



Australian Adam Smith Club (Melbourne)

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

All men and all women are philosophers. If they are not conscious of having philosophical problems, they have, at any rate, philosophical prejudices. Most of these are theories which they take for granted: they have absorbed them from their intellectual environment or from tradition. Since few of these theories are consciously held, they are prejudices in the sense that they are held without critical examination, even though they may be of great importance for the practical actions of people, and for their whole life.

Karl Popper (In Search of a Better World, 1992)

Mannie Gross

on

Global Warming Revisited

**The Adam Smith Club will host a meeting on Tuesday the 12th of May, 2015
at Bohème Restaurant Bar, 368 Bridge Road, Richmond.**

Mannie Gross has been a committee member of Australian Adam Smith Club since its inception. He has a BSc(Hons) and MSc from the University of Melbourne and addressed the Club (*How to Smell a [Scientific] Rat*) on the subjects of the scientific method and global warming in 2009. What scientific developments have occurred since? Should we have more confidence, as has the IPCC, that the world is heading to climate change catastrophe? Or is this a just a popular delusion, hardly worth a second thought?

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 8th of May, 2015. 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 May 12th 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 8th of May will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

NOVEMBER DINNER REPORT

We had a very interesting November Meeting with Senator David Leyonhjelm at the Amora Hotel, Richmond. Although a number of clashing events held down numbers the speaker gave freely of his thoughts and plans as a cross bench senator, and classical liberal voice. The Senator's very free discussion on what was feasible, and what will become feasible in rolling back the state and specific market and social intrusions was illuminating. A number of hard headed members were shaken at the thought an honest and principled man may have appeared in the Senate.

The new venue was very pleasant on a summer's evening with a fine courtyard and access to two good restaurants (within the hotel and across the street). *TW*

BEHIND THE OBESITY 'EPIDEMIC'

Some time ago I was handing out how-to-vote cards in Preston, a comparatively impoverished suburb that I visit quite frequently. I had not previously spent the best part of a day observing the people of Preston. I observed that there were two types of people in Preston – the skinny poor and the fat poor. Most skinny poor were over 25, while the fat poor were mainly, though not exclusively, under 25.

The reasons are fairly obvious for the division into "skinny poor" and "fat poor". For the first time in the history of humanity, people have more than enough to eat. No longer do people eke out their rice or wheat supply from one harvest to another, fearful of going starving; they can simply go to McDonald's. Similarly sugar, which was once a rarity, can be bought for around \$1 a kilo. Not only is food plentiful, it is very, very cheap. Thus, we have gone from the skinny poor of a generation ago to the fat poor today. Money and

food are much more abundant. The fat poor tend to eat fatty food and be consumers of food high in sugar, such as soft drink. As any visitor to America will tell you, grossly obese people, who are still relatively rare in Australia, are common. It is just plain silly to say it is cheaper to eat out than at home, but many people believe this and act accordingly. Not so long ago it would have been silly to suggest that poor people did not eat at home, but now that is common.

The so called "obesity epidemic" is the result of two things – prosperity and very cheap food. People may no longer be continually on the verge of starvation, but they still act as if they were. We should not castigate people for behaving as they have done for tens of thousands of years. None of the profusion of silly "diets" will prevent obesity, only education. Obesity control can only be achieved by behavioral change. *JRB*

VENUE ARRANGEMENTS

For the May 12th 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 (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 because the Club must provide final numbers of attendees to the restaurant on the 11th of May, **we are unable to admit anyone to the dinner who has not notified the Club of their attendance by Sunday 10th of May.**

Laissez Faire

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WHY ECONOMICS?

The study of economics is sadly neglected, not just in Australia but throughout the world, particularly in what is referred to as the West. One can ask why this should be so. Perhaps it is because education generally has been politicized and economics is perceived to be an opponent of politics. Regardless, there has been no shortage of proponents for the study of economics, particularly from amongst economists, such as the following:

"Whether one is a conservative or a radical, a protectionist or a free trader, a cosmopolitan or a nationalist, a churchman or a heathen, it is useful to know the causes and consequences of economic phenomena." George Stigler - Nobel Prize winning economist.

"People may disagree on the question of whether everybody ought to study economics seriously. But one thing is certain. A man who publicly talks or writes about the opposition between capitalism and socialism without having fully familiarized himself with all that economics has to say about these issues is an irresponsible babbling." Ludwig von Mises - Austrian School economist

"The greatest tool in the arsenal of demagogues is economic ignorance, which my colleagues in George Mason University's economics department battle against tooth and nail." Walter Williams - American economist

There are various definitions of economics. Probably the most pertinent for the argument in favour of its greater and more widespread study is that it is the study of the causes and consequences of human action. This is a wide and all-embracing definition the full extent of which is best appreciated by considering various examples of what it includes. For a start it is concerned with human action; the actions of animals or acts of natural phenomena, such

as floods and earthquakes, are of concern only in so far as they cause humans to react to them. For humans to live they must act. The cause of any such particular act is a part of the study of economics, as is also the study of the likely consequences of each such act.

Someone free to choose the actions he or she desires to make or not to make, as the case may be, is likely to do that which is to his or her own advantage. This should not unduly concern us. Much good so occurs. As Adam Smith said, "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest."

