

Australian Adam Smith Club (Melbourne)

President: Timothy Warner, Editor: Mannie Gross, P.O. Box 950, Hawthorn, 3122

It may be laid as an universal rule that a government that attempts more than it ought will perform less.
T. B. MacAulay (Comic Dramatists of the Restoration, 1841)

Jackie Fristacky on Who Pays For Transport? A Fair Go For Local Government.

The Adam Smith Club will host a meeting on Wednesday the 23rd of April 2014,
at the Curry Club Cafe, 396 Bridge Road, Richmond.

Jackie Fristacky has been a vocal advocate for better public transport infrastructure in Victoria. In her role as Mayor of the City of Yarra, member of the Municipal Association of Victoria's (MAV) Transport and Infrastructure Advisory Committee and former Chair of the Metropolitan Transport Forum (MTF) and now Treasurer, Jackie has been heavily involved in high profile public transport campaigns including the City of Yarra's *Trains Not Toll Roads* campaign and the MTF's *Wrong Way Go Back* campaign.

More recently, Jackie outlined the economic imperatives of investing in public transport in a submission to a Senate Committee Inquiry into the Role of Public Transport in delivering Productivity Outcomes. In her submission, Jackie argues that public transport investment would not only substantially enhance productivity, but also support housing affordability, national health, & reduce congestion, but also reduce social inequities and carbon emissions.

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 21st of April, 2014. Tickets will not be sent. Those attending should arrive at 6:30pm for dinner at 7:00pm. The cost is \$45.00 per head for members and \$50.00 per head for non-members (see next page for explanation of arrangements and for electronic booking details).

Enquiries to Hon. Secretary, mob. 0403 933 786
or email: asmith@adamsmithclub.org



detach and return

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

Please reserve place(s) at \$45.00 dollars per member andplace(s) at \$50.00 per non-member for the April 23rd 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.adamsmithclub.org/laissez.htm>. The Club's web site can be found at <http://www.adamsmithclub.org/>.

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 twarner@adamsmithclub.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 Friday 18th of April will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

TIME OF RECKONING IN CARACAS

One of Margaret Thatcher's many great lines was that the problem with socialism is that eventually you run out of other people's money. Welcome to Venezuela.

That country's bonds recently took a nosedive on news of a devaluation of the bolivar. The central bank announced it would no longer sell dollars to airlines and Venezuelan travellers at the official exchange rate of 6.3 bolivars. Instead those buyers would pay 11.4 bolivars.

This may seem a big devaluation, but a much larger adjustment is inevitable because the black market rate of exchange is more than 70 bolivars to the dollar. In fact, Venezuela is facing a classic balance-of-payments crisis which is what happens when a country drives out private investment capital and then inflates the currency to paper over the trouble.

Venezuelan oil exports once generated enough foreign exchange to pay for its debts. But today the nationalised oil industry company produces no more oil than it did in 1998 (2.9 million barrels per day). Cuba gets about 100,000 barrels a day for supplying doctors, teachers and army instructors, whilst more than 600,000 barrels a day go to China to pay down some \$40 billion in loans the late Hugo Chavez took out to win elections.

Public spending has boomed and Chavez and his successor Nicolas Maduro have used the state owned oil company (PdVSA) to finance their spending promises. Nearly \$30 billion was paid in taxes, for government social programmes and to a state development fund. Despite this, the country is running a fiscal deficit estimated at 15% of GDP and as a result the central bank is printing bolivars to pay local bills. Futile price controls have ensured goods are in very short supply and inflation is of the order of 60% in spite of this. Students have been at the vanguard of street protests that have wreaked havoc in Caracas in recent months.

A further, much larger devaluation is inevitable and this coupled with price controls will force many importers out of business and inevitably more shortages. The socialist bills are coming due in Caracas. *TJ*

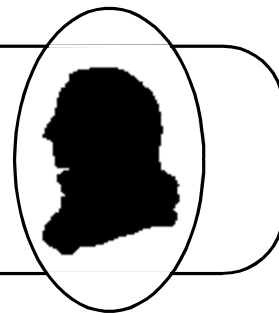
VENUE ARRANGEMENTS

For the Curry Club Cafe, 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. Please note that the function will be held upstairs in a newly renovated section of the restaurant.

Despite our best efforts, after 7 years we find it necessary to increase our standard dinner fees by \$5 to \$45/50. Our membership fees remain the same & have not changed since 2004.

Laissez Faire

Newsletter of the Australian Adam Smith Club (Melbourne), No 107, April 2014



TRUE TO THE BREED

The restoration of the award of knighthoods and damehoods to the Order of Australia apparently came as a great surprise but it should not have. The National Party government of John Key restored knighthoods and damehoods in 2009. The New Zealand situation is much the same as in Australia. Queen Elizabeth approved the restoration of the awards in her capacity of Queen of New Zealand and the awards are made as New Zealand honours, not British honours. New Zealand takes its British connection far more seriously than Australia does and it seems to be a popular move.

Tony Abbott was National Executive Director of Australians for Constitutional Monarchy from 1992 to 1994. His personal preferences should not be in much doubt. But surely making a major policy change is more than a “personal preference.”

It seems Abbott wants to put as much distance between himself and previous Prime Ministers, in particular Malcolm Fraser. Fraser was elected, then re-elected, with

massive majorities and did nothing. Electors expected him to “turn the clock back” yet he did nothing. Mutterings about Abbott being “another Fraser” were becoming commonplace.

