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Registered Office:

2 LORD NORTH STREET WESTMINSTER SW1P 3LB

Telephone: 01-799 3745

General Director: Ralph Harris

Editorial Director: Arthur Seldon

Deputy Director: John B. Wood

Professor F.A. Hayek,
Hotel Edelweiss,
A-6456 Obergurgl,
Tyrol, Austria.

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19 July 1976

Dear Professor Hayek

Thank you for your letter of 10 July which reached us on 13 July. We obtained a copy of The Economics of Common Currencies on Friday and I took it home to look through over the weekend (which I also had to spend watching a play produced by our youngest son at Oxford on Saturday, and at a "political party" at the Shenfields on Sunday!)

I would say you need not bother to read this book, at least for this purpose. It is about common currencies (one currency for several countries), not about concurrent currencies (several currencies in one country). But as it has material by Mundel, and others whom you list in your bibliography, you might like to have it by you. It is being sent under separate cover.

I have now read through the text once to gather its general gist. If I understand it right, it is revolutionary. You are, it seems to me, saying not only that competitive paper currencies are superior to gold (for the two reasons that they would more reliably prevent both inflation and fluctuations) but also that the classical view from Adam Smith to Keynes (The End of Laissez-Faire, 1926) and to Hayek, vintage 1960 (The Constitution of Liberty), that the functions of the state include the supply of money, is being overturned in favour of the view that money can be provided in the market and that it would be better than money provided by the state.

So much for content. The main argument is crystal clear. The abstract theory is very closely argued and in parts will take an effort to follow, especially by non-economists.

.../contd.

Professor F.A. Hayek.

19 July 1976

Here I come to the prose. In my first reading I began to edit tentatively and I could see where more editing on a second reading could simplify and clarify the exposition. I am loath to do anything more than is necessary to make your meaning clear, but I found myself shortening some very long sentences, anglicising the "Austrian" English a little, varying words used to excess ("which," "great," "in fact," "need," "point," "legitimate," etc), and generally making the prose a little more readable. Although I do not like italics I think italicising in several places would help the reader.

It so happens we could prepare it for the printer by the end of next week (30 July), in which event I could bring a set of galleys with me to St. Andrews. My anxiety is that, in simplifying the text, I may unintentionally have altered or removed a special nuance of meaning that you would wish to preserve. If you thought there was some such danger, it might be better for me to bring the edited typescript to St. Andrews for you to approve before we have it galleyed.

This letter is being posted on Monday 19 July, and should reach you in three or four days, in time for me to receive your reply before 30 July. Would you therefore kindly send me a line saying whether you think we might run the risk of galleying the material as edited by me for you to see in St. Andrews? As your letter of 2 July said you were anxious to have it published quickly, the advantage would be that we could then publish the Paper possibly by the end of September. If I bring the typescript to St. Andrews, we should then have it galleyed in September for publication at the end of October or early November.

We can have the two diagrams on page 65a drawn by an artist. I imagine the imaginary figure will suffice for your purpose and you will not wait to hear from Friedman.

We can insert the date of Major Douglas' main book.

Thank you for your kind reference to me in the Preface.

(I am assuming that by "polishing" you want the text to read as much like English English as I can make it. But I am anxious not to affect the meaning in any way.)

Ralph is dealing with the financial matters and is also in touch with the American Enterprise Institute. Both he and I favour the material being published as an IEA Paper, with rights given to the AEI to publish in the USA.

Arthur Seldon

- P.S. 1. I enclose page 99a, presumably part of your carbon copy.
2. How long will you be at Obergurgl?
3. If we do not hear from you by Wednesday 28 July we will telephone Hotel Edelweiss.