

# ECONOMICS IN ONE LESSON

*Henry Hazlitt*



**ECONOMICS  
IN  
ONE  
LESSON**

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## PREFACE TO THE NEW EDITION

THE FIRST EDITION of this book appeared in 1946. Eight translations were made of it, and there were numerous paperback editions. In a paperback of 1961, a new chapter was added on rent control, which had not been specifically considered in the first edition apart from government price-fixing in general. A few statistics and illustrative references were brought up to date.

Otherwise no changes were made until now. The chief reason was that they were not thought necessary. My book was written to emphasize general economic principles, and the penalties of ignoring them—not the harm done by any specific piece of legislation. While my illustrations were based mainly on American experience, the kind of government interventions I deplored had become so internationalized that I seemed to many foreign readers to be particularly describing the economic policies of their own countries.

Nevertheless, the passage of thirty-two years now seems to me to call for extensive revision. In addition to bringing all illustrations and statistics up to date, I have written an entirely new chapter on rent control; the 1961 discussion now seems inadequate. And I have added a new final chapter, “The Lesson After Thirty Years,” to show why that lesson is today more desperately needed than ever.

H.H.

Wilton, Conn.

June 1978

## PREFACE TO THE FIRST EDITION

THIS BOOK IS an analysis of economic fallacies that are at last so prevalent that they have almost become a new orthodoxy. The one thing that has prevented this has been their own self-contradictions, which have scattered those who accept the same premises into a hundred different “schools,” for the simple reason that it is impossible in matters touching practical life to be consistently wrong. But the difference between one new school and another is merely that one group wakes up earlier than another to the absurdities to which its false premises are driving it, and becomes at that moment inconsistent by either unwittingly abandoning its false premises or accepting conclusions from them less disturbing or fantastic than those that logic would demand.

There is not a major government in the world at this moment, however, whose economic policies are not influenced if they are not almost wholly determined by acceptance of some of these fallacies. Perhaps the shortest and surest way to an understanding of economics is through a dissection of such errors, and particularly of the central error from which they stem. That is the assumption of this volume and of its somewhat ambitious and belligerent title.

The volume is therefore primarily one of exposition. It makes no claim to originality with regard to any of the chief ideas that it expounds. Rather its effort is to show that many of the ideas which now pass for brilliant innovations and advances are in fact mere revivals of ancient errors, and a further proof of the dictum that those who are ignorant of the past are condemned to repeat it.

The present essay itself is, I suppose, unblushingly “classical,” “traditional” and “orthodox”; at least these are the epithets with which those whose sophisms are here subjected to analysis will no

doubt attempt to dismiss it. But the student whose aim is to attain as much truth as possible will not be frightened by such adjectives. He will not be forever seeking a revolution, a “fresh start,” in economic thought. His mind will, of course, be as receptive to new ideas as to old ones; but he will be content to put aside merely restless or exhibitionistic straining for novelty and originality. As Morris R. Cohen has remarked: “The notion that we can dismiss the views of all previous thinkers surely leaves no basis for the hope that our own work will prove of any value to others.”<sup>1</sup>

Because this is a work of exposition I have availed myself freely and without detailed acknowledgment (except for rare footnotes and quotations) of the ideas of others. This is inevitable when one writes in a field in which many of the world’s finest minds have labored. But my indebtedness to at least three writers is of so specific a nature that I cannot allow it to pass unmentioned. My greatest debt, with respect to the kind of expository framework on which the present argument is hung, is to Frederic Bastiat’s essay *Ce qu’on voit et ce qu’on ne voit pas*, now nearly a century old. The present work may, in fact, be regarded as a modernization, extension and generalization of the approach found in Bastiat’s pamphlet. My second debt is to Philip Wicksteed: in particular the chapters on wages and the final summary chapter owe much to his *Commonsense of Political Economy*. My third debt is to Ludwig von Mises. Passing over everything that this elementary treatise may owe to his writings in general, my most specific debt is to his exposition of the manner in which the process of monetary inflation is spread.

When analyzing fallacies, I have thought it still less advisable to mention particular names than in giving credit. To do so would have required special justice to each writer criticized, with exact quotations, account taken of the particular emphasis he places on this point or that, the qualifications he makes, his personal ambiguities, inconsistencies, and so on. I hope, therefore, that no one will be too disappointed at the absence of such names as Karl Marx, Thorstein Veblen, Major Douglas, Lord Keynes, Professor Alvin Hansen and others in these pages. The object of this book is

not to expose the special errors of particular writers, but economic errors in their most frequent, widespread or influential form. Fallacies, when they have reached the popular stage, become anonymous anyway. The subtleties or obscurities to be found in the authors most responsible for propagating them are washed off. A doctrine becomes simplified; the sophism that may have been buried in a network of qualifications, ambiguities or mathematical equations stands clear. I hope I shall not be accused of injustice on the ground, therefore, that a fashionable doctrine in the form in which I have presented it is not precisely the doctrine as it has been formulated by Lord Keynes or some other special author. It is the beliefs which politically influential groups hold and which governments act upon that we are interested in here, not the historical origins of those beliefs.

I hope, finally, that I shall be forgiven for making such rare reference to statistics in the following pages. To have tried to present statistical confirmation, in referring to the effects of tariffs, price-fixing, inflation, and the controls over such commodities as coal, rubber and cotton, would have swollen this book much beyond the dimensions contemplated. As a working newspaper man, moreover, I am acutely aware of how quickly statistics become out of date and are superseded by later figures. Those who are interested in specific economic problems are advised to read current "realistic" discussions of them, with statistical documentation: they will not find it difficult to interpret the statistics correctly in the light of the basic principles they have learned.

I have tried to write this book as simply and with as much freedom from technicalities as is consistent with reasonable accuracy, so that it can be fully understood by a reader with no previous acquaintance with economics.

While this book was composed as a unit, three chapters have already appeared as separate articles, and I wish to thank the *New York Times*, the *American Scholar* and the *New Leader* for permission to reprint material originally published in their pages. I am grateful to Professor von Mises for reading the manuscript and for helpful

suggestions. Responsibility for the opinions expressed is, of course, entirely my own.

H.H.

New York

March 25, 1946

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<sup>1</sup>*Reason and Nature (1931), p.x.*

**Part One**  
**The Lesson**