

Letter to the Editor

The Letters Editor,

F. A. Hayek on Government Money

In his book, *The Fatal Conceit, The Errors of Socialism*, F.A. Hayek, touching on money said:

“Like morality, law, language, and biological organisms, monetary institutions result from spontaneous order - and are similarly susceptible to variation and selection. Yet State monetary institutions turn out to be the least satisfactorily developed of all spontaneously grown formations.

Indeed humankind's experiences with government money have given good reason for distrusting it.

Rather, the selective processes are interfered with here more than anywhere else: selection by evolution is prevented by government monopolies that make competitive experimentation impossible.

Under government patronage the monetary system has grown to great complexity, but so little private experimentation and selection among alternative means has ever been permitted that we still do not quite know what good money would be - or how good it could be. Nor is such interference and monopoly a recent creation: it occurred almost as soon as coinage was adopted as a generally accepted medium of exchange.

Money has almost from its first appearance been so shamefully abused by governments that it has become the prime source of disturbance of all self-ordering processes in the extended order of human co-operation.

The history of government managed money has, except for a few short happy periods, been one of incessant fraud and deception. I have suggested elsewhere, and will not argue again here, that the market economy might well be better able to develop its potentialities if government monopoly of money were abolished.”

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11 October 2008