



Australian Adam Smith Club (Melbourne)

President: Timothy Warner, Editor: Mannie Gross, P.O. Box 48, Sandringham, 3191

Civilization and profits go hand in hand.
Calvin Coolidge (Speech in New York, November 27, 1926)

Bernie Finn

on

Back in the Black Next Year – Let's Get Serious About Australia's Future!

**The Adam Smith Club will host a meeting on Wednesday the 17th of June, 2015
at Bohème Restaurant Bar, 368 Bridge Road, Richmond.**

MLC for Western Metro 2006 - present, Member for the Seat of Tullamarine 1992-1999, Parliamentary Shadow Secretary for Autism Spectrum Disorder, electoral integrity, and Melbourne's West, outspoken Parliamentarian on controversial issues such as global warming and abortion, former radio broadcaster, avid Richmond supporter and family man. With the recent release of the budget, Bernie Finn will address the Club on Australia's finances and its future.

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 the 15th of June, 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 Editor, mob. 0419 301 915
or email: asmith@adamsmithclub.org**



detach and return

The Secretary,
Australian Adam Smith Club (Melbourne),
PO Box 48, Sandringham, Victoria, 3191.

Please reserve place(s) at \$45.00 dollars per member andplace(s) at \$50.00 per non-member for the June 17th 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 12th of June will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

MAY DINNER REPORT

At the May dinner Mannie Gross updated the Club on developments in the Climate Change debate over the past six years. Areas covered were:

- The continued abuse of the scientific method. The so called hiatus in global temperature increase (for more than 18 years) has led to over 50 proposed excuses for why the theory does not match the data – all after the event. The one conclusion the scientific method demands, that the theory is wrong, is never contemplated. Every testable prediction of the theory has proved wrong, yet the proponents of the theory continue to claim a consensus.
- Examples were given of the misuse of the term “cherry picking” in the media. This led to the light hearted derivation of Mannie’s Law of Cherry Picking:
Cherry picking is bad when trying to verify a theory.
Cherry picking is good when trying to refute a theory.
- Alternate Theories. Although one would never read about it in the popular media, many alternate theories, based on factors not included in IPCC climate models, exist to explain the mild warming of the Twentieth Century. A number of these factors were outlined. When these factors are taken into account the effect of CO₂ as a climate driver is significantly reduced.
- The talk concluded with a description of the growing scandal of the unexplained manipulation of temperature data (so called “homogenization”) from around the world to generate the appearance of a far greater rate of temperature increase than the raw data can possibly justify.

A robust question and answer session followed. The food at Bohème Restaurant was appreciated, both for its quality and quantity.

VENUE ARRANGEMENTS

For the June 17th 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 16th of June, **we are unable to admit anyone to the dinner who has not notified the Club of their attendance by Sunday 15th of June.**

Laissez Faire

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SOCIALISM AND THE ALP IN THE MODERN AGE

Socialism has been so obviously defeated both intellectually and in the court of common sense it is hard to believe that any intelligent person would take it seriously.

That begs the question. If intelligent people do take socialism seriously, who are they, and what form does this take?

The platform, constitution and rules of the Australian Labor Party (ALP) have an objective for the Party:

The Australian Labor Party is a democratic socialist party and has the objective of the democratic socialization of industry, production, distribution and exchange, to the extent necessary to eliminate exploitation and other anti-social features in these fields.

In an age when the toiling masses are more than likely to have a \$30,000 car in the drive and two or three big screen televisions in the house, it would seem that socialism does not have much appeal. Bob Hawke and Paul Keating knew this, and that is why they led the biggest package of reforms in the post war era, thus ensuring the longest period of prosperity in Australia since the demise of the Menzies era. But the ALP remains wedded to its socialization objective.

Many readers will be somewhat shocked, even disbelieving, that the ALP platform retains the socialization objective. The last person to take it seriously enough to put it into action was Ben Chifley. Chifley worked on the NSW Railways and had virtually no formal education. He was held to be somewhat of an expert on finance because he had served on an inquiry into the banks. As Gough Whitlam found in later years, nothing galvanizes someone like the prospect of losing their job, and Chifley found almost every bank clerk in Australia had been mobilized to oppose the Labor government. Federal Labor did not regain power for over two decades.

Has the party of reform, of Hawke and Keating, learned its lesson? After all, Bob Hawke was a

Rhodes Scholar. A great many Labor members are more highly educated than their Coalition counterparts. Moves are in train for the reform of the Platform at the ALP National Conference in later July 2015.

What would removal of the socialization objective achieve?

