he so loved, and replaced with grim propaganda productions. He remembers the lies incessantly trumpeted by the state-controlled press—lies about increases in the economy’s output and advances in living standards. And he remembers the out-and-out fear that haunted everyone.

Peter is determined to change this, determined to enable the people of Wonworld to grow wealthier and freer. He senses that something is terribly wrong, but learns just what this something is only gradually, through long discussions with Thomas Jefferson Adams, one of the few Americans who is a member of the politburo. Adams is the only other member of that governing body whose heart and mind are large enough to share Peter’s concern for the welfare of ordinary people.

Most of the novel is an extended dialogue on economics between Peter and Adams, with Peter discovering economic truths along the way, both directly through his conversations with Adams and through observing the consequences of market liberalization compared with market regimentation.

In his role as benevolent despot, Peter first frees up consumer markets. He’s surprised to find that brokers soon emerge to make it easier for people to barter their goods. Even more surprising is the emergence of market prices expressed in the quantity of cigarettes, much as in the true story told by R. A. Radford in “The Economic Organization of a P.O.W. Camp.” Eventually, Peter discovers that greater production—in quantity and quality—is possible only with free markets in producer goods. And this discovery is soon followed by the realization that free markets require private property rights and freedom of contract. The discussion between Peter and Adams on this point is a synopsis

of the socialist-calculation debate that began with Ludwig von Mises’s work.

Flight to America

In between Peter and Adams’s conversations, Peter’s enemies wrest control of the army. A civil war is in the offing. Peter and Adams, retaining the loyalty of the air force, flee to what was once the United States, where they proclaim their own rule, independent of Wonworld.

Setting up shop in the White House, they continue their dialogue, exploring every aspect of economics. The economy of Free World, as they call their new country, is increasingly freed from government control. Vast markets for consumer goods, capital goods, and financial instruments emerge from the millions of individual actions of these now-free people. Their prosperity grows along with their freedom. Peter then realizes that the freedom he helped restore will never be secure unless the state’s powers are seriously and permanently curtailed. He introduces constitutionally limited democracy and refuses—despite his enormous popularity—to run for the highest political office in the land. He chooses instead to devote himself to his piano.

Wonworld’s tyrants eventually attack Free World, but Free World’s far greater creativity and productivity give its people the edge they need to defeat their communist foes. Free World flourishes.

It’s an optimistic tale, one in which freedom is restored after humankind has trod the road to complete tyranny. Having traveled far down that road, might we be destined to complete this awful journey? The crumbling of the Iron Curtain suggests not. But let’s not be too confident. While Marxism lies in history’s dustbin, state-worship remains vibrant. Faith in the powers and benevolence of elite political “leaders” ultimately fuels the passage along this terrible road. Thus this faith must forever be challenged. One good way is to read Henry Hazlitt. An even better way is to produce more Hazlitts who think and communicate as clearly as he did. □