



Australian Adam Smith Club (Melbourne)

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

Society performs for itself almost everything which is ascribed to government.
Thomas Paine (*The Rights of Man, I*, 1791)

Michael James on Can The European Union Survive?

**The Adam Smith Club will host a meeting on Tuesday the 31st of October, 2017
at Bohème Restaurant Bar, 368 Bridge Road, Richmond.**

Michael James was President of the Australian Adam Smith Club from 1998 to 1999, since when he has worked as a freelance editor in the UK. He lectured in politics at La Trobe University from 1974 to 1988. He edited *Policy* for the Centre for Independent Studies from 1989 to 1993, and was the founding editor of *Agenda* for the Australian National University from 1994 to 1998.

Despite Brexit and the emergence of Eurosceptic political parties across Europe, the European Union continues to pursue its project to build a bureaucratic super-state marked by heavy uniform regulation and lack of accountability. But the huge economic distortions and political tensions generated by the euro remain unresolved, and the integrity of the eurozone is unlikely to survive any future financial crisis. Only by reforming the euro, returning powers to the member states and facilitating direct cooperation between elected national governments can the European Union reliably meet Europeans' strong desire for peaceful association.

Attendance is open to both members and non-members. Those desiring to attend should visit Trybooking (see below) no later than the Friday 27th of October. 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

online booking at:
www.trybooking.com/SLVL
by Friday 27th of October

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/>.

DINNER REPORT

The address by Prof Alan Oxley had a strong reaction, as his insider knowledge and involvement with 'back channel' diplomacy led to a spirited discussion on 'managed free trade' vs. 'free trade'. Placed at the end of the starting period of the Trump Presidency and with China recently declaring its Pax Asiatica of the One Belt One Road, the talk gave much to ponder. It certainly sets the stage for our inaugural David Sharp Address on the EU. *TW*

CITIZENSHIP AND ACCOUNTABILITY

As citizens, we get to vote in elections. As participants in market economies, we get to participate by providing goods and services and purchasing the same. In a globalised world, we can potentially sell to folk across the globe and, more likely, be able to buy from people across the globe.

The fundamental driver of globalisation has been falling transport and communication costs tied in with hugely expanded productive capacities. Being able to participate more thoroughly in international market places has been a boon to billions of people. There have been some *relative* losers - labour scarcity premiums have been falling in the developed world. But precious few *absolute* ones. Even measures which suggest stagnant incomes over time for some in Western economies often hide underlying improvements in standards of living.

Globalisation began with railroads and steamships in the 1820s. It then surged ahead until the Dynasts War (1914-1918) when it entered into a "flat" phase that did not end until after the Dictators War (1939-1945). So political events can certainly slow down, or even block, globalisation.

There is a common error about the key element of democracy. It is not merely having elections for officials: electing officials is the capstone of broader processes of social bargaining. By having all adult citizens vote in ways which actually determine who holds office, social bargaining is extended to, at least potentially, all citizens.

Despite claims to the contrary, there is very limited

tension between globalisation and democratic accountability. Globalisation does inhibit rent-seeking, but that is not the same thing.

Internationalisation is expanding the range of decision making made by international bodies. That is in tension with democratic accountability, as voters have few, if any mechanisms, to affect the operations of such bodies. Attempts to impose (ever expanding) taboos on language, and in what concerns can be incorporated in public debate, and so political bargaining, undermine democracy quite directly.

The EU has actually done a fair bit to expand democracy, by making it a requirement of membership. It has also done quite lot to attenuate democratic accountability amongst its member states and to try and narrow the ambit of politics therein. The result has been to drive the EU's second largest economy (the UK) to leave and to engage in that massive and disastrous exercise in lack of accountability which is the Euro debacle.

The temptation to have things go your way without bothering to get citizen consent is perennial. Add in a sense of moral entitlement, and it can become overwhelming. The common market element of the EU builds on globalisation and has no inherent tension with democratic accountability. The bureaucratic imperialism which interprets a common market not as open exchange, but as common rules, and elite presumption that has become tied in with the "ever close union" rather does. *MW*

VENUE ARRANGEMENTS

For the October 31st 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 27th of October, **we are unable to admit anyone to the dinner who has not notified the Club of their attendance by Friday 27th of October.**

Laissez Faire

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DAVID SHARP: A MAN OF UNUSUAL PRINCIPLE

David Sharp did many things in his long life, but he was above all a man committed to the law. He believed that the law could render justice. Law and justice are not necessarily the same things. He believed that judges, as humans, may be fallible, but that an unfair verdict could be challenged. One of his first cases as a barrister involved a druggie, who David believed was being unlawfully detained. David threatened to bring a writ of *habeas corpus*, which in the Middle Ages meant “produce the body,” when the Crown unlawfully detained a person. The writ of *habeas corpus* required that the detainee be brought before the court. This would have been the first writ of *habeas corpus* brought before a judge in many years. David believed that everyone, whatever their social status, had the right to a fair trial.

David Benjamin Sharp was born in St Kilda, a suburb of Melbourne, on 30 October 1939, the son of Barnet (“Barnie”) and Ettie Sharp. Barnet Sharp was involved in the rag trade. Ettie Sharp was a talented artist. She won the Traveling Scholarship from the National Gallery of Victoria art school. She never took it up. As David frequently said, “it takes a lot of get up and go to get up and go.”

