

Aristotle correctly predicted that republics change to democracies which in turn degenerate to despotisms. We tried many democracies but we've not yet found the answer. "Our doctrine is a tremendous one of negation, which says to the State 'so far and no further'."

Those who share a common belief in the economic and philosophical writings of Frank McEachran should discuss a way to build a perpetual memory to this great man. He took up the banner where George left off and now it remains for another generation to continue the search for the questions he leaves unanswered.

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DEBASEMENT OF LAISSEZ-FAIRE

SIR, — In her letter in the March & April 1976 number Mrs. Marie McCrone states that Pope Leo XIII in his Encyclical "was concerned to condemn "*laissez-faire*" economics, and the political system of socialism which was a reaction to it."

The furthest back I have been able to trace the famous slogan "*laissez-faire, laissez-passer*" is to the French economist and merchant Vincent de Gournay who uttered it when addressing an assembly of physiocrats in 1742 as a protest against the monopolistic trend in manufacture and trade, allowing a favoured few to take tribute from their fellows.

"*Laissez-faire*" did not then mean to let things drift aimlessly, but it denoted liberty to produce, just as "*laissez-passer*" meant free trade.

The physiocrats also proposed an "*impôt-unique*", single tax, on land, but the monopolists got the proposal quashed, and Turgot dismissed as Minister of Finance, in 1776 on the brink of the French Revolution which became a failure, although inspired by a Declaration of that same year, whose authors had learnt in France. Whether this 1776 Declaration and ensuing Revolution, will be a success, still, after 200 years, remains to be seen. Now that the world is becoming technically one, they might

be a blessing to it.

Socialists should agree to an attempt being made with land-value taxation. It is the first item of their famous Manifesto. If they would leave matters at that until they saw the result, they might be astonished to find what would "come to us as well". Instead, they are in full swing with the subsequent items of the Manifesto, such as increased personal taxes, abolition of the right of inheritance, centralizing in the state of credit, transport, manufacture, and means of production, etc.

OLE WANG
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MONEY AND GOLD

SIR, — If Mr. Smedley wants to stop this correspondence, he should not advance fresh argument. He writes that I have not grasped the idea that gold might once again be used as money. I am sure that gold will never again be used as money. Fifty years of propaganda have at last convinced governments that the volume of gold in existence is so small compared with the amount of paper money in circulation that only a great rise in the price of gold would make conversion of paper money into gold possible. And any gold price so fixed would be out of date, and restrictive, almost as soon as it was enforced.

Mr. Smedley also wants to know what would happen to the price of gold if sellers refused to sell. The reply is of course that the price of gold would rise until people were tempted to sell gold. The really important consideration is that the circulation of our money, paper money, should not be throttled by scarcity of gold. Gold is necessary only to maintain trust in the paper money, and for this purpose it is essential that the paper price of gold be free to follow the fluctuations of a free bullion market.

I have now looked at Mr. Smedley's new book. Our present note-issuing system was established by the Bank Charter Act of 1844. I will leave your readers to decide whether the account in my "Free Banking" of the circumstances that led up to that Act is more plausible than Mr. Smedley's.

HENRY MEULEN
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Unsubtle Steps to Marxism

THE small businessman pays 43p in every pound he earns over £1,600; he makes fewer demands on the Welfare State than anyone else; but he is an unpaid form filler for the State; tax is going to kill his business; and he is being prevented from handing it on to his children.

These points are made by accountant and Liberal candidate Michael Minter in his booklet, *Death by Taxation: The threat to the smaller firm**

Mr. Minter says independent businesses are being taxed and controlled out of existence by the present system. The trend of legislation, and particularly our tax laws, over the past ten years has been to place the small businessman at a disadvantage compared with his counterpart with the large commercial enterprises, he adds.

A man who chooses to be his own boss has to forfeit 43p in every pound earned over £1,600 because of the combined effect of income tax and the higher rate—eight per cent—of national insurance contributions he has to pay.

He defends "the lump" in the building industry—"self-employed craftsmen who value their independence." From this year they have to carry identity cards, with a photograph, in order to obtain work. "The cards may be issued or withdrawn at the whim of the local tax inspector. Beware, you who are self-employed! How long will it be before Big Brother treats you all in this fashion?"

If the head of a family business wishes to transfer it to his children he will have to realise his assets to pay the capital transfer tax. "All he can sell is a share in the business. But who will buy a minority share in a small private company? In the end he will almost certainly have to sell a majority holding, i.e. the family business will be swallowed up in a larger enterprise."

*Aims for Freedom and Enterprise, PO Box 443, 5 Plough Place, London, EC4P 4LS. Price: 25p.