First, no-one takes the socialization objective seriously apart from a few eccentrics on the Left of the ALP, and has not been taken seriously for many years. It is no longer a "Light on the Hill" issue.

Second, while socialization might have seemed sensible for Ben Chifley and his party, when most men worked under the sky or in grimy workshops, most men (and even more women) work in service industries. One might fudge the issue by replacing "socialism" with "social justice" but that is another thing entirely. "Industry, production, distribution and exchange" neglects whole swathes of the contemporary economy. What might result, for example, if the government owned every advertising agency in Australia? No doubt this is an objective the Left would applaud, but what would happen if the State took over every child care centre in Australia. One can imagine the mighty engines of industry swinging into action to look after six month old babies.

How will the ALP come to terms with the fact that the traditional targets of the socialization objective, such as the car industry and underground coal mines, have more or less vanished? The socialization objective shows a fundamental misunderstanding of how the economy works, and the way the workforce functions. More importantly, it neglects the fact that the offspring of manual workers aspire to tertiary education. Most do not want to follow their fathers into the workshop. The socialization objective is dead and should be buried with the honours worthy of an honest toiler who served the ALP well but whose services are no longer required.

JRB

A TALE OF TWO STATES

South Australia and Western Australia are interesting case studies in what occurs when the spirit of enterprise is unleashed, or restrained. But it is not as simple a story as one might assume.

In the 1950s, Western Australia was known as the land of “Sin, sun, sand and sore eyes.” The sore eyes referred to were gingivitis, which was almost endemic, and one was unlikely to see anyone during summer who did not shoo flies from their eyes. Perth had one tertiary educational institution, the University of Western Australia, which educated the State’s elite. Its enrolment was around 5,000. Distinguished products of UWA included Bob Hawke, who was also Guild president. The Guild is a combination of Student Representative Council and Union. It offered entrée for the President into the highest levels of Western Australian society. Bob Hawke was not, as one might assume, a worker. His father was a Congregational minister and his uncle was Premier of the State. Poor boys could escape their humble origins by attending Modern School, a selective entry school which educated the brightest boys in the State.

South Australia had the University of Adelaide, the third oldest university in Australia. While UWA, in its early years, battled along in tin sheds, the University of Adelaide was housed in enviable facilities. The South Australian art gallery had a fine collection, including Hans Heysen’s gum tree paintings, which at that time were held to be the epitome of Australian landscape painting. Hard to credit, but West Australians even envied Tasmania! But Western Australia began creeping up on South Australia, so that it eventually surpassed South Australia in population, the first time that had happened since Federation. Now, driving into Adelaide, one sees the tallest building in the city, about nine stories, with a Westpac emblem on it. The Perth skyline, on the other hand, is a mini Manhattan.

As Prof. Julius Sumner Miller was accustomed to saying “Why is this so?”

You can say Western Australia has iron ore, but South Australian has Olympic Dam, one of the world’s most massive ore bodies of its type. It also has coal at Leigh Creek, iron ore, and oil and natural gas in the Cooper Basin. The reason is that when it comes to curbing enterprise, South Australia is the first cab off the rank. The SA government drove a hard deal with BHP over Olympic Dam, but then saw the resources giant walk away. South Australia has a deposit on all drink containers and very recently it introduced restrictions on supermarket plastic bags. This makes goods more expensive.

Sir Thomas Playford, Premier of South Australia from 1938 to 1965, introduced a statist culture of doing deals between the government and private investors to bring industry to the State. The most prominent recent manifestation of this deal culture was the building of the Collins Class submarines.

Playford was an orchardist. He was a talented politician who brought prosperity to his State, for a time. But South Australia these days is a little shopworn. The great wines and other tourist attractions can’t make up for a lack of entrepreneurial spirit.

Western Australia, if not libertarian, is more libertarian than Victoria and certainly more libertarian than South Australia. The bloom is off the iron ore exports to China, but Rio, BHP and the surviving minnows will be pumping out iron ore for many years to come. The Brand and Court Governments managed, rather than directed, the development of the iron ore industry, the North West Shelf Gas project and other projects. As one professor of economics at the University of WA often said “Sir Charles Court is absolutely right. Until you get the stuff out of the ground and onto a ship, it’s just another rock.”

Thus, while one cannot give all the credit to David Brand and Charles Court, they did encourage a culture of enterprise. The simple minded policies of Premier Albert (“Bert”) Hawke, (Bob’s uncle) who wanted to build “Socialism in One State” were apparently aimed at turning Western Australian into a society of mendicants. Brand and Court reversed that.

One cannot build a prosperous society unless it is based on liberty and enterprise. As the mining bust tightens its claws on the economy, it is a lesson we must learn anew. *JRB*