David attended Scotch College in the leafy Melbourne suburb of Hawthorn. He won a half scholarship, and David was always grateful to his father for providing the money to send him to this prestigious school. David was an active participant in the activities of the Scotch College Army Cadet Corps. He was right marker on parade and showed an aptitude for military matters. David was further educated at the University of Melbourne, where he gained a Bachelor of Laws and a Bachelor of Commerce. David later studied at the University of Hong Kong and attained a Diploma of Chinese Law at Beijing University, a rare achievement in those days. He also had a good command of Mandarin Chinese and could read Chinese fluently. David was also a Captain (Reserve) in the Australian Army Legal Corps and a merchant banker with the globally significant financial institution, Bank of America, in Hong Kong.

David did not like war. He was an accredited war correspondent in Vietnam in 1966-68 and 1970, including working for the muck-raking Sunday paper, *Nation Review*. He sometimes told the story of how he acquired a scar on his forehead. He was on patrol with a US unit which had been pinned down by ferocious North Vietnam Army (NVA) fire. The lieutenant in command threw him a rifle and said, “start firing.” David said, “I can’t fire, I’m a non-combatant.” The lieutenant said, “I don’t care who the hell you are, if you don’t start firing, we’ll all be dead.” David started firing, and soon was wounded in the forehead – but the Americans fought off the NVA. David was also an expert parachutist. He did a night jump into Cambodia with an elite ARVN (Army of the Republic of Viet Nam) regiment. Of course, the ARVN weren’t supposed to be in Cambodia, so it was very hush-hush.

David found time to marry Betty Man-yuk in 1978 and to produce three children – Adam Barnet (1979), and Alena Miriam (1982) and Ryun Edward (1985). David was a devoted family man and always found time for his children.

David did not believe that Australians had the constitutional right to bear arms but he did believe that Australians should be able to have the right to own firearms. He believed that an armed people could not be oppressed and that ownership of firearms was an insurance policy against

dictatorship. He was a member of the Sporting Shooters Association of Australia. He was a pilot and for many years he flew regularly and piloted light planes.

David was for some time a member of the Liberal Party of Australia. He was President of the Ripponlea-Crimea branch of the Party, but David and the mainstream of the Liberal Party never quite saw eye-to-eye. The Victorian Division of the Liberal Party is class-based but David was an ideological Liberal who didn't care much for the middle-class *mores* and polite talk by which the Liberal hierarchy judges candidates for high office. David was, in fact, a bit of a bohemian. He narrowly missed out on achieving high office in the Liberal Party through a quirk of fate and after that he ceased being an active member of the Party. He did not like socialists, but as far as he was concerned, a great many Liberals were no better than Australian Labor Party (ALP) members.

Putting a label on David is not easy. He was a man of principle who believed that law was the basis of civilization. David believed markets were the best mechanism for allocating resources. He was influenced by the Austrian school of economists such as Friedrich Hayek and Ludwig von Mises. He also was influenced by libertarian Russian-American novelist and philosopher Ayn Rand. David believed in hard money. He said that "fiat money" – that is, money issued by government and supported only by a government guarantee – was the cause of most of the 20th Century's financial crises. David believed that money should be backed by a commodity -- silver, or preferably, gold. David is what is known in the investment world as a "gold bug." Few people actually make money out of investing in gold stocks, but David did.

David was not religious in the conventional sense of the word, but he was a theist, that is, he believed in a God.

David often acted on a *pro bono* basis. He guided the Australian Adam Smith Club (Melbourne) for many years. In his practice as a barrister, he often took on cases for clients who would have otherwise fallen through the cracks of the legal system, on a no-win-no-fee basis. His unwavering commitment to his principles did not always make him popular with his fellow lawyers and he refused to play the "dinner party" game. This made him a somewhat solitary figure at the Bar. That same commitment to principle made him a friend of steadfast loyalty. David never became a judge or took silk, but that didn't worry him. Although he never became a Queen's Counsel, he was never intimidated in Court by those who were. *JRB*

CLIMATE CAPERS

A paper appeared in *Nature Geoscience* (p741–747, 18 September 2017) that was largely ignored by the mainstream media but jumped on by the "climate skeptics". It basically admitted that the climate models have significantly overestimated the projected global warming. (This is usually expressed as the models' climate sensitivity [to carbon dioxide] being too high.) The spin being put on this is that we now have more time to avert catastrophe but we daren't take the pedal off reducing carbon dioxide (CO₂) emissions.

But this spin is a smokescreen, a deliberate deception. All the climate models were calibrated using 20th Century temperature data prior to 1980. The modelers claimed that the only way the models could accurately fit the earlier 20th Century warming was with a certain sensitivity to CO₂. If that sensitivity has now been found to be too high, then all the models need to be recalibrated with a more realistic estimate of CO₂. It logically

follows that the recalibrated models will no longer be able to fit the past temperatures accurately, at least not without the modelers finding some other driver of temperature increase. Let's call this the "X factor". We do not know if the X factor is man-made or not & we do not know how it will behave in the future. It may go in a direction that reduces global temperatures more than CO₂ increases it. (It is more likely that the real "X factor" is the questionable homogenized temperature data, which when corrected, will lead to a climate sensitivity of 1°C per doubling of CO₂ concentration in the atmosphere – a thoroughly benign, even net beneficial, average increase in global temperature.)

The bottom line is that the paper is an admission of failure of the models and as such there is no reason to continue and every reason to abandon all emissions and energy policies based upon them. *MG*