



# Australian Adam Smith Club (Melbourne)

President: Michael James, Editor: Regina Bron, P.O. Box 449, Heidelberg, 3084

*None of us know all the potentialities that slumber in the spirit of the population, or all the ways in which that population can surprise us when there is the right interplay of events. Václav Havel, 1986*

## Phil Ruthven & Bob Birrell

address the question

# “Should Australia’s Population Growth Be Restricted?”

**The Adam Smith Club will host a dinner meeting on Tuesday 20<sup>th</sup> of April 1999, at the Danish Club, 177 Beaconsfield Parade, Middle Park.**

In recent years, many Australians have become disenchanted with high levels of immigration, largely on cultural and employment grounds. At the same time, environmental concerns in particular have prompted debate about whether Australia should seek to set a limit on its population level, raising issues of fertility as well as immigration.

Our two speakers are well-known and well-qualified participants in the population debate. **Phil Ruthven**, Executive Chairman of IBIS Business Information and a respected futurist, argues that governments are losing the ability to control population movements and that Australia inevitably faces a substantial long-term population increase. **Bob Birrell**, Director of Monash University’s Centre for Population and Urban Research and editor of *People and Place*, believes that Australia can and should take steps to stabilise its population at around 23 million.

Attendance is open to both members and non-members. Those desiring to attend should complete the attached slip and return it to the Club no later than Friday the 16<sup>th</sup> day of April 1999. Tickets will not be sent. Those attending should arrive at 6.30pm for dinner at 7.00pm. The cost is \$40.00 per head for members and \$45.00 per head for non-members, inclusive of wine and pre-dinner drinks.

**Enquiries to Ms Regina Bron, tel 9859 8277 (AH)  
or Dr Tom Jellinek, tel 9706 7400 (BH)**

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The Secretary,  
Australian Adam Smith Club (Melbourne),  
PO Box 449, Heidelberg Vic 3084.

Please reserve ..... place(s) at \$40.00 dollars per member and .....place(s) at \$45.00 per non-member for the April 20<sup>th</sup> dinner of the Australian Adam Smith Club. I enclose the amount of \$..... in payment for the same.

NAME (please print): .....

ADDRESS: .....

SIGNATURE: ..... TEL: .....

## LAISSEZ FAIRE ON THE WEB

This newsletter can now be found on the World Wide Web at <http://www.newaus.com.au/asmith.html>. We are grateful to Gerard Jackson who produces the *New Australian* - Australia's only free market online magazine - for hosting our newsletter. The *New Australian* is recommended to anyone interested in obtaining a 'free market' view of the economic events and in exposing mainstream journalist hypocrisy and mendacity. A new issue appears approximately every week and there is a truly amazing amount of free market material collected there. There are also links to other interesting Web sites both in Australia and overseas.

## AN AMERICAN CIVIL WAR

American industry is under attack. Not from terrorists or foreign enemies, but rather from American state and city governments in alliance with American trial lawyers. In this war the decisive weapon is not a missile or a bomb, but rather a class action.

Impetus for the attack has come from the recent successful suit by a number of American state governments against the tobacco industry which resulted in a multi-billion dollar windfall to the successful plaintiffs. It is estimated however that the lawyers involved pocketed fifty seven cents out of every dollar collected or approximately \$30 billion.

Currently a number of American cities have issued or are planning to issue suit against American gun makers. The claim amongst others is that in failing to design guns that can not be improperly or negligently used, the manufacturers are at fault.

If the number of law suits planned against the gun makers eventuate it is estimated that they will need to spend \$100 million dollars in legal costs just defending them. This is equal to the total net profit for the industry in 1998.

Although a number of American industries such as pharmaceuticals, car and aircraft manufacturers, pesticide producers and so forth

have been under such or similar legal attacks for a number of years, the presence of state and local governments as plaintiffs has introduced a potentially fatal element into the equation, since their ability to fund such law suits is almost limitless. The range of industries under attack is also likely to widen to include snack and fast food producers and alcohol and soft drink makers.

