

# Australian Adam Smith Club (Melbourne)

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

I have endeavoured to prove that the invaluable principle of individual freedom ... is in imminent danger of being lost to us, at the very hour of its consummation. And I have, I think, further demonstrated that so sure as we depart from those traditional lines, in the endeavour to realise a condition of society, which can only exist in the imagination—viz., a community of people, enjoying equal social conditions,—we shall, when it is too late, find that we have lost the substance, in grasping at the shadow.  
*Bruce Smith (Liberty and Liberalism, 1887)*

## James Allan

on

# Democracy in Decline Steps in the Wrong Direction

**The Adam Smith Club will host a meeting on Wednesday the 16<sup>th</sup> of July, 2014  
at Bohème Restaurant Bar, 368 Bridge Road, Richmond.**

James Allan is the Garrick Professor of Law at the University of Queensland. He is a native born Canadian who practised law at a large firm in Toronto and then at the Bar in London before moving to teach law in Hong Kong, New Zealand and then Australia. Allan has published widely in the areas of constitutional law, legal philosophy and bill of rights scepticism. He also writes regularly for weeklies and monthlies including being a regular contributor to *The Australian*, *The Spectator Australia*, and *Quadrant*.

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 14<sup>th</sup> of July, 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](mailto: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 and .....place(s) at \$50.00 per non-member for the July 16<sup>th</sup> 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](mailto: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 11<sup>th</sup> of July will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

## EDUCATION - GOOD & BAD?

Education is usually presented as a universal good; something of which you can never have more than enough. Its virtues are extolled by voices on the left and on the right; by teachers unions and chambers of commerce. Nations are judged by the numbers of graduates they produce and the extent of their provision of free and universal education. Such widespread endorsement and support for education has been the catalyst enabling governments to justify the spending of unfathomable amounts of money in its provision and to claim a virtual monopoly on the agenda of what it shall comprise. This last aspect is epitomized in Australia by the recent creation and imposing of the so-called Australian Curriculum, which purports to set out and dictate what is acceptable and required to be taught to all Australians in Australian schools.

The time is probably long overdue to consider what is the meaning of education and what are its purposes, and then to ask whether what we are now seeing fits within such meaning and such purposes. There are numerous definitions of education. Essentially however they fall into one or other of two camps; that favoured by collectivists on the one hand and by individualists on the other. Collectivists contend that education is the imparting of experience, training and discipline to fit and form one into an acceptable and productive member of society. Individualists however believe that education is the realization and furthering of each person's needs, interests and talents in order to achieve his or her own maximum potential. Various attempts have been made to reconcile and combine the two viewpoints into a single all embracing definition. However there is an inherent contradiction within them, such as to render such attempt virtually impossible. Both sides are strong in support of education, but each maintains that implementation of its own view of such will produce the best and most beneficial result for all, both for the individual and for society.

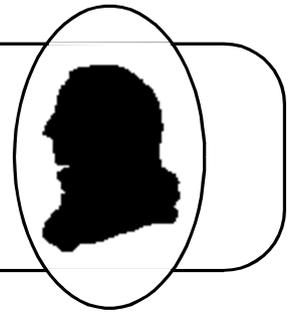
Needless to say it is clear that the collectivist view currently holds sway in Australia. It is probably also fair to say, but undoubtedly more contentious, that education is failing in Australia; that the children of today are less educated [whatever that might mean] than the children of, say, 50 years ago. Adam Smith, writing in the 18<sup>th</sup> U K, was in favour of government setting up and partly funding local schools, but was firm in his view that the majority of the funding should come directly from pupils and their parents lest as he said "if [the school-master] was wholly, or even principally paid by [government] he would soon learn to neglect his business." We have today arrived at just such a situation as Smith warned against. Education today is characterized by huge waste and expense, poor quality results, domination by teacher unions, administration by ubiquitous bureaucrats, and dictation by governments purporting to effect their own particular ideologies. It's time for change. *DBS*

### VENUE ARRANGEMENTS

For the July 16<sup>th</sup> dinner at Bohème Restaurant Bar, there will be a two course dinner (main & dessert, followed by tea or coffee). The restaurant is fully licensed (no BYO). A separate room has been reserved for the dinner meeting. We hope these arrangements do not cause inconvenience and we welcome your feedback. Please note that because the Club must provide final numbers of attendees to the restaurant on the 14<sup>th</sup> of July, **we are unable to admit anyone to the dinner who has not notified the Club of their attendance by Monday 14<sup>th</sup> of July.**

# Laissez Faire

Newsletter of the Australian Adam Smith Club (Melbourne), No 109, June 2014



## GOOD LUCK SENATOR RICKY MUIR

Ricky Muir will become a member of the Senate of the Commonwealth of Australia on 1 July 2014. He does not pretend to be much more than what he is – a representative of the Australian Motoring Enthusiast Party. He was elected on the lowest primary vote in the history of the Senate – 0.51 percent, or around 17,000 primary votes. He likes driving cars, doing burnouts and has never had much to do with big cities.

