

ALL SOULS COLLEGE,
OXFORD.

July 6, 1957.

My dear Petukhin,

Your letter asking for Appointments arrived
by almost the same post as the Appointments themselves.
I was meaning to send you a couple, but if you
would like a few more you shall certainly have them.
You will excuse me for sending them by a less
expensive form of post.

I shall in any case have written when I sent
them to ask your forgiveness for having used your
note as a peg on which to hang a number of things
which I independently wanted to say. This was
not a very fair way of treating you. And, since I
wrote it, I have come to wonder whether I did
really get to the bottom of what you were saying.
Some of my young men have assured me that I
have really missed the point. I am not really

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convinced that they are right; but I should like to see
that I am fully prepared for a rejoinder from you, and
that I feel it would be my profitable part to
venture the discussion a bit further. I thought I would
like to say this to you, in order that we should not waste
time in trying to scotch each other, but should set
other people a good example in having a controversy in
which both parties are open-mindedly seeking for the
truth! Your kind letter makes it easier for me to
say this.

More explicitly, what my objection is that I
haven't given you enough credit for making the consumption
function depend on the stock of money; and I reply to
them that I fully agree that the consumption function (in
properly framed terms) does depend on the stock of assets,
but that if the "rate of interest" is given, the stock of
money held is a dependent variable, and not an independent
variable as I think you make it. I hope my words
that you will come in and clear a lot of this up.

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I shall be very interested to see what you think of my various historical points, in which I hear some discrepancies with you (e.g. von Weichsell) though I did much admire all the part of your book. I was a bit disappointed, too, that you did not show the view, which I held my strongly, that of all the other writers Thornton is much the most interesting on all these matters. Of course Thornton's liquidity preference (in his 1884 vol) is not so true as Keynes's (in his 1903 vol) but Thornton does think the thing through to its practical consequences in a way that we did, not even Weichsell, before the present age. And the contrast between Thornton's theory of deflation (in the Paper Gold) and of inflation (in the Bullion debates), judiciously contrasted as they are with one another, throws such a fascinating light on what Keynes would have said if he had lived into the age of chronic full employment! Contrast his advice to the Bank not to restrict credit and raise interest rates on the

top of the automatic restriction due to harvest failure
with the great quotation from Sir Thomas Rowe (Hazel
ed. p. 360). I wish I knew when he got that
quotation from!

I mustn't go on chattering. I am so glad
that you feel that Linton spent his time in
Oxford to advantage. Remember me to him. How are
you and your dear you are going to deal us?

Yours ever

John B. Hills.