

Australian Adam Smith Club (Melbourne)

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

Free trade, one of the greatest blessings which a government may confer on a people, is in almost every country unpopular.
T. B. Macaulay. Knight's Quarterly (1824)

John Hirst

on

George Reid: the forgotten free-trade Prime Minister

**The Adam Smith Club will host a dinner meeting on Thursday 30th of November 2006,
at Ruby, Cafe & Wine Bar, 428 Burwood Road, Hawthorn.**

John Hirst is Reader in History at La Trobe University. He was founding Convenor of the Australian Republican Movement in Victoria and a member of the Prime Minister Keating's Republic Advisory Committee (1993). For the Howard government, he was the chair of the Civics Education Group, which oversaw the preparation of materials for the 'Discovering Democracy' programme in schools. To support that programme he wrote a guide to government and law in Australia, and 'Australia's Democracy: a short history', which was distributed to each school in the country. He has written books on convicts, the origins of democracy in New South Wales, Albert Facey, federation and the republic. He was co-editor of the 'Oxford Companion to Australian History'. His most recent book is 'Sense and Nonsense in Australian History'.

George Reid, free-trade premier of NSW in the 1890s, was regarded with great hostility by the radical Protectionists of Victoria who could not see free-trade as a radical cause. Actually Reid was a thorough democrat and radical whose programme was a possible alternative path for the new nation. His free-trade cause came closer to success than is commonly realised.

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 Tuesday the 28th of November 2006. 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 next page for explanation of arrangements and for electronic booking details).

**Enquiries to Ms Regina Bron, tel. 9859 8277 (AH) or mob. 0412 006 786 (BH)
or email asmith@economic-justice.org**



— 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 November 30th 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 an 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.'

ELECTRONIC PAYMENTS

By popular demand, the AASC now offers electronic booking and payment to dinner meetings. Bookings can be made by emailing the number of members and non-members attending to asmith@economic-justice.org; a reply email from the club will then be sent with a link to PayPal where the payment can be made by Mastercard, Visa, AMEX, Diners or PayPal Account. Bookings made after Monday 27th of November will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

MEMBERSHIP AND INFORMATION FOR 2007

The Club Committee has always strived to keep the costs of membership and attendance as low as is financially sustainable. We have also tried to keep a good standard in the venues that we use, so that the events are enjoyable at a social as well as an intellectual level.

Having both these goals in mind the Committee has agreed to the following for calendar year 2007.

SUBSCRIPTION unchanged - Individual Membership \$20, family membership \$30
DINNER PRICES vary according to venue, but the base charge will rise to \$40.

NON-MEMBERS the surcharge for non-members attending dinners will rise to \$7.

We hope these decisions will give the Club a wider choice of venues, and still maintain a good value for money programme of intellectual and social engagement.

ACCESS CARD UPDATE

The Minister for the ID Card, Joe Hockey, has announced further details of the National ID Card. After submissions to the Consumer and Privacy Taskforce chaired by Professor Fels the Minister has stated that the principle privacy recommendations will be ignored, although numerically 22 of 26 recommendations will be accepted. The placing of the signature and the identifying number on the face of the card will significantly increase the risk of both fraud and the use of the Card by non-Government bodies seeking ID verification.

The idea that ownership of the Card will somehow give greater security or privacy is farcical. This ownership is of a piece of plastic for which you do not control the architecture, method of electronic storage or the visible appearance of the Card. Finally the Card has a life of only seven years at which point you have a nice piece of plastic for stopping tables wobbling - it cannot be used with the Government after that point.

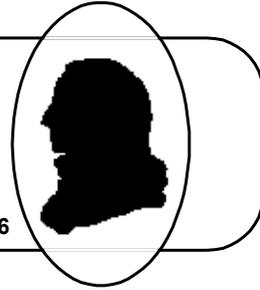
For further information see <http://accesscardnoway.net> TW

VENUE ARRANGEMENTS

Ruby Café & Wine Bar is fully licensed. Drinks are not included in the price. Two white, two red and a sparkling wine are available for \$5.50 per glass and \$22 per bottle. A full wine and drinks list is also available. Parking on both sides of Burwood Rd is available after 6.30pm. (Some side streets have permit zones.) For those wishing to use public transport, train to Glenferrie Station, walk along railway line to John Street and up John Street straight to Ruby on Burwood Rd or Tram No.16 to Burwood Rd stop then walk up the hill along Burwood Rd for 300m. A room has been reserved for the dinner meeting. We hope these arrangements do not cause inconvenience and we welcome your feedback.

