

Australian Adam Smith Club (Melbourne)

President: Michael Warby, Editor: Regina Bron, P.O. Box 950, Hawthorn, 3122

[A] country well stocked with intelligent merchants, manufacturers, and agriculturists has more powerful means of attaining prosperity, than one devoted chiefly to the pursuit of the arts and sciences.
Jean-Baptiste Say (1803)

Steven Kates on Ancient Principles of Modern Economic Management

**The Adam Smith Club will host a dinner meeting on Tuesday the 16th of March, 2004,
at The Curry Club Cafe, 396 Bridge Road, Richmond.**

Frenchman Jean-Baptiste Say (1767-1832) is one of the most significant economists in history. A contemporary of Adam Smith, by whom he was much influenced, he is best remembered today for Say's Law, one of the basic principles of Economics. It was Say's Law which J M Keynes attempted unsuccessfully to refute in 1936 and which is ultimately destructive of Keynesian theory. Dr Steven Kates is the Chief Economist of ACCI and has kindly agreed, whilst in Melbourne to present the ACCI's submissions in the National Wage Case, to take time to address the Club. Dr Kates is the acknowledged expert in the English speaking world on Say's Law and has written a number of books and articles on the subject including *Say's Law & the Keynesian Revolution* (1998) and *Two Hundred Years of Say's Law* (2003). BRW has recently reported on the sale of the rights to his latest book to the Chinese.

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 Monday the 15th of March 2004. Tickets will not be sent. Those attending should arrive at 6:30pm for dinner at 7:00pm. The cost is \$35.00 per head for members and \$40.00 per head for non-members (see last page for explanation of arrangements).

**Enquiries to Ms Regina Bron, tel 9859 8277 (AH)
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detach and return

The Secretary,
Australian Adam Smith Club (Melbourne),
PO Box 950, Hawthorn, Victoria 3122.

Please reserve place(s) at \$35.00 dollars per member andplace(s) at \$40.00 per non-member for the March 16th meeting 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 has a new address on the web: <http://www.economic-justice.org/asmith.htm>. The Institute for Economic Justice has been created by David Sharp a former president (and current committee member) and Timothy Warner the current Treasurer of the Club. As stated on the web site, 'The Institute has been founded to assist those who have been subject to economic injustice, and to increase both public and professional awareness of remedies available under the Law.'

REPORT ON THE NOVEMBER MEETING.

The Twentieth Anniversary Dinner was a truly memorable evening. The address by David Sharp - on the foundation of the Club and what drove the founders - was well received. The award to Frank Penhalluriack of a plaque celebrating the personal commitment of Frank to the freedom to trade was warmly applauded.

David Bishop led a toast to the Club and thanked the Committee for providing an important means of intellectual discourse in Melbourne. The meal was of a high standard and much enjoyed after some slight delays due to a late start.

It was also good to see Richard Allsop at the meeting, one of the original committee who we are glad to see after losing contact for some years.

Tim Warner

Hon. Secretary / Treasurer
Australian Adam Smith Club

NEW STATES NOW

One of the regular features of Australian political life, often linked with the push for a Republic, is the call to abolish the States. Federalism is too archaic, too costly, too divisive, too complicated and too constraining of overall governmental power; only abolish the States and all the benefits of centralised power will flow uniformly to all, cheaply, speedily and with no unseemly and unnecessary disputes between governments over just who has the power and what is best for the region.

In fact, rather than abolishing the States it seems clear that Australia needs more; the number of people has grown fourfold since Federation and the spread of settlement has generally proceeded apace yet we still have only the 6 with which we began, despite the Constitution clearly contemplating the creation of more. We have not even got around to making the Northern Territory a State, a move that is long overdue.

The idea that the interests of all Australians are the same makes as much sense as saying that the living circumstances of a sugar farmer from Cairns is the same as a wheat farmer from the Wimmera or a boat builder from Tasmania or an academic from Sydney or a factory worker from Melbourne. The people of New England have different concerns from the people of Sydney or of the Riverina as do the people of North Queensland from those of Capricornia, much less those of Brisbane. Similarly the people of the Kimberleys have different concerns to those of Perth much less the East Coast.