Muir doesn't pretend to be much more than he is. He was a manager of a saw mill until it went broke, which was unfortunate because he is also broke. Politicians moan about their salaries but Ricky wouldn't be complaining about the Senator's base salary of \$195,000, plus many extras. It would be a fair guess that this is far more than Ricky ever expected to earn at the saw mill.

He seems to attract bad publicity, but this publicity is only bad if you are a certain type of person, namely, the political class. When Ricky is seen teaching his sub-teen daughter how to do burnouts, the people who voted for him are likely to think they are getting their money's worth. Similarly, when he's interviewed for an hour and only a few extracts are used, all you can say is "welcome to Hollywood." Of course it's not fair to set up someone with virtually no media experience, but the television journos are always hungry for blood.

In fact, when he gets into his stride, he is likely to do quite well. John Madigan, Democrat Labor Party (DLP) Senator for Victoria struggled at first, but is now doing well. Ricky Muir, along with Madigan, who is a blacksmith, and perhaps Doug Cameron, if you call running the AMWU a trade, is one of the few Members of Parliament to work with his hands.

Muir's supporters are likely to be disappointed if he joins a voting bloc. As the time approaches for him to take his place on the plush red senate benches, he seems to be distancing himself from the Palmer United Party (PUP). The PUP is in the great tradition of eccentric Queensland exports like Sir Joh Bjelke-Petersen and Senator Lady Flo Bjelke-Petersen, who bent the Senate rules by reading her speeches and won elections by handing out recipes for pumpkin scones.

Ricky Muir will not be on his own. Glenn Druery, the "preference whisperer" will be his chief adviser. Druery is credited with knitting together the stream of preferences that allowed Muir to be elected on his tiny first preference vote. Some independently minded Senators, such as Nick Xenophon (SA) and Bob Day (SA) are quite capable of looking after themselves. Pauline Hanson MP (Oxley, Qld), however, never recovered from terminating her relationship with her eminence grise, the tough former crocodile shooter John Pasquarelli. Ricky Muir will also need help, but he needs to be his own man. Quite a number of parliamentarians are no smarter than Rick Muir, but they don't have to think, they just have to do what the Whip tells them to do.

Glenn Druery is close to being a genius on allocating preferences. Parliament is like a club. They don't take to outsiders. The political class doesn't like a bloke who likes beaten up cars and does burnouts, and who worked in a saw mill after his election because he had so little cash. Canberra is a cut-throat environment and Ricky Muir will need all the luck he can get. He would be well advised to get as far away from the PUPpies as he can. Clive Palmer seems to be a man who likes getting his money's worth. In the meantime, the political class will be plotting to modify the Senate electoral system so that Ricky Muir – or anyone like him – is never elected again to the Senate. Good luck Ricky. *JRB*

### VALE N.R. 'RAY' EVANS

Member, supporter and former speaker Ray Evans leaves a large gap in the ranks of those fighting for reason and logic in public policy.

A founder of the HR Nicholls Society and founder driving force of the Lavoisier Group, Ray was involved in both the Australian and world struggles against the "Green" religion and the diminishing of the individual. His attendance at our dinners always was a plus - guaranteed to get the conversation flowing as he argued and propounded his case.

His address to our 30th Anniversary meeting was no exception. It created a lively Q & A and will shortly be available to members - along with a post hoc to-and-fro from our 'in house' Objectivist Prodos Marinakis.

Our thoughts are with Jill and family.

# ADAM SMITH

Adam Smith (1723-90) is one of the world's most famous economists. On account of the authoring of his famous text, "An Enquiry into the Nature and Causes of the Wealth of Nations", (published 1776), generally referred to by the shortened title "The Wealth of Nations", he is sometimes called the Father of Economics. This accolade is probably not justified since Richard Cantillon (1680-1734) an Irishman living in France had previously written "Essai sur la Nature du Commerce en General", generally referred to as "The Essay", a well-known but less famous book than Smith's, and a source on which Smith drew in his own work. The Spanish Scholastics and several French authors had also earlier written much about economic matters. Nevertheless Smith is justly famous.

