



Australian Adam Smith Club (Melbourne)

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

If I want to be free of any other man's dictation, I must understand that I can have no other man under my control.
W. G. Sumner (The Forgotten Man, 1883)

Peter Fenwick

on

Taking Responsibility for Ourselves and our Children: A Defence of Bill Leak's Message and his Right to Say it

**The Adam Smith Club will host a meeting on Tuesday the 22nd of November, 2016
at Bohème Restaurant Bar, 368 Bridge Road, Richmond.**

Peter Fenwick was educated at The Geelong College and Melbourne University, graduating in 1966. From 1976 to 2011 he ran a successful consulting business, Fenwick Software, which implements commercial systems for business in the manufacturing, distribution, and waste management recycling industries. He has established an employee shareholder scheme and five of his long-term staff now own seventy-five percent, and manage the business. He remains chairman of the company. At Melbourne University, Peter studied philosophy under the charismatic Father Eric Darcy. He is an alumnus of the Cranlana Programme, a facilitated colloquium, inspired by the Aspen Institute in the USA, designed to promote open and informed, non-partisan dialogue on the philosophical, ethical and social issues central to creating a just, prosperous and sustainable society. He has written two books, *The Fragility of Freedom: Why Subsidiarity Matters* and *Liberty at Risk: Tackling Today's Political Problems*. Both are published by Connor Court.

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 18th of November, 2016. 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 November 22nd 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 November will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

SIR HUMPHREY'S LEGACY

In Series 1 of 'Yes, Minister' one of the finest episodes was 'Open Government' - where Sir Humphrey opines that in any difficult policy area one disposes of the problem in the title of the report/inquiry. If one wishes to appease calls for Open Government - the title should be the 'Open Government Inquiry'.

On October 31st - All Hallows Eve - the Federal Government quietly announced fourteen days of discussion for their 'Open Government Action Plan'. In 2010 the then Labor Government had publicly announced its (meaning the whole of Australia's) interest in joining a wonderful scheme called 'The Open Government Partnership (OGP)'. Founded by President Obama and David Cameron over the third bottle of red at one of their confabulations, 'OGP' was to encourage open data and higher integrity standards in the Lesser Developed World by highlighting the Best Examples of the First World.

In November 2015, Prime Minister Turnbull announced that we would be officially joining the OGP and that Civil Society and all levels of Government would be asked to contribute to the required Action Plan. The OGP requires each participating Government to produce an Action Plan for a two-year cycle (next one is Dec 2016-Dec 2018) and then to report on progress at a six-star gab fest at the end - the Dec 2016 is in Paris.

The wide-ranging call to arms ended up with a committee with 12 members - with 6 civil society members - and one non-voting member representing the States. For reasons of space I leave the philosophic and political leanings to the imagination.

One call for wider involvement in March 2016 asked for potential participants to fly at their own expense to Canberra, for a multi-day discussion - room and board at their own expense - to consider talking points for the Action Plan. None of the free market groups or more broad civil society could afford this gold-plated consultation - IPA, Digital Rights Watch, Whistleblowers Australia.

So the very narrowly based group has written Australia's Action Plan and after fourteen days consultation it will go straight to Cabinet - then Australia will make commitments in December as to our domestic laws for the next two years.

Highlights - register of beneficial ownership of all company shares, start proceedings to have bounties paid to whistle-blowers in civil service and corporations based on tax take from closing dubious activities.

Why did we bother with July 2nd - the bureaucracy was ploughing on regardless? Gillard-Rudd-Abbott-Turnbull and the machinery just kept on going.

Submission close on the 'Open Government Action Plan' on November 14th. See <http://ogpau.govspace.gov.au/>. TW

VENUE ARRANGEMENTS

For the November 22nd 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 21st of November, **we are unable to admit anyone to the dinner who has not notified the Club of their attendance by Sunday 20th of November.**

Laissez Faire

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MONEY

Considering its role in all our lives it is perhaps surprising how little most people know about the concept of money. What precisely is money is a question that is likely to trouble most people. Explaining the significance of money is likely to trouble even more, as would contemplating its likely future.

If pressed, a probable response to the first question is that money is the base metal coins and pieces of paper or plastic issued by the government bearing a number denoting their relevant respective worth. Such however are not money. Rather they are money substitutes, which we have come, or been forced, to accept as money. In essence, such coins and notes are a promise from the relevant government that they are good for the amount specified when used in fulfilling their purpose of use as a medium of exchange. In such circumstance, the government is the counterparty on which the bearer or recipient of such coin or note relies. But real money has no counterparty; it speaks for itself. Unlike real money, the worth of such government coins and notes is dependent on the credibility of the government that issued them. Absent credibility they are worthless. History is replete with examples, such as the failed government currencies of Zimbabwe and of the Confederate States of America. To distinguish it from real money such government, so-called money is referred to as fiat money.

If fiat money is not real money, what is? Money can perhaps be defined as whatever, freely chosen, best fulfils the necessary functions of money, namely that of a medium of exchange, a measure of account, and a store of value. For something to qualify for such role a number of requirements must be met. Such requisites include that it must be durable, portable, divisible, consistent, convenient, possessable and be of limited and stable supply. Over time, the so-called precious metals, gold and silver, came to be widely accepted as best suited for the role.