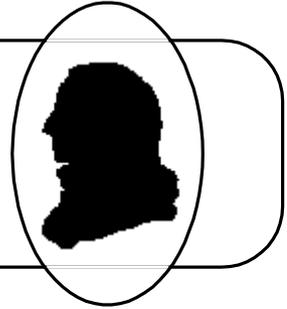
To be properly responsive to their people governments need to be directly connected to their concerns and circumstances and not be expected to compromise their interests in favour of some one size fits all typical Australian. Control from some all-powerful centre means wealth prestige and power to those who reside there and make their influence felt at the expense of

those in regions smaller or further out. A single central government is likely to be large, all-powerful and sclerotic. In relation to the individual small State governments are much more likely to be more attentive. Far from being wasteful the fact that two governments, one State and one Federal, are competing for the same territory is an incentive to efficiency and prevents a situation from arising where a single government can dominate the individual. Shared power is diminished power and this can only be beneficial to the individual. And the existence of numerous State governments provides the opportunity for choice and forces them to compete amongst themselves and with the Federal government for the favour and loyalty of their population

In every existing State there should be at least one separatist movement and in the bigger States two, three or more. Let us agitate for them now; we will all be better off for their creation. *DBS*

Laissez Faire

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SCIENCE MYTH

Rereading two essays (*The Radiation Bogey* and *The Non-Problem of Nuclear Wastes*) by the late Dr Petr Beckmann on nuclear energy reminded me that there will probably turn out to be two great scientific myths of the Twentieth Century. The first is the well known myth of anthropogenic greenhouse warming (and the associated Kyoto Protocol). The second is the much less well known Linear No Threshold (LNT) Theory of nuclear radiation.

This theory was adopted soon after World War II. Data collected from Hiroshima and Nagasaki atomic bomb victims (who suffered extremely high doses of radiation) were used to linearly extrapolate the risk of fatalities from high levels of nuclear radiation all the way down to zero radiation. The result of this theory was to conclude that any amount of nuclear radiation causes fatalities and should therefore be avoided.

Initially, in the absence of any other data, there can be some justification to err on the side of safety. However for more than twenty years there have been many studies refuting LNT. The environmentalist movement has made much use of this discredited theory to spread unwarranted fear of any nuclear radiation as dangerous. Unfortunately this has had the effect of preventing many countries from adopting nuclear power generation as a means of reducing pollution from coal fired power stations. Dr Beckman clearly showed that other than hydro, nuclear power generation is the cleanest by a country mile and the problem of nuclear waste (independent of how

dangerous the nuclear waste really is) had been solved over twenty years ago.

Even more interesting than the refutation of LNT is that many studies have been published in the scientific literature clearly indicating that small doses of nuclear radiation (but higher than the natural background radiation) are beneficial to one's health. This phenomenon is known as 'radiation hormesis'.

Overseas low dose radiation has been used successfully to treat a number of forms of cancer in animals and humans. The advantages of low dose radiation over traditional drug treatments are a higher success rate with virtually no side effects.

I have done some investigations into the availability of low dose radiation treatment in Australia. Unfortunately Australian oncologists appear to be beholden to the LNT myth and even for hopeless cases (i.e. where all other treatments have failed and in the eyes of the medical fraternity there is no hope for the patient) low dose radiation will not be attempted. I do not know if this is due to ignorance, arrogance, government regulation or some other reason. However when LNT finally is consigned to the dustbin of history, it may eventually be possible open to some of the currently closed minds towards the benefits of nuclear radiation.

(The following web sites provide information about radiation hormesis and LNT: <http://www.angelfire.com/mo/radioadaptive/> and <http://cnts.wpi.edu/RSH/index.html>) MG

TENEZ LE DROIT?

The Rule of Law has been the single most important feature in the economic and social success of the west in the last five hundred years. Only by having equal protection for all can every individual have the confidence to exert themselves, and risk their fortune - confident that any loss will be a result of calculation, rather than theft or appropriation by the powerful (which is much the same thing).

In the last few years the courts and the executive (of both political persuasions) have started edging back from the notion that the Law is the Law and must be upheld. A few years ago we had the spectacle of protesters outside the offices of North Broken Hill Ltd in St Kilda Rd, the fact that they disagreed with North is no problem - we are thankful to live in a liberal democracy. But the protesters had a new wrinkle on their standard pattern. They no longer just chanted and distributed pamphlets. The protesters set up road blocks in the streets behind the building and demanded identification and

asked what business the persons had in this vicinity.

