

## Australian Adam Smith Club (Melbourne)

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

"Agriculture, manufactures, commerce and navigation, the four pillars of our prosperity, are the most thriving when left most free to individual enterprise. **Thomas Jefferson (Message to Congress, 1801)**

# Alan Oxley on The Threat of Protectionism - Human Error

**The Adam Smith Club will host a meeting on Tuesday the 1<sup>st</sup> of August, 2017  
at Bohème Restaurant Bar, 368 Bridge Road, Richmond.**

What's wrong with protectionism? How about "managed trade"? How protectionist is Trump? What does China's "One Belt One Road" imply? What are the implications of Brexit? How will this affect the rest of Asia & Australia? What effect are minor parties having in Australia? Alan Oxley will cover this and more at the dinner.

Alan Oxley is Chairman of the APEC Studies Centre at RMIT University and Managing Director of ITS Global, a consultancy which advises on trade, investment and sustainability. He was a former Ambassador to the General Agreement on Tariffs and Trade, the predecessor of the World Trade Organization. He is a regular commentator in the media and has published two books - *The Challenge of Free Trade* and *Seize the Future*. He is also Chairman of World Growth, a free market NGO.

Attendance is open to both members and non-members. Those desiring to attend should visit Trybooking (see below) no later than the 28<sup>th</sup> of July. 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.

*For those who wish to pay by cash or cheque - please ring or email.*

**Enquiries to Hon. Secretary, mob. 0403 933 786**

**email: [asmith@adamsmithclub.org](mailto:asmith@adamsmithclub.org)**

online booking at:

**[www.trybooking.com/RDPN](http://www.trybooking.com/RDPN)**

by Friday 28<sup>th</sup> of July

## 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/>.

## THERE'S NO SUCH THING AS 'FREE' EDUCATION

A well-known educational consultant, writing in a publication associated with the Catholic church, recently made the statement that Catholic parents must be galled when they drive past selective schools such as Melbourne High School that don't cost parents a cent.

Melbourne High School, along with its sister school Mac.Robertson Girls' High School, is a selective entry high school. But it is not, in any sense of the word, 'free.' First, along with most government high schools, parents are expected to pay fees of around \$4,000 – in other words, about the same as an average Catholic school. Also, parents are expected to volunteer for activities such as gardening, maintaining the school's camp site, and so on. This is in addition to books, uniforms, trips and so on. In other words, it is far from free.

One observer familiar with the State school system estimates that the cost to parents of sending a student to a non-selective government high school is around \$2,000. So, while the State may be a provider of education, the education its provides is not free to parents.

Not to labour the point, government education is not free education, even in the narrow sense of the word. In a broader sense, the government does pay for most expenses in the State sector, but that money comes from someone – you, the taxpayer. Along with health, education is one of the largest components of every state government's budget. This is without counting the federal government's contribution, the famous Gonski needs-based schools model, which has been a gusher for the education system. No-one seems to have been able to resolve the state education system's main problem: how to get better results from the efforts of the nation's teachers. The teacher's union of course has the solution – pay teachers more money. So, the teachers have been paid more, but results of our students, on international standards, have continued to decline in relative terms.

The best solution, and one that has worked elsewhere, is to promote charter schools which provide a high standard of education for students, especially in poorer areas. Another alternative is to provide parents with vouchers which allow them to have a free choice of the schools which their offspring attend. All parents, including Catholics, could then choose the school they felt was best for their children. And, by the way, a third of Catholic children have always attended Government schools.

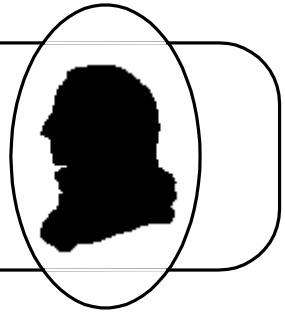
According to eminent economist Milton Friedman, 'there's no such thing as a free lunch.' Equally, there's no such thing as a free education. Someone must pay for it, either parents or taxpayers. *JRB*

### VENUE ARRANGEMENTS

For the August 1<sup>st</sup> dinner at Bohème Restaurant Bar, there will be a two-course dinner (main and 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 31<sup>st</sup> of July, **we are unable to admit anyone to the dinner who has not notified the Club of their attendance by Sunday 30<sup>th</sup> of July.**

# Laissez Faire

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## JOHN STUART MILL, CHAMPION OF LIBERTY

Some 200 years ago John Stuart Mill, at the age of 12, began the study of Adam Smith and David Ricardo. In 1817, Ricardo had newly published his theory of comparative advantage, which showed why all countries, no matter how efficient, must benefit from international trade. The theory of comparative advantage is one of the very few economic theories which can be proved in the same manner theses in Euclidian geometry can be proved. Ricardo proved that people and nations should be free to trade. Comparative advantage is, literally, irrefutable.

Mill's magnum opus, *On Liberty* (1859), is not a very long book, but it was probably the most influential work of political philosophy published in the nineteenth century. According to Mill, "the only freedom which deserves the name is that of pursuing our own good in our own way."

Mill was educated in the classics and developed a strong belief in the liberty of man. His primary belief was that anyone should be free to do that which did not injure another party. He was the most influential libertarian philosopher of the nineteenth century. He supported female suffrage, the first Member of Parliament to advocate the right of women to vote.

Victoria's England was a society where people were severely constrained by the opinions of their peers. To quote the Penguin edition of *On Liberty* (Penguin Classics, London, 1985), the book is "dedicated to one simple principle: that men and women should be free to do as they please, without interference from society or State, unless their actions might cause harm to others."