It would be difficult to exaggerate the significance of money in the history of human affairs. Money enabled the transition from barter to trade and for the division of labour or specialisation to occur. Sound and stable money is the basis of all civilization. Without it civilization ceases to exist.

Governments throughout the world have enjoyed monopoly control of money for centuries. It is the jewel in the crown of government since it reduces financial constraint on them. The one remaining major constraint was traditionally the promise to holders of government fiat money to convert it into real money if so requested. The 20th century however saw the demise of convertibility. Government financial profligacy was unbridled.

In the 21st century we are suffering the predictable consequences of government monopoly money, staggering from one financial crisis to another. The prognosis is for things to get worse. Nostrums supposedly to cure the problem are propounded by monetary cranks of all descriptions and listened to by governments desperate to resolve their dilemma whilst retaining their unrestrained monopoly. It will be to no avail since sound and stable money is incompatible with government monopoly control. Ultimately of course civilization itself is incompatible with government monopoly money. *DBS*

LETTER FROM JAPAN

Over 30 years ago, I made a brief visit to Tokyo. One would reasonably expect that Japan had changed in that time. Given the reluctance of the Japanese to embrace major changes in their lives, some changes were profound but on the whole Japan is much as I remember.

The Japanese dress stylishly; it is a prosperous society. A few elderly men sleep rough; some elderly people collect and recycle cans and other recyclables. The most noticeable thing is the age structure of the population. Japan's birth rate is one of the world's lowest, at 1.41 births per woman, slightly higher than Germany. Many elderly people are working at an age where in days gone by they would be retired. There are very few babies or pregnant women to be seen. Japanese children are very trendy and well dressed. Any family with more than two children is thought to be a large family. Japanese primary school children appear to have frequent excursions to sights such as Osaka Castle. They laugh and have fun, as do Australian children. The "exam hell" comes later. Clubs are popular with students, especially swimming clubs.

It is said that the Japanese will not tolerate immigrant workers. There are now more immigrant workers, many of them caregivers for Japan's elderly. Most are from Southeast Asia, mainly Indonesia and the Philippines. Unless Japan can persuade its young women to produce more babies, the workforce will increasingly depend on immigrants to sustain economic activity.

The Japanese have an almost Teutonic devotion to punctuality. The Shinkansen, as the Bullet Train is known in Japan, runs to the second. The guard times the departure and intermediate stops by a stopwatch. He waves to the driver with a smart hand gesture signals when it is time to depart.

When I was in Japan last, I saw the \$100 melon – one nicely wrapped melon for \$100. Japan is no longer expensive. It has been in the grip of deflation for 20 years. Many things are cheaper than the equivalent item in Australia. A can of Coca-Cola from one of the ubiquitous vending machines will cost less than \$2. In Australia, it would cost \$4.50. No one seems to know how to cure deflation. The government is spending a fortune on facilities for the upcoming Tokyo 2020 Games, at least in part to boost the economy.

The Japanese are very creative. Apart from things like Pokemon, the Japanese also have singing roads introduced for the 1964 Olympics. In cities where space is precious, like Tokyo, few people can afford

pets. You can, however, hire a dog by the hour for companionship. Similarly, Cat Cafes cater to cat lovers. High-tech toilet seats are almost universal in modern buildings. Taxis are quite affordable these days. Of course, if you are silly enough to take a taxi from Narita Airport to Tokyo instead of a train, which takes around an hour, of course it will be expensive. English is quite widely spoken. Most officials and businessmen speak enough English to be helpful. It is not unusual, however for staff at smaller hotels to stare blankly at you if speak in English. Most railway station staff speak enough English to at least point you in the right direction

Japan is clean, but most public places, including railway stations, have very few seats. It's one way to keep people moving. Not all facilities are up to date. The Japan Rail stations are well appointed, but stations run by other companies may be lacking in escalators, for example. Japan Rail is not the only railway company. Often cities like Osaka have their own subway systems. You can go almost everywhere by rail. The standard of the subway or railway usually depends on the operating company. Japan Rail usually has high standards.

While it true that housing in the big cities is cramped and expensive, on the outskirts small detached houses are common. Prices are around the same as Australia for similar accommodation. A significant gap exists between male and female wages - on average, women's earnings are about half those of males.

Space is scarce in Japan. Japanese-style hotel rooms usually have a double bed and a bathroom and very little additional room, but the limited space is used ingeniously. Many hotels are smaller establishments which cater mainly to domestic travellers. Do not expect staff to speaking more than limited English.

Most Japanese are cheerful and helpful. Even a few words of Japanese are welcome, such as *konichiwa* – hello; *arigato* – thank you; and *hai, dozo* - thank you, it's done. You don't have to know the numbers unless you are in a market. In 7-Elevens, the price will show on a screen.

The Japanese are proud of their history and unique culture. The Japanese see themselves as inheritors of the samurai, the warrior officer caste of feudal times, who followed the code of bushido, the "way of warrior."

As the Japanese say, "*banzai!*" – "live 10,000 years."
JRB