

Australian Adam Smith Club (Melbourne)

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

The kingdom of Mohammed is a kingdom of revenge, of wrath, and desolation. *Martin Luther (Table-Talk, CCXXI, 1569)*
Mohammedanism is less ridiculous than Christianity. *Napoleon I (To Gaspard Gourgaud, August 28, 1817)*

**NOTE CHANGE OF SPEAKER - The originally announced speaker, Dr Durie had to cancel -
and Prof Riddell has kindly offered to speak on the same subject**

Prof Peter Riddell on Implications of Sharia for a Modern Secular Society

**The Adam Smith Club will host a meeting on Thursday the 1st of December 2011,
at the Curry Club Cafe, 396 Bridge Road, Richmond.**

Peter Riddell is Director of the Centre for the Study of Islam and Other Faiths at the Melbourne School of Theology. He was previously Professor of Islamic Studies at the London School of Theology, and also held academic posts at the London School of Oriental and African Studies, the Hebrew University of Jerusalem and the Australian National University.

Sharia Law is highly controversial among both Muslims and non-Muslims. It is characterised by inequality and excessiveness. These features are evident in an examination of creeping Sharia Law in Britain, which is causing concern among non-Muslims and many Muslims as well. Australians would do well to watch the British situation and learn the lessons.

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 Tuesday the 29th of November 2011. Tickets will not be sent. Those attending should arrive at 6:30pm for dinner at 7:00pm. The cost is \$40.00 per head for members and \$45.00 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 \$40.00 dollars per member andplace(s) at \$45.00 per non-member for the December 1st 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 Monday 28th of November will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

MEDIA BIAS?

One might be forgiven for thinking that the *Age* and the *Australian* newspapers were describing different reports in their respective articles, "Global warming adds to economic woes" on 17/11 and "Review fails to support climate change link" on 18/11. However both were ostensibly describing the same draft IPCC report that was to be released on 19/11.

Whereas the *Age*'s first sentence is, "Rising temperatures are driving more frequent bouts of extreme weather which governments should heed with climate action even as the world economy teeters.", the *Australian*'s is, "Widely-held assumptions that climate change is responsible for an upsurge in extreme drought, flood and storm events are not supported by a landmark review of the science."

Whereas the *Age* notes, "Since the last major IPCC report in 2007 many studies have shown that climate change is adding to the frequency of heavy rain, even making individual flood events more likely, adding to the evidence which goes beyond mere caution calling for much steeper carbon cuts.", the *Australian* notes, "There is only 'low confidence' that tropical cyclones have become more frequent, 'limited to medium evidence available' to assess whether climatic factors have changed the frequency of floods, and 'low confidence' on a global scale even on whether the frequency has risen or fallen."

It is interesting to note the subtle differences between the two articles. The *Age* article quotes other sources (i.e. anything other than the IPCC draft report it is supposedly describing) to draw its conclusion of impending doom, whereas the *Australian* mostly

reports from the IPCC draft report.

Indeed the only direct reference in the *Age*'s article to the draft IPCC report is, "It says that manmade climate change is 'likely' responsible for hotter heatwaves worldwide, in findings which experts from 110 countries debated this week and may still change. In IPCC jargon, 'likely' means a two-thirds chance or more." Of course this means that "hotter heat waves" have a probability of one third of not being human caused. Compare this with the *Australian*'s statement from the draft report, "While the human and financial toll of extreme weather events has certainly risen, the cause has been mostly due to increased human settlement rather than worse weather." The *Age* implies 'manmade climate change' is due to carbon dioxide emissions: "Global carbon emissions rose by a record amount last year..." In fact, as the *Australian* reports, the cause is "increased human settlement".