Misconception exists about the Order of Australia. The Order of Australia was established by the Queen on the advice of Prime Minister Gough Whitlam on 14 February 1975. It is not a British honour but an Australian honour, established by Queen Elizabeth II in her capacity as Queen of Australia. Until the latest awards to Dame Quentin Bryce and Sir Peter Cosgrove, no awards of knighthoods or damehoods had been made since before Bob Hawke was in power.

The Order of Australia recognises “achievement and merit of the highest degree to Australia and humanity.” The knighthoods and damehoods will be avidly sought after. All living Australian citizens are eligible. Until recently, the Companion of the Order of Australia has been the highest award.

The number of nominations for

awards of the Order of Australia is surprisingly low. A nomination for the various awards can be found online.

The Order of Australia is, on the whole, a good thing because it recognises achievement. Some would argue it reinforces hierarchy and thus deters social mobility. Awards of knighthoods to people such as the Rolling Stones’ frontman Mick Jagger open the whole system to derision. Let’s hope we can avoid such pandering to the masses or it will open the whole awards system to mockery. Even the United States, supposedly the touchstone for democracy, has a system of honour which quite frequently recognise people with very dubious backgrounds. In all, when I see someone with one of those little lapel badges, I go up and ask the recipient how he gained his award. Usually they are worthy people but I can’t help feeling these honours are a sort of game played among the governing elite, of whom I am not one. *JRB*

MEETING REPORT

The February Meeting of the Club was held at Boheme cafe restaurant and was a great success. The Ambassador Oxley was an interesting speaker and gave many insights to both the general post WWII patterns in trade negotiation, and the current round of freer trade treaties.

The true free traders did not take well to the

notions of freer trade and the politics of incremental change. A lively set of exchanges in the Q&A ensured a very entertaining and enlightening night. The meals maintained the high standard in quality and quantity that we have come to expect from Boheme, and the new bar arrangements were very successful. *TW*

WHY SECESSION

In the English-speaking world, secession is a word usually associated with the American War between the States, which ended disastrously for the secessionist southern States. With that war President Lincoln established the concept, by force of arms, that the USA was a perpetual, indivisible whole. Today however there is arising once again calls for secession from centralized nations by disaffected States, provinces and regions, not just in the USA, where secession movements exist in various States, but throughout the world. Two such events, which have received world-wide attention, occurred in March. In one, Crimea, once part of Ukraine, repudiated the authority of the Ukraine government, seceded, and promptly joined the Russian Federation. In the other, Venice capital of the north-eastern Italian province of Veneto, overwhelmingly voted in an unofficial referendum, to repudiate the authority of Rome and become, once again an independent republic. Presently the results of both such events are still in play.

The occurrences in Crimea and Venice are merely the latest and most prominent of a string of such or similar events that have happened in recent years, such as the break-up of the former Soviet Union, of Czechoslovakia, and of Yugoslavia into their separate constituent parts, the severance of Kosovo from Serbia, of Bangladesh from Pakistan and East Timor from Indonesia, and the creation of South Sudan. Presently official or unofficial secession referenda are proposed to be held in Scotland to determine its union with England, and in Catalonia and Sardinia, to resolve their union with Spain and Italy respectively. There are moreover numerous ongoing secessionist movements throughout the world such as in the Basque regions of NW Spain and SW France, in Kurdistan, which straddles the border regions of Turkey, Iran, Iraq, Syria and Armenia, and in Aceh, in Indonesia's northern Sumatra. The seeming success of the events in Crimea and Venice are likely to breathe new life into a number of such secessionist movements

Presently considerable scope for argument exists between opponents and proponents of secession. There is an inherent contradiction between any purported right of self-determination and the purported right of nation states to preserve their territorial integrity, both of which purported rights have achieved international recognition. There is thus no clear way to legally resolve such issues.

A variety of reasons exist that give rise to a desire for secession. One such reason is where people in a particular part of a country, not of the same race, religion, language or culture as the rest of the country desire to secede and join with another country, the people of which are of the same or of similar race, religion, language or culture as are they. This is in effect the situation in Crimea. But others are not of this kind. There are for instance people who would rather seek independence, or at least autonomy, for their own particular province, state or region. This more accurately describes the situation in Veneto. Why then does this occur?

One oft-heard complaint from would be secessionists is that their part of the country pays significantly more in taxes than it receives back in benefits and subsidies. This is a somewhat dubious claim, typically failing to take into account the undoubted benefit the more industrially advanced parts of a country receive from tariffs, which the less industrialized parts pay, and which supports the industrialized. More accurately, would-be-secessionists wish to be free to pursue their own goals in their own way, which they are confident would see them materially better off.

What is now tending to happen is that the present stringent economic circumstances are beginning adversely to affect more advanced areas of larger nations, which now find they can no longer ignore or accept the compromises and conformity that central governments impose on all parts of the nation, in order to accommodate and impose on all equally. This is currently the situation in Veneto, which for 1000 years, from 700 AD to 1700 AD, as a rich republic, dominated the Mediterranean, but which is now struggling to cope economically, with many businesses failing and large numbers of unemployed. Venetian secessionists believe that if left free to pursue their own interests they would achieve rapid success in an integrated world, restoring prosperity. They point out that the heyday of what is now Italy (and for that matter Germany and Greece) occurred when such present countries were comprised of numerous small individual states competing with each other. In support they point to the numerous small states which are economically successful, such as Singapore, Switzerland, Bermuda, Andorra, Hong Kong and so forth. To secessionists, small is beautiful. *DBS*