Laissez Faire

Newsletter of the Australian Adam Smith Club (Melbourne), No 80, November, 2006



DOWN THE TOILET

The Victorian State Government has recently announced a new water saving measure. It will be compulsory to install water saving shower heads and dual flush toilets in all houses prior to sale by 2008. Noble as the ideal may be there are some fundamental inconsistencies to the environmental sustainability argument in play here.

Firstly, as has been discussed in previous *Laissez Faire* articles, domestic water consumption is probably 8–10% of the total for the state. Shower usage and toilets are but a portion of the total domestic use and using these devices only saves some of the water, not all.

Secondly, water consumption is only a small part of the environmental picture, of which our government as the policy setter and self appointed leader in this field should be over-viewing.

Replacing shower heads is not a big

deal. A new one can be purchased from \$20 (although more expensive items are certainly available) and most can be fitted by a handyman. However, not too many householders have resident handymen (or women) these days and must outsource this service.

Toilets suites and cisterns are another matter altogether. One needs a licensed plumber to install these. While the government spokespeople note that a replacement unit may cost \$250, the reality is that to replace it in a style to match the existing, one may be looking at up to \$500 for a complete porcelain unit. There may also be other costs such as repairs to walls or floors, repainting and retiling, the latter, depending on extent, may be in fact a significant expense. The plumber's time and labour alone may be \$300 - \$500 for the half day required to remove and install.

We haven't even factored in the environmental costs of production, transport and disposal (land fill) costs of the now redundant unit, including the associated energy costs (non-renewable resources), greenhouse gas production and raw materials.

And to top it off, the legislation is aimed only at the residential market. There is no compulsion for commercial landlords to convert their toilets prior to sale or re-leasing of property, let alone legislative measures for industry and agriculture to reduce water usage or substitute recycled water or collected rainwater.

Again a poorly thought-through vote grabber; which only makes those with a blinkered global and environmental view and whose hip pocket are not directly affected, feel virtuous. *RB*

COMPLETING THE CIRCLE OF IRONY

Received wisdom can be a dangerous thing. Particularly if it is not wisdom and folk do not remember from where it was received.

The West has expended about US\$2.3trillion dollars in foreign aid over the last five decades, or about one fifth of the annual output of the US economy. For the people of the developing world, there is very little benefit to show for this enormous expense.

Much of this expenditure was justified on the basis of what was known in the foreign aid business as 'the financing gap'. The idea was that growth came from investment. Investment had to be funded. Saving is how investment is funded. The 'financing gap' was the gap between the level of saving of a country and the level of investment needed for sustained economic growth.

The job of foreign aid was to 'bridge' the 'financing gap'.

The notion that investment was a function of growth came in part from a model of short-run growth in the American economy that assumed that production was proportional to the number of machines in operation. The economist who published this economic model in 1946 (Evsey Domar) had publicly rejected that key premise by 1957. But ideas have lives of their own. Particularly one that had the lovely, simple prediction that (long run) growth was proportional to the level of investment.

Development economist Sir Arthur Lewis had suggested - as a result of the mass unemployment of the 1930s Depression - a 'surplus labour' model, where lack of operating machinery was the constraint in economic growth, since investment in machinery could soak up this 'surplus

labour' without rural production being cut. What evidence was there that this could be done? The Soviet Union's forced industrialisation of the 1930s.

We now know, of course, that said industrialisation involved huge cuts in rural production due to collectivisation. But, more to the point, the extracted surplus was directed by someone who completely controlled the state and was very interested in increased economic growth - Josef Stalin. The question of why countries lacking the incentives to generate their own investment would effectively use capital for investment was ignored. It was all a straightforward social-mechanical operation - of closing the 'financing gap'.

Eventually, of course, the Soviet bloc collapsed and the former Soviet bloc countries themselves became recipients of aid - aimed at closing 'the financing gap'.

Thus - in the words of economist William Easterly in his splendidly readable *The Elusive Quest for Growth: Economists Adventures and Misadventures in the Tropics* (MIT Press 2002) - the circle of irony closed.