Smith was born in Kirkcaldy, then a small coastal village near Edinburgh, in Scotland. His father was a customs official who died at or about the time Smith was born. Thereafter he was raised by his mother in moderately comfortable circumstances. Kirkcaldy was in a strongly Presbyterian part of the country and although he was baptized by his mother into the Church of England, Smith was and remained strongly influenced by Presbyterianism.

After attending Glasgow College and receiving a M.A. from the University of Glasgow, where he studied under the famous philosopher Francis Hutcheson, Smith, went on a scholarship for prospective C. of E. ministers, to Balliol College, Oxford. He remained there for the next 6 years but was unimpressed by the standard of the teaching and left to return home without completing his studies to enter the church. After being unemployed for the next 2 years, Smith was sponsored by the Philosophical Society of Edinburgh to give a series of public lectures on a variety of topics including law, literature, freedom and natural liberty, which were well received and successful. He was thus engaged for several years. In 1750 he obtained the Chair of Logic at the University of Glasgow and in 1752 that university's Chair of Moral Philosophy, where he remained for the next 12 years. Thereafter for the following 3 years he served as the personal tutor for the 2 sons of a Scottish nobleman whilst they took a grand tour of Europe. His terms of employment included a generous lifetime pension of 300 pounds per year which enabled him subsequently to enjoy a secure and comfortable lifestyle, free to socialize and write. In 1759 he published the first of his 2 famous books, the Theory of Moral Sentiments and in 1776 the second, the Wealth of Nations. In 1778 he was appointed the Commissioner of Scottish Customs, which paid him a further 600 pounds per year, and in which position he worked until his death in 1790.

Smith's ideas, as expressed in his 2 major works and the collections of his lectures are widely regarded as the presentment, in a readable form, of an enlightened system of liberal individualism, freedom and prosperity. Such system was comprised of a number of elements, including a primary goal of rejecting the then accepted pervasive and dominant ideology of Mercantilism

Mercantilism is an economic theory, prevalent in Western nations during the C16 – C18, which postulated that all foreign trade needed to be regulated and controlled by government, in order to ensure that the flow of wealth into a country, essentially gold and silver, exceeded the flow of gold and silver out of the country, thereby creating a growing stockpile. It was this stockpile that comprised the country's wealth. In practice mercantilism meant discouraging imports whilst promoting domestic production and exports using measures such as tariffs, cabotage, and detailed and pervasive regulation. In his writings and lectures Smith attacked the regime of mercantilism proposing instead its replacement by what he called a system of natural liberty where individuals would be free to promote their own interests and compete in the marketplace. In Smith's view the proper role of government was restricted to only 3 activities; national defence, domestic law and order, and a small number of other activities which he saw as necessary to be provided as public works such as lighthouses, bridges, roads and so forth.

Smith believed that the measures he proposed were the way to general prosperity for all and for a nation to become wealthy. He was pessimistic of his ideas being implemented however, since he thought the general public would have difficulty in understanding and grasping the idea that freedom would be more productive than regulation and control. The bigger obstacle however was what he referred to as the power of the interests; those groups within the community which largely benefitted from government action to the detriment of consumers and taxpayers. Their power would suffice to block the measures he proposed. In his works, Smith sought to expound and explain the workings and benefits of his system. A free society would not only be wealthier and more prosperous but also be more desirable place in which to live; people would be less inclined to cheat and steal and be more considerate to each other. He also wrote clearly and interestingly of the advantages of free trade and the division of labour, explained why government lacked the ability and knowledge to manage an economy and warned against those people, who he referred to as men of system, who were presumptuous enough to believe they knew what was best for others and who sought to impose such views on all.

Smith, Marx and Keynes are probably the three most influential economists in history; Smith in the C18 and C19, Marx in the C19 and C20 and Keynes in the C20. Each wrote at or about the time when the views they expressed were gaining widespread acceptance and / or political ascendancy. They were men of their time; in Smith's case at a time when the Industrial Revolution was creating wealth in an unprecedented fashion, particularly in the UK and when liberal political ideas were flourishing. Today Smith's ideas continue to attract, particularly members of political groups such as the Tea Party in the USA and UKIP in the UK, many of whom sport Adam Smith ties and quote from his works. He is also subject however to criticism from all sides of the political spectrum, including by leading economists such as Joseph Schumpeter and Murray Rothbard on the one hand for conceding too much to the role of government and Max Lerner on the other for being "a mercenary in the service of a rising capitalist class" In general however Smith's reputation as a major contributor to economic thought has continued to the present day. *DBS*