The differentiation of the authority of the State and the liberty of the individual is an ongoing process. While the libertarian movement in America is that country's third most influential political force, libertarianism is not well understood in Australia. Mill's primary principle seems to be fairly obvious, but it raises contradictions which seem to be too much for the public to accept – should anyone be free to take any drug they like, for example, ice? One obvious reply is that a drug which causes a drain on the public purse through hospitalization and general degeneracy is not acceptable, but many devotees of liberty would argue that that is an individual choice.

Mill's main idea, that citizens should have the ability to act as they see fit in the political sphere, would seem to be a battle that has been won. The other constraint on freedom, namely social pressure on the populace to conform to accepted norms, has certainly been ameliorated since the Victorian era. "Doing the right thing" is a phrase rarely heard these days.

John Stuart Mill's *On Liberty* is still thought provoking and well worth reading. *JRB*

## GLOVES OFF!

On the evening following our last AASC dinner I attended a special screening in Melbourne of *Climate Hustle*, a film narrated by Marc Marano ([www.climatedepot.com](http://www.climatedepot.com)). Both Marc & Craig Rucker (Executive Director of the Committee For A Constructive Tomorrow) travelled from the U.S. & participated in a discussion after the screening. The movie exposes many of the questionable tricks of scientists, media & politicians in propagating the scientifically baseless theory human caused catastrophic global warming. Unfortunately, it was a case of “preaching to the converted.” This film needs to be seen by those who have been taken in by the climate change scam. I know it will not change the views of the “true believers” but it may have some effect on the “agnostics” who go along with consensus because it is the consensus.

This raises the question of how to change the mind of a “true believer”? It is clear that the theory of catastrophic global warming has been refuted. The theory made predictions about the level of expected warming that have failed to eventuate. That should have been the end of the matter. But clearly the theory has persisted. Some have tried to explain people’s persistent irrational beliefs in the face of clear contrary evidence with the suggestion that our primal subconscious group membership drives are so strong that it overpowers our rational faculties. In other words, our fear of holding views different from the group we identify with, (and thus losing membership of that group), prevents us from holding any view that differs from the group’s. Be that as it may, how can we combat irrationally held views that cannot be changed by rational argument? Perhaps there is no hope.

Part of the armory of a true believer is their conviction of moral superiority. In order to feel morally superior, it helps to paint your opponent as evil.

In 2008 James Hansen, the former head of NASA’s Goddard Institute for Space Studies, wrote the following, “CEOs of fossil energy companies know what they are doing and are aware of the long-term consequences of continued business as usual. In my opinion, these CEOs should be tried for high crimes against humanity and nature.

“But the conviction of ExxonMobil and Peabody Coal CEOs will be no consolation if we pass on a runaway climate to our children. Humanity would be impoverished by ravages of continually shifting shorelines and intensification of regional climate extremes. Loss of countless species would leave a more desolate planet.”

(<http://www.worldwatch.org/node/5798>) It received much coverage in media around the world, making headlines in newspapers such as the New York Times & the Guardian.

Hansen added to the “holier than thou” armory of the “true believer”. But it is worthwhile examining Hansen’s statement in more detail. What if the CEOs really knew what they were doing would directly lead to human poverty and the loss of countless species? Could they be considered morally culpable? If they really knew, then perhaps. But then all who knew that their emissions of CO<sub>2</sub> harmed the world would be, proportional to the amount they emitted, morally culpable. That means all of humanity. (The argument is more complex. What if ceasing to emit CO<sub>2</sub> caused more harm than continuing to emit CO<sub>2</sub>?)

The trouble with Hansen’s logic is that he assumes the truth of a failed theory & then expects everyone to agree with him. However, if his argument is accepted in principle by “true believers”, it can be turned successfully against them.

In 2010 the UN reported that more than 1.45 million people die prematurely each year from household air pollution due to inefficient biomass combustion; that is heating & cooking in their homes & that this figure was estimated to continue to rise to 1.5 million per year by 2030. The quickest & most effective way to address this horrible death rate is to supply coal fire generated electricity. Yet the World Bank due to pressure from First World countries, has changed its policy since 2013 & refuses to finance fossil fuel electricity generation in Third World countries because of the theoretical dangerous global warming caused by increasing CO<sub>2</sub> emissions. If environmentalists are complicit in preventing Third World countries constructing coal fired power stations then by their own logic, they should be tried for crimes against humanity.

The difference between the so-called climate skeptics & the environmentalists is that the skeptics are being held morally culpable for crimes that have not yet occurred & for which they are not the cause, while environmentalists have actively worked to continue the premature real deaths of 4,000 people every day.

I don’t expect to change a true-believer’s attitude to climate change. However by pointing out their moral turpitude they cannot use the excuse that they “did not know”. They must be forced to confront & live with their own moral culpability for their views & their actions. *MG*

## DINNER REPORT

A big turnout and very meaty paper from Richard Morgan at our July meeting. ‘Adam Smith and his Real World Economics’ was a careful tour of the post-2008 financial crash world, international trade frictions and domestic stimuli that have been the ‘medicine’ administered - and how Smith’s wise words would caution against many of those actions. Our speaker has generously provided copies of his paper and they are available from the bookshop at our next meeting.

The improvements continue at our regular venue, we are profiting from the new Jazz Club which uses the venue on Fridays. Persian rugs, better lighting and lounges around the walls. The food was a selection of very warming roasts and a variety of dessert cakes. *TW*

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*The views expressed in this newsletter are those of the contributors and do not necessarily reflect the views of the Australian Adam Smith Club.*