The immediate effect of such attacks is to raise the costs of American producers and hence the price to consumers. It also hinders innovation since the risk of being successfully sued becomes greater if new ideas or products are introduced. The overall result is to reduce the competitiveness of American industry, eventually causing it to close or move offshore. This has already happened in a number of American industries. Recent developments are likely to accelerate the trend.

The ingenious American legal profession has succeeded in wresting huge sums for itself from American industry. But unless it finds some more effective way of separating meritorious legal claims from what in many instances looks to be mere extortion then it is likely to be responsible for the killing of the proverbial goose that laid the golden eggs. DBS

### *Membership of the Australian Adam Smith Club*

Membership for calendar year 1999 costs \$30. If you are a member and have not renewed your subscription, you are welcome to do so. If you are not a member why not join today?

Send \$30 to PO Box 449, Heidelberg Vic 3084.

Please renew/enrol me as member of The Australian Adam Smith Club (Melbourne)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ E-mail: \_\_\_\_\_

Signature: \_\_\_\_\_

# Laissez Faire

Newsletter of the Australian Adam Smith Club (Melbourne), No 46, March 1999



## THE NEW CRITIQUE OF CONTRACTUAL FREEDOM AT THE WORKPLACE

For some time, we've been hearing that the new jobs made possible by Australia's hesitant steps towards full contractual freedom at the workplace are mostly part-time and low-paid. Now, it seems, we are all working too hard and too long. Commentators like Hugh McKay in *The Age* and Stephen Long in *The Australian Financial Review*, and even ABC television's *Compass* programme, have been complaining that social cohesion is being undermined by the sacrifice of ever more time and energy to our jobs as Australia's old wage-fixing system gives way to more decentralised and flexible arrangements.

A major source of this line of argument is the Australian Centre for Industrial Relations Research and Training (ACIRRT), located in the University of Sydney. ACIRRT's recent book *Australia at Work: Just Managing?* deplores the growth of 'individualism' in the workplace because this allows people to be treated as 'commodities'. It wants a return to a regulated labour market where wages are determined not by the productivity of one's labour but by collective agreements that ensure social justice.

It's hard to review the book because virtually every sentence begs so many questions that it cries out for at least a page of commentary. For example, it is claimed that 'individuals ... have obligations to others beyond themselves' Fair enough. But then it is asserted, without argument, that 'Often those obligations require that people ... establish institutions which foster collectivity and ... fairness, common wellbeing and security'. So membership of a trade union is morally obligatory! ACIRRT is, however, perfectly clear about what it wants. Among other things, it wants higher taxes, regulation of minimum and maximum hours of work, compulsory job-sharing during recessions, and control over dividend payments and salaries of high-income earners on pain of extra taxation.

These last items may make it seem strange that ACIRRT's list of recent clients should include Mobil and Westpac. Yet some private corporations may welcome tightly regulated workplaces. In a revealing passage, *Australia at Work* notes that 'individualistic' workers in publishing and computer technology who have gained from workplace reform are loyal not to their employers but to their careers. Under Australia's traditional corporatist set-up, trade union control has been greatly assisted by the 'loyalty' that employers win from their employees. And the ALP backbench in Canberra includes many young ex-trade union bureaucrats who would be happy to turn back the clock so that they can get on with doing the only thing they know how.

Meanwhile, civilisation as we know it is apparently being destroyed by workplace freedom. According to *Australia at Work*, structured team sports and voluntary community activities are suffering because people are working at weekends. The book wistfully recalls the days when we knew how to make 'boring work or difficult work bearable by fostering sociability, particularly humour and other forms of mutual assistance'. Perhaps industrial awards should include provisions for 'jokes' (time off to tell jokes) and vouchers to be spent on the sport of our choice.

