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G. Files

Sennholz
Hans

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Dr. Hans F. Sennholz
200 East Pine Street
Grave City, Pennsylvania 16127

Dear Hans:

Thanks for sharing that piece, "Gold Contracts Are Legal," and the prospects for return to gold as money which you did for Private Practice.

I doubt that we ought to use it in The Freeman, for I believe the message it would bring to most readers is that it was a waste of time and energy to make the gold clause legal again; with prevailing circumstances, there's little incentive for anyone to enter into contracts payable in gold. In other words, "Gresham's Law" is not of the sort that can be repealed as long as "bad money" remains legal tender or otherwise acceptable in trade.

This is not to argue or question your excellent points concerning the harm in fractional reserve central banking practices, taxes on capital gains, price controls, rationing, and the like. These are indeed continuing evils that we should be working to expose and curb. But to get at them by casting doubt on the efficacy or propriety of gold-clause contracting seems like a questionable route to me.

I am much intrigued by the possibility of a return to gold by the oil producing nations, and what that might mean to the more highly industrialized consumer nations and their monetary policies. But that matter could be explored, couldn't it, without getting into gold-clause contracts?

There's a very good chance I'm missing some good part of your point in this article, so please help if you think I'm worth it.

One more thing: I've just read your postscript to Notes and Recollections and simply want you to know that it is beautifully done and immeasurably enhances the value of the book.

Sincerely,

Paul L. Poirot

PLP/bh