The whole sad story is not only one of how bad ideas can have a life of their own if they are simple and convenient, it is also a story of classic government failure: of how government is naturally process oriented, not outcome oriented. Aid spent, projects approved, the outputs of processes followed - these were the measures of 'success'. That the foreign aid has been perhaps the most egregious sheer waste in human history matters nought. That is an outcome: an outcome for folk who have neither a vote in the decisions to spend the money in the first place nor over the effects thereof. *MjW*

MEETING REPORT JUNE 2006

The October meeting of the Club was a very congenial dinner with Dr Charles Richardson at the Curry Club Cafe. Charles gave a very factual talk on Liberal political movements in Europe, and the veins of philosophy that run through the political life in selected EU member states. The question time was very informative and quite lively.

The dinner was up to the usual standards and was much appreciated. The audience included representatives from the Liberal Democratic Party and 'Henry Thornton' in addition to our usual eclectic attendance. *TW*

DOUBLE JEOPARDY RETURNS

A wave of government reforms continues to sweep across the country, persistently eroding the freedom heretofore enjoyed by Australians since the time of the first European Settlement. This moreover appears to be a phenomenon occurring not just in Australia but rather throughout the Anglo-Saxon Common Law world. As though the culture, which has been at the forefront in the promotion and protection of freedom, has grown tired of the task, and resolved instead to be like other, less advanced or less enlightened, cultures.

A case in point is the current moves to abolish or significantly constrain the Prohibition against Double Jeopardy. It is possible that many, perhaps most, persons would be likely, if asked, to associate the term Double Jeopardy with a TV game show. This is perhaps a sad reflection on our education system, where civics and history, particularly constitutional history, seem sadly neglected.

Nonetheless, the Prohibition against Double Jeopardy is one of the most fundamental protections that a people can have against overweening government power. It had been so in English law, until 2005, for approximately 800 years. It is contained in the Roman Justinian Code of 533 AD and in the American Bill of Rights. In modern times it has been incorporated into the Canadian Charter of Rights and Freedoms, the New Zealand Bill of Rights, the UN International Covenant on Civil and Political Rights and the European Union's Charter of Fundamental Rights.

The Prohibition against Double Jeopardy is a prescription against charging and trying a person twice for the same offence. There are a number of reasons why this should be so including

- The resources available to the prosecution are liable to far outweigh those available to an accused to mount a defence even once.
- The consequences for an accused of being charged and tried for an alleged criminal offence are extremely significant
- Without such measure the right to prosecute can readily become an instrument of oppression
- In any proper criminal legal system there is a need for finality.

In 2005, in the UK, the Blair government effectively did away with the Prohibition in the UK and there are moves afoot to do the same now in Australia. The Standing Committee of Attorney's General, comprising the AGs of the Commonwealth, states and territories, referred the matter to a committee, which has recommended effectively following the lead of the UK. Already NSW is in the process of implementing legislation to such effect.

The basic reason advanced for abolishing the safeguard is the desire to convict people who have been acquitted, where evidence, previously not available, strongly now suggests they were, or are, in fact guilty of the charge. As an example they refer to the new procedure of DNA testing which has only recently become available and which it is suggested would now enable relevant new evidence to be discovered capable of overturning previous acquittals.

At first glance such reasoning can appear attractive and convincing. In truth however it is a shallow argument and fails to take any or proper account of the reasons for the Prohibition in the first place. Convicting and punishing the guilty is desirable and important, but it is only part of a criminal justice system. Protecting the innocent is, or should be, at least as important. Even more important however is the safeguarding of the community generally from the Executive's power to prosecute, which can be used to harass or destroy anyone.

In practical terms the beneficial effects of any change is likely to be small. The integrity of DNA samples taken from former criminal investigations without knowledge at the time of their potential use is likely to be small and there are likely to be few past cases where DNA investigation can now play a significant part. In any event there have always been cases where subsequent events have caused grave doubts to arise about the correctness of an acquittal. They have not caused the Prohibition to be abolished or constrained and they should not do so now.

The negative effect of abolishing or constraining the Prohibition is likely to be large. Even if the leave of a court is required to try an acquitted person again, what sort of fair retrial could be achieved if the jury or judge is aware, as it must, that a judge has already ruled that the new evidence means the accused is likely to be guilty. And how likely is it that there will be premature or unjustified or poorly prepared trials if the prosecution is aware that if they lose the first round for lack of evidence, they will be able to have another go, when, more likely than if, further evidence arises.

In the present circumstances, the immediate impact on most persons of any abolition or constraining of the Prohibition is likely to be seen as small and effecting only others. Only when an individual is him or her self charged is the personal significance thereof likely to be fully appreciated. The deleterious effect on society however of such a change is likely to be immediate and growing. It is something we should all be aware of and seek now to prevent happening. *DBS*