grow more adamant each year about the "need" for increased government support of science. Meanwhile, the Soviet government points out with macabre logic that since the State has paid tens of thousands of rubles for the education of scientists, it has a right to demand work, or a cash payment, before allowing them to leave. It is precisely this kind of slavery that State schooling and State science invite.

• **Government control of medicine:** Perhaps most chilling of all are the revelations regarding the extent to which psychiatry has become a tool in the hands of the Soviet state for controlling dissidence. Both Sakharov and Solzhenitsyn have provided extensive documentation of times, places, perpetrators, and victims of Soviet enforced "therapy." Yet much the same thing has been happening for years in the United States, with nobody other than Dr. Thomas Szasz sounding the alarm. The Soviet use of medicine to achieve State ends should give Americans serious pause about the extent to which our medical system is becoming state-controlled, and should prompt renewed consideration of the advantages of a truly free-market approach to this most vital profession.

Have Sakharov and Solzhenitsyn themselves made the connection between civil and economic liberty? There are signs that they have. Solzhenitsyn's press conference is full of contempt for Soviet economic institutions as gross violations of "democracy." And Sakharov openly states that he is no longer a Marxist-Leninist, or even a socialist, but rather a "liberal"—and he may very well mean a classical, free-trade liberal. What the West urgently needs is more people who can see the broader lessons of these events, who can see the underlying similarity *in principle* between partial government control in America and total government control in the U.S.S.R.—and change course before it is too late. Only then will we truly profit from the example of our Soviet comrades in the struggle for liberty. ◻

Robert Poole, Jr.

money —$

Davis E Keeler

BANKS AND SECRECY

Due to America's traditional solicitude for her tax gatherers, the Internal Revenue Service has enjoyed ready access to the records of domestic financial institutions. It has correspondingly been piqued by the chilly reception it has received in certain foreign jurisdictions which maintain a banker-client privilege similar to our own attorney-client privilege. Chief among these affronts to the dignity of our revenuers has been Switzerland.

The United States has tried a number of ploys to overcome the Swiss reluctance to cooperate in tax matters. The Swiss are quite willing to be helpful in criminal investigations but do not consider common tax avoidance to be a crime. The United States, on the other hand, in its campaign against organized crime has often only been able to obtain successful prosecutions on tax charges. While the conduct of organized crime was also an offense under Swiss law, the fact that the United States used the material sought from the banks for tax prosecutions caused the Swiss to invoke the secrecy law and deny cooperation with the United States authorities.

After years of gnashing its teeth and shaking its sovereign fist outside the closed doors of Swiss banks, the United States has this past May signed a treaty with Switzerland which provides for assistance between the two countries in the investigation of conduct which is criminal under the laws of both countries. The treaty has yet to be ratified by the governments of the respective countries.

The *NEW YORK TIMES* reported the treaty under the heading, "Pact Would Let U.S. Check Swiss Banks in Tax Cases," which simply is not so. The treaty sets out the principle of specificity, whereby the information sought may not be used in any other prosecution. In other words, the United States may not use information disclosed in an extortion investigation in a subsequent tax case.

Negotiations leading up to this treaty extended over almost five years. The United States was particularly intransigent because it viewed this treaty as a model for future negotiations with other bank secrecy jurisdictions. In the face of Swiss firmness, the United States was forced to abandon its demands to conduct investigations on Swiss soil, use American procedural rules, investigate securities offenses, cross-examine witnesses and seek information involving political crimes. Investigations will be conducted by Swiss authorities (with American officials present only in the rarest circumstances) and only after the United States has shown the importance of obtaining the information and the inability to obtain it elsewhere. After making the investigation, the decision rests with the Swiss as to which of the information so obtained is to be turned over to the United States.

On this side of the Atlantic, the implications of the United States' Bank Secrecy Act of 1970 are beginning to sink in and the law, which was adopted with a minimum of controversy, is now meeting a growing storm of opposition. The American Civil Liberties Union is involved in at least two law suits attacking its constitutionality as an invasion of privacy and unreasonable search.

Political pressure is also in the wings. Democratic senator John Tunney of California and Republican senator Charles Mathias of Maryland are talking about legislation to amend the law.

In a bitter editorial, *BARRON's* had this to say about the law:

> For consider what Congress in its wisdom and the Treasury's regulations have made the law of the land. The Secretary of the Treasury "in his sole discretion may . . . make exceptions to, grant exemptions from, impose additional record keeping or reporting requirements. Such exceptions , exemptions, requirements or modifications may be conditional or unconditional, may apply to particular persons or to classes of persons and may apply to particular transactions or classes of transactions." The Treasury may compel a bank to hand over a depositor's records without either his knowledge or consent. And if such records appear to contain "a high degree of usefulness in criminal, tax or regulatory investigations or proceedings," the Treasury may make them available to any

other Department or agency merely upon written request of the top man. (26 June 1972)

In a statement which was no doubt intended to be reassuring, William L. Dickey, deputy assistant Secretary of the Treasury, said: "Enforcement will be highly selective." *WALL STREET JOURNAL* (29 June 1972).