It is the actions that are thrust upon us by others, particularly by governments, which we are asked to accept and approve, which require our scrutiny. Such measures are numerous and often of great significance; protectionism or free trade, minimum wages, taxes, rent control, marketing boards, shop trading hours, licencing, sound money or fiat, physical cash or digital, are just a few that come to mind. Reaching a sound determination of such issues requires a basic knowledge and understanding of economics. One can hardly go wrong by commencing an economic examination of such issues with the question, well employed by the famous Roman lawyer and orator, Cicero, "cui bono", which roughly translates as who benefits.

Education, it is said, is the key to an improved society. In this context it is worth noting the well-known quote by American Supreme Court justice Louis Brandeis, "The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well-meaning but without understanding". A basic study of economics could well temper such zeal with some understanding. *DBS*

MEN WHO BUILT WITHOUT USING IDEOLOGY

In technical terms, an economist would in all likelihood say the last decade was the most prosperous era Australia has ever experienced. Those who lived through the 1960s would, however, probably beg to differ. The 1960s were a time of liberality, freedom and joy, coupled with uniform economic prosperity unseen before or since. While in terms of per capita income, the current era (or that just passed) may be judged superior, it is nowhere near the uniform benefit experienced in the 1960s.

For this uniform experience of prosperity, we can thank three men in particular: Sir Henry Bolte, Premier of Victoria (1947-1972); Sir Thomas Playford, Premier of South Australia (1938-1965); and Sir Charles Court, Minister for Industrial Development (1965-1971), and Premier of Western Australia (1974-1982).

While Playford and Bolte were premiers of their State for the longest period on record, Court would likely be judged the most influential for his effect on the national economy. Court set the Western Australian iron ore industry on track, initially during his tenure as Minister for Industrial Development and later as Premier of the State of Western Australia. The North West Shelf Gas Project was also his brainchild.

Thomas Playford knew that as long as South Australia remained an agricultural economy it would be at the mercy of wildly fluctuating world markets for grain, wool and other primary products. His vision was to base the South Australian on manufacturing industry, which was far more stable. While Australian manufacturing industry sheltered behind a tariff wall, the companies he enticed to set up shop in South Australia could sustain their businesses. Playford provided facilities supported by a wide range of public works, such as cheap government housing. But when the tariff wall was dismantled, so did South Australia's advantage evaporate. The establishment of the Australian Submarine Corp in South Australia is an example of the sort of industry Playford enticed to set up shop in South Australia. The dubious reputation the Collins class submarines have earned for reliability has not prevented almost every South Australian politician using any form of political strong arm tactic to secure the next generation of submarines for their State. These tactics were perfected by Playford during his reign as South Australia's helmsman.

Henry Bolte was a shrewd man. He encouraged the TCF (textile, clothing, footwear) industries to establish themselves in Victoria, using mainly unskilled migrant labour. He expanded the brown coal electricity generating industry in the La Trobe Valley. He was sometimes accused of putting Victoria before Australia, but if did he was little different from most Australians of an older generation. Bolte, despite his reputation as an uneducated roughnut, established Monash and La Trobe universities to provide skilled labor for the Victorian economy, which was upgrading its level of industrial development.

These men (there were few women in politics at the time) had a fine grasp of what was possible. They may have made political mileage out of bashing Canberra, but they knew where the money was coming from. All three knew that they had to get out and do something for their States. Western Australia, before Charles Court, was said to be a land of 'sin, sun, sand and sore eyes.' Western Australia was perennially dependent on the Grants Commission before Charles Court provided the political willpower to set the State on the road to prosperity.

All three men had one thing in common: None of them went to university. Thomas Playford worked on his family's orchard, Henry Bolte was a roustabout and Charles Court earned his accounting qualifications by studying part time. This lack of theory in their educations left their decision making untrammelled by socialist ideology. They were, it is true, quite prepared to use the resources of the State to promote their industrial policies, whether it suited a "free enterprise" ideology or not.

Who was the most influential? South Australia has probably hurt most badly by the demolition of the tariff wall. Victoria has bounced back surprisingly well by basing its economy on services such as finance, tourism and sport. We must give thanks to Jeff Kennett for taking the axe to Victoria's State-owned dinosaurs. Bolte, who was never afraid of making enemies, never the less got out when the going was good, handed the baton to Rupert "Dick" Hamer who governed for another 11 years.

Of all three, Sir Charles Court was certainly the most influential. He helped mining companies, large and small, develop Western Australia's cornucopia of mineral wealth. His impoverished State now leads the nation in many indicators. He was certainly popular and ensured that the profits from the State's treasures did not only benefit a few magnates. Australia's generation of prosperity is due in largest part to Charles Court. He would probably not support cutting royalties from minnow iron ore miners to keep them afloat at the expense of the taxpayers of Western Australia.

Will any future leaders match these men in terms of influence and longevity? The febrile pitch of modern politics impels one to doubt it. When thinking of Canberra's subterranean version of federalism, we can perhaps turn to Tolkien's *Lord of the Rings*:

One Ring to rule them all

One Ring to find them

One Ring to bring them all

And in the Darkness bind them

JRB