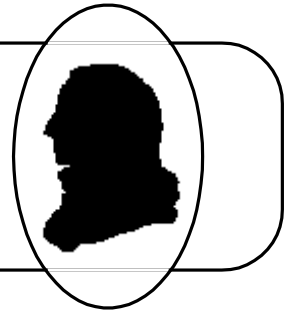
Tellingly the *Australian* notes, "The draft report says "uncertainty in the sign of projected changes in climate extremes over the coming two to three decades is relatively large..." The *Australian* obtains comment from a Professor Palutikof, director of the National Climate Change Adaptation Research Facility at Griffith University: "Professor Palutikof said it would take a while for the effects of climate change to become visible. But without action, she said, 'gradually, over time, that signal will emerge with resounding clarity.'" But what sign will the signal be and if the sign is uncertain how do we know that any 'action' we take to mitigate climate change may not in fact exacerbate it?
MG

VENUE ARRANGEMENTS

For the Curry Club Cafe, drink is not included in the price. You may bring your own drinks (no corkage will be charged) or purchase from the restaurant which is fully licensed. An 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 the function will be held upstairs in a newly renovated section of the restaurant.

Laissez Faire

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OWS

#ows is fighting back against the corrosive power of major banks and multinational corporations over the democratic process, and the role of Wall Street in creating an economic collapse that has caused the greatest recession in generations. The movement is inspired by popular uprisings in Egypt and Tunisia, and aims to expose how the richest 1% of people are writing the rules of an unfair global economy that is foreclosing on our future.

The above is how the Occupy Wall Street movement sees itself (<http://occupywallst.org/about/>). On the surface this seems egalitarian and noble. After all aren't we still reeling from the effects of the Global Financial Crisis (GFC) and aren't we continually fed a diet of anti-banking diatribe: the banks and bankers being painted as evil, greedy faceless entities set on controlling the world by enslaving innocent, hardworking people to mortgages, loan debts and the like?

However the movement appears to float on a raft of misinformation. According to a number of different sources, the top 1% is not solely made up of faceless bankers, finance or multi-national corporate executives, but rather the average individual from the world's developed nations. Anyone earning over US\$49,000 per annum qualifies as having earnings in the top 1% of world earnings (Globalrichlist.com), while owning assets of more than US\$500,000 places one in the richest 1% of world (Metrics2.com)– consider property values in Australia and the 'greedy' 1% don't seem quite as remote after all.

I'm reminded of the classic line in Monty Python's "Life of Brian", 'What did the Romans ever do for us?' We could rephrase that to 'what did the bankers ever do for us?' and the answers would be just as sobering: without banking we would have limited development. The average individual would never be able to buy a home, invest for their future, live off superannuation, find the finances to set up a business, or fund their education.

We are all out to improve our lot. We all want more than we have and we all seek out ways of affording this: some of us live beyond our means – an opportunity only afforded by the availability of lines of credit, some of us reap the benefits of strategic investments. Greed and envy in moderation are what grease the wheels of our society.

The same principles apply to banking, financial institutions and corporations, although the beneficiaries are not just the entities themselves, or even their employees, but rather the shareholders: made up of individuals from all walks of life and social strata (don't forget the high participation rate of the 'mums and dads' investor group) and other corporations, who in turn answer to their shareholders. We are probably, with some degrees of separation, shareholders with and beneficiaries of, many such 'corrosive....major banks and multinational corporations' through our superannuation funds, investment accounts and small share holdings. We all benefit from growth.

The Arab Spring movement was born to rid their respective countries of dictators and political and military corruption, whereas the Occupy movement has sprung up in democratic countries where there is clear separation between the government, military and commercial corporations.

However, corruption is another matter, and must be rooted out. Again, the Occupy Wall Street and its affiliate movements are misdirecting their anger. The corruption that occurs throughout the developing nations has a far more devastating effect on the lives of the poor and the 99% of these nations where death due to disease and starvation is an every-day reality, than that in the developed nations. The developed nations, on the other hand, find themselves in trouble more often through the poor decisions of government, developing policies to win-over or placate the so called 99%, or at least the 51%, for whom support is needed to win government? *RB*

PERESTROIKA IN THE WEST?

For those old enough to remember, Perestroika was a Russian word, much used in the 1980s. It literally meant ‘restructuring’ and referred to the restructuring that the leader of the then Union of Soviet Socialist Republics, Mikhail Gorbachev [born 1931], applied to its socialist political and economic systems in an endeavour to make them more efficient and effective. The economy was stagnating, beset with huge defence expenditures and a losing war in Afghanistan. It was unable to sustain its existing infrastructure, or to produce enough to improve the living standards of its people, even to the extent of being forced to import food in order to provide enough for them to eat. The system was threatened with collapse. By introducing various market reforms Gorbachev hoped to save the basic socialist system. As we know, in this he failed, and in 1991, to the surprise of many, the USSR collapsed and disintegrated.