Since the government has chosen to use the banking system as the vehicle for financial surveillance, this will put a premium on the use of nonbank channels for moving wealth.

While reports must be made by banks on currency transactions of more than $10,000 (or a lesser amount, if the Secretary of the Treasury so decides), it will still be possible to accumulate currency in small transactions and export them (e.g., by mail) in amounts of $5,000 "on any one occasion" (once again, subject to the apparent power of the Secretary to require reports for lesser amounts) so as to avoid the need to report. However, in an inflationary economy, the loss in purchasing power of wealth held as currency exacts a premium on such an arrangement. Also, the money would have to be sent to someone other than a financial institution, as defined by the new law.

The export of wealth in forms other than monetary instruments is not covered by the Act. For example, a valuable painting, bullion, rare stamps, etc. . . . would *not* be covered, although there is always the need to be sure that there would be no duty charged in the receiving country.

The major nonmonetary instrument which *is* covered by the act are bearer securities, i.e., securities payable to the bearer rather than a named individual, which are transferable by delivery, and whose ownership is not a matter of record. While bearer securities (other than debt instruments) are uncommon in the United States, they are popular overseas for various reasons, including tax avoidance.

Harvard law professor Arthur R. Miller, author of the book *THE ASSAULT ON PRIVACY,* has this to say about the Bank Secrecy Act:

> This legislation, in effect, creates a financial dossier on nearly all Americans and may well contribute to the widespread feeling of alienation, paranoia and mistrust that seems to exist. ◻

Davis Keeler's "Money" column alternates monthly in *REASON* with John J. Pierce's "Science Fiction in Perspective."

foreign correspondent

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In order to come to any rational conclusion on the controversial racial or so-called "apartheid" issue in South Africa, it is necessary to examine certain facts and premises which provide the framework and background from which the system should be viewed. The whole structure of society in the long run depends on ideas held and believed in, rightly or wrongly, by the average individual in that society. One of these ideas that has prevailed for the last few centuries in the Western World has been the concept of "democracy". Democracy may take the form of an unlimited majority rule or a demarcated or limited majority rule. The fact that this power of the majority has been wittingly and unwittingly used and is still being used to enslave the whole of mankind, should be well known to libertarians.

THE SOUTH AFRICAN SITUATION

The South African political system is based on unlimited majority rule (for the whites, that is). There is no equivalent of the American "Bill of Rights". The result is an advanced stage of government interference in the economic as well as in the social sphere. We have our fair share of import and export controls, wage controls, price controls, rent controls, production quotas, an increasing rate of inflation (approximately 12% per annum at the moment), a government controlled broadcasting system, and all the other paraphernalia accompanying a ballooning welfare and socialist state.

My point can best be made by quoting from a book *(A VERY STRANGE SOCIETY)* written by the American author, Allen Drury, published in 1968 after an extended tour of South Africa.

> Several basic truisms emerge from the journey. Some are in the Republic's favour, some are not. Those that support the Republic's point of view are these:
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> 1. The major black ethnic groups lumped together under the general term "Bantu" are as distinct from one another as Germany and France. They are largely illiterate, largely uncaring, mutually mistrustful, mutually antagonistic. They are not the great single black mass yearning to be free that sentimentalists and self-servers in other lands try to protray them.
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> 2. They are as a race distinctly different from the whites, not only in traditions, practices, laws, but in the way they think, feel and react. When the traveler hears from liberals, conservatives, Afrikaners, English-speakers and American missionaries alike how different they are, how unpredictable, how baffling, how difficult to unify and work with, one must give credence to such comments. Sentimentalists and self-servers again to the contrary.
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> 3. They are at this stage, and perhaps for generations to come, totally incapable of managing or leading the vigorous, booming, industralized Western society that now exists from the Limpopo to the Cape. It may not be their fault, but it is the fact.
>
> 4. Nor are they native to South Africa, with some mystical claim forever upon a land they came to late, and then only to slaughter, plunder and lay waste. The only native South Africans on the ground in 1652 were a scattered handful of Bushmen and Hottentots long since absorbed in the general population. South Africa was the white man's country before it was the Bantu's country.
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> 5. When the Bantu eventually came down from the north, they had the same chance initially at the open veld. They destroyed it because they never learned the most elemental principles of grazing, farming or land management. Why did they not learn them? Why have they not