The reaction of the Police to this outrageous infringement of civil liberties was to suggest that interfering would bring about a breach of the peace. So enforcing the law and allowing people to go about their lawful occasion was no longer a matter of concern for the police, as they are now to be custodians of the peace - not the law. Many in the Police had been led to this conclusion as the press and the parliament had hung the Police out to dry when the Police attempted to enforce the law.

The Age had an interesting awakening recently, when picketing unionists blockaded the new Tullamarine printing plant. The company went to the courts, sought and was granted an injunction demanding the Unions stop interfering with other contractors and related businesses from going about their trade. The Police refused to enforce the injunction, on the basis that it would

provoke a breach of the peace!

Yet this is the same police force that removed numbers and charged students at the Crown Casino in September 2000. It would seem we are in a position that the guardians of the law are stepping back from being supporters of the Rule of Law and now apply a more pragmatic political judgement.

Those who claimed that the Rule of Law was simply the enforcement of the Rule of the rich should note that the law that shielded the rich also shielded the poor however imperfectly. When the rule is simply the Law of the Jungle then Upholding the Right is no longer even under discussion, and the poor and disadvantaged will be crushed just as surely as the non-connected rich. Without the protection of the Law and the hope that you can resist those in authority, then the chance to better oneself dies very quickly. TW

ECONOMICS & W.M.D.

Weapons of mass destruction, (now almost universally abbreviated throughout the English speaking world to W.M.D.) have become somewhat of a joke. Whatever motivated the Anglo-Saxon alliance of the USA, the UK and Australia to invade Iraq, a genuine belief in its possession of W.M.D. (much less its ability and willingness to use them) has been largely discredited. The head of the Survey Group charged with locating them, David Kay, has expressed his opinion that no Iraqi W.M.D. will be found or that they even existed, at least not since the early 1990s. This has caused people to query, if this was not the real reason for the war, then what was?

Suggested answers to the query include that Saddam Hussein was a promoter and supporter of worldwide terrorism, that Iraq was a threat to its neighbours and to peace in the Middle East, that Saddam Hussein was a merciless dictator, and that Iraq was in blatant breach of UN resolutions. Any or all of these it is said were sufficient justification for an invasion. Such suggested reasons are of course speculative. Speculation of an economic nature as to the real reason or reasons for the war is therefore not amiss.

It is convenient to begin with a thought ; is the war an indicator that the welfare/warfare economic paradigm, which has characterised Western societies since WW2 becoming unsustainable? There is after all a certain unreality in the constant references to the excellent state of the Australian economy and to the suggestions that economically we have never had it so good. The level of unemployment, even accepting the highly dubious statistics with their unrealistic, constanly changing definitions,

remains tragically high throughout most of the First World, not least in Australia.

Not so long ago the idea of having a good economy with high unemployment used to be regarded as a contradiction in terms ; it was the absence of involuntary employment which determined the state of the economy. You could not have a good economy with high unemployment. To suggest otherwise was Newspeak

Accepting that the Australian economy is doing, relatively speaking, better than most does not make a bad situation good. Yet politically it seems we are incapable of rectifying the problem. Instead we prefer to use welfare to keep the level of disaffection under control. The increasing use of welfare however also creates its own problems, not least as to how to pay for it.

Historically the usual way out of such an impasse has been an external adventure, more particularly a war (or 2 or more). In such a situation the disaffected tend to coalesce with the non-disaffected, to accept the increasing privatisations and loss and to focus their frustration and anger on the external enemy rather than the government. There is also the added bonus of possible plunder and a satisfying of the blood lust.

Political correspondent Michelle Grattan has used the abbreviation W.M.D. to refer to the recent relevant parliamentary inquiry as a Weapon of Mass Distraction. If things remain as crook in Tallarook as our unemployment reality suggests they actually are then we can expect many more such distractions in the next few years. The warfare industry will do well. DBS

VENUE ARRANGEMENTS

For the Curry Club, drink is not included in the price. You may bring your own drinks (no corkage will be charged) or purchase from the restaurant which is fully licensed. An upstairs room has been reserved for the dinner meeting. We hope these arrangements do not cause inconvenience and we welcome your feedback.