Economists generally consider that there exists, apart from the traditional or primitive economic systems still practiced in some undeveloped regions or tribes, three possible alternative economic systems; command or socialist, market or capitalist, or some combination of the two, typically referred to as a mixed or interventionist economy. The USSR had been the leading command or socialist economy. Apart from possibly Hong Kong, there was no pure market or capitalist economy. Virtually all of the developed countries were mixed economies, to a greater or lesser extent, combinations of capitalism and socialism.

The economic demise of the USSR had been foretold. As far back as 1922, in his book *Socialism*, the leading Austrian economist Ludwig von Mises [1881–1973] had predicted that socialism was an economically unsustainable system and must fail. He claimed that without the private ownership of capital and the market pricing thereof there could be no proper planning, or any effective or efficient allocation of scarce resources to competing demands. Waste, stagnation, and eventual ruin must follow. His views were treated with much skepticism and rejection. But following the collapse of the Soviet Union, Robert Heilbroner [1919–2005], a leading socialist economist said about the impossibility of socialism; “It turns out, of course, that Mises was right.”

The other major socialist economy, China, also had its version of Perestroika, called the “socialist market economy” initiated in 1978 by its then leader Deng Xiaoping [1904–1997]. The Chinese economy has since continued to thrive and grow, albeit in a hugely distorted fashion. But unlike the Soviet Union, China has not relaxed its political policy of centralized authoritarianism. There has been no Chinese Glasnost, the policy of increased openness and freedom that accompanied Perestroika in the Soviet Union. Whether Mises is right, or whether a rigidly repressive regime can make a socialist economy work thus still remains to be seen.

Mises made another prediction, one of more interest and concern to the countries of the West. In particular, Mises denied the possibility of the sustained existence of a mixed economy. Once government intervenes in an economy, as it does by definition in a mixed economy, it is driven ineluctably towards a socialist economy, with all that that entails, or less likely, to a recognition of the error of its ways, and a return to a market economy.

There have been numerous criticisms of Mises’s theory of the impossibility of the sustained existence of a mixed economy. Critics have pointed out the virtual non-existence of any country with a free market economy. With the total discrediting of socialist economies occasioned by the collapse of the Soviet Union, the vast majority of nations now operate a mixed economy. Many have done so for decades. Where they differ is where, on the broad spectrum of a mixed economy, stretching between the two poles of socialism and a market economy, a particular nation’s economic system is located.

What seems unmistakably to have happened in recent times, particularly amongst developed nations, is that the location of their mixed economies on the spectrum has tended to shift significantly towards the socialist pole. Many mixed economies are now greatly changed, with their respective governments controlling and disposing of much, if not most, of the national income. In the circumstances, whether Mises’s theory of the impossibility of a sustainable mixed economy is correct or not is probably irrelevant. Regardless of whether it was preordained or not, many mixed economies have become much more socialist.

Particularly in the last few years, government involvement generally in the mixed economies of the West has grown exponentially, funded largely by debt. In many instances, a tipping point has been reached, since observers cannot see how particular nations can pay, not the debt itself, long since given up as unrepayable, but the interest payments due on such debt. Moreover the globalization of world finance means the banks of nations not directly involved are themselves at risk, and pose a threat to the viability of their own nation’s economy.

Like Perestroika, when the Soviet Union sought to find a way to restructure its economy and preserve its situation, the governments of the West have been seeking to restructure their economies to preserve their situation. This is particularly so with the welfare economies of Europe and the welfare-warfare economy of the USA. But the austerity measures and the increased taxes proposed show little likelihood of working. When Perestroika failed, the leaders of the Soviet Union had the courage and determination to implement the painful but largely peaceful dissolution of the Soviet empire. One can only wonder if the leaders of the West will, if necessary, show the same resolve. *DBS*