*Michael James*

*The H. R. Nicholls Society is holding a conference ('The Third Way: Welcome to the Third World') in Sydney, 30 April – 2 May, at which ACIRRT's approach to workplace reform will be a major theme. For details ring (03) 9685 6479.*

## INDIVIDUAL PROPERTY RIGHTS AND THE FREE SOCIETY

Advertisements bearing the imprint of the Victorian Department of Infrastructure state 'It's your street, your say' and invite you to participate in the planning of your street and your suburb. They inform you that you have a choice to have a say about the character of your neighbourhood.

The printed form includes a number of feel-good photographs showing attractive people and desirable looking dwellings. It is actually an invitation to obtain a copy of an information booklet relating to medium-density housing. The advertisements follow on the success of the minor political phenomenon, Save Our Suburbs (SOS) which threatens to become a force in State politics. This middle-class lobby group seems determined that the right to property should be subject to strict communal control, which control should reflect their own views. For this to occur, they see that such control should be at the local government level rather than with the state government even if this produces inconsistent or non-uniform rulings.

Neither the State government nor SOS seems unduly concerned with the rights of owners. Rather, each seems to be trying to outdo the other with its level of controls.

Historically, the concept of the ownership of property has developed over time resting firstly with the tribe, then the family and finally with the individual. (Recently of course the seeming inevitability of this development has suffered a reversal with the High Court of Australia discovering in Mabo a new type of property right in Australia, i.e. communal native title.)

One does not need totally to subscribe to the Lockean view that the unrestricted right to acquire, possess and use property is the foundation stone of a free society to feel disquiet at these developments. What is more disturbing is the apparent lack of knowledge that a free society and the right to property have any connection at all. It is incumbent in particular on those who campaign for community control of private property to acquaint themselves with the key role that private property rights have played in most if not all of the great constitutional and legal struggles in our history; Magna Carta, the Glorious Revolution of 1688, the American Revolution and so forth.

It is after all trite, but probably true that the failure to learn from history leads to its repetition. DBS

## ADAM AND THE CAR

For several years now, I have greeted colleagues and friends in January with 'Happy New Tariff Cuts!'. Each New Year's Day since 1985, a 2.5% cut has occurred in the passenger car tariff. It stands at 17.5% now, but will be frozen at 15% in 2000, after which there is supposed to be a further reduction in 2004, down to 10%.

Of course, even a 10% tariff is a serious imposition on the consumer. It actually provides an effective rate of protection of 15-18% on the domestic price net of inputs like utilities, land costs and internationally priced items. The depressing aspect of the whole situation is that the consumer seems neither to know nor to care. In Perth at the New Year, I tried congratulating a few Sandgropers – after all, they buy cars there but don't make them. I couldn't find one person who was even aware of his new year bonus.

There were once 8,000 people out demonstrating in Geelong for dear motor cars. Could we imagine even 80 in Western Australia or anywhere else demonstrating for cheap ones?

It would be ungracious not to celebrate the enormous benefits enjoyed by car buyers through tariff and quota cuts since 1973. I remember the sheer exhilaration I felt when the new Whitlam Government slashed tariffs across the board by 24% on 19 July 1973. That led to an import flood of small Japanese cars, however, so protection was later increased under both Whitlam and Fraser to reach a high-water mark of a 57.5% tariff – and that backed by quotas designed to limit imports to 20% of the market. When a few thousand quotas were auctioned, Daihatsu 'won' with a bid to pay 93% tariff to bring in its Charade!

Quotas were eventually abolished, and the Button car plan of 1985 introduced the staged reductions in tariffs we are still enjoying today. Our politicians were not influenced purely by the interests of the consumers who, alas, don't care about the issue with their votes. They are, however, more and more influenced by those of us who support Adam Smith's famous declaration:

***Consumption is the sole end and purpose of all production and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer.***

We must maintain that influence and so keep up the good work!

*John Calvert, Deakin University*