

# Australian Adam Smith Club (Melbourne)

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

We cannot permit the extreme in the environmental movement to shut down the United States. We cannot shut down the lives of many Americans by going to the extreme on the environment. **George Bush (May 30, 1992, at campaign rally, California)**

## Jeff Bennett on Little Green Lies An exposé of 12 environmental myths

**The Adam Smith Club will host a meeting on Thursday the 12<sup>th</sup> of April 2012,  
at the Curry Club Cafe, 396 Bridge Road, Richmond.**

Jeff Bennett is the author of the newly published *Little Green Lies: An exposé of twelve environmental myths* (Connor Court, 2012). Jeff Bennett is Professor of Environmental Management in the Crawford School of Economics and Government at the Australian National University. He is a Distinguished Fellow of the Australian Agricultural and Resource Economics Society and a Fellow of the Academy of Social Sciences in Australia. Jeff lectures, researches and consults on the economics of environmental policy issues.

The natural environment matters a lot to many people. Their views on issues such as recycling, population control, economic growth and renewable energy are often held strongly and emotionally. But some of these views are best described as being based on 'little green lies'. Sometimes people bend the truth because they believe they are protecting others from the harm caused by environmental decay. Others do it for personal gain. But unlike 'little white lies', telling 'little green lies' is not harmless. If they become so widely accepted that they form the basis of government policies, our society can be worse off for them. They can even end up causing environmental damage.

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 10<sup>th</sup> of April 2012. 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](mailto: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 and .....place(s) at \$45.00 per non-member for the April 12<sup>th</sup> 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](mailto: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 9<sup>th</sup> of April will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

## COUNCILS AGAINST THEIR RATE PAYERS

Before the carbon tax comes into play, Australians are already suffering due to laws based on the false theory of Anthropogenic Global Warming (AGW), aka Catastrophic Climate Change. (I am not referring to the increased electricity charges we already pay to subsidize so called renewable energy.)

On the front page of *The Weekend Australian* (24-5/3/2012) we saw the headline, "Fighting on the beaches as council orders retreat from climate change 'threat'". The article describes how 17 home-owners of Illaroo Rd, Lake Cathie (just south of Port Macquarie) on the northern coast of NSW, are facing the prospect of having their residences compulsorily acquired by their local council because of expected sea level rises based on IPCC (International Panel on Climate Change) projections.

As mentioned in previous articles and in detail at the Adam Smith dinner of December 2009 ([http://www.adamsmithclub.org/AASC\\_091208.pdf](http://www.adamsmithclub.org/AASC_091208.pdf)), AGW is a thoroughly refuted theory. One does not need to be a climate scientist to understand why AGW theory is false. It can be understood by anyone with a high school education. It only continues to hold sway because governments see it as a means to accrue more power and control over their citizens and because scientists are addicted to the government provided research grants and sinecures which would otherwise disappear.

According to the *Weekend Australian*, the council needs to deal with a threat of a sea level rise of 0.9 metres by the turn of the century. What is not noted by the paper or the council is that the 0.9 metre projected

sea level rise is an extreme value, with the IPCC's most likely projection being a sea level rise of 0.2 to 0.3 metres. Why does the council use the most unlikely figure of a refuted theory to threaten to inflict pain and suffering on its rate payers?

And if this were not enough, why has the council chosen to ignore the results of local tide gauges? The oldest tide gauge on the east coast of Australia is at Port Denison (Sydney) whose record is some 100 years old. It, together with other tide gauges, indicates that sea level rise on the east coast of Australia is some 0.1 metre per century and for the last 40 years the rate of sea level rise has reduced (below 0.1 metre per century), not increased as AGW theory would have predicted.

According to *The Weekend Australian*, "Council's action has reduced property values on Illaroo Road by between a third and one half, according to local observers." Do residents have a claim against the local council?

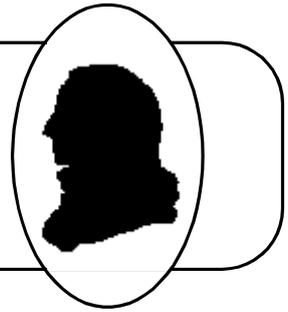
If billionaire mining magnate Clive Palmer wants to undermine Greens influence in Australia, rather than invoking highly unlikely to prove conspiracy theories, (and therefore with which the press has a field day), he could do no better than underwrite a legal challenge to all laws passed in this country based on the false projections of the IPCC (and such subservient organizations as the CSIRO). If done correctly, it would expose the scientific fraud, misrepresentation and finally the reality that the basis of all these laws is a false scientific theory. *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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## THE MODEST FARMER: HOW BERT KELLY LIBERATED THE AUSTRALIAN ECONOMY

Bert Kelly wasn't a showy man, but he was very determined. He made it his life's work to free the Australian economy from the shackles of protectionism and he succeeded.

Kelly was born into a farming family in Tarlee, South Australia in 1912. The property had been in the family since the 1870s. He was far from being unintelligent or uneducated. As a young man, he attended Prince Alfred College, one of South Australia's most prestigious educational institutions. Later, he was awarded a Nuffield Fellowship to study agriculture in the United Kingdom.

Kelly loved farming. He first came to public attention with his column 'The Modest Member' in the Australian Financial Review. With its colourful cast of characters, notably Eccles the economist who would occasionally come down from his ivory tower to explain economic policy to Fred the farmer. Kelly's 'Modest Member' column, later 'The Modest Farmer,' became the favoured reading of the small band of people who became known as 'economic rationalists'.

His career in politics could not be described as outstandingly successful in the conventional sense. Kelly held a few minor portfolios for a short time. It's true he held his seat of Wakefield in the Liberal interest from 1958 until he lost preselection in 1977 but it's also true his almost monomaniacal concentration on tariff reform to the exclusion of all else damaged his career. Often his wife would be the only person in the Visitors' Gallery when he spoke, and the House of Representatives would be almost empty.

Tariffs were bad, Kelly believed, because some people were enriched while others were impoverished with the stroke of a bureaucrat's (or more likely, politician's) pen. The people who suffered most from tariffs were poor people. Indeed, the people who benefitted most when the Hawke-Keating government abolished textile, clothing and footwear tariffs and quotas in 1983 were the less well-off who could buy better quality imported essentials like underpants and singlets for less than half the price of the Australian made equivalent. The poor quality goods inflicted on Australian consumers under the tariff regime have been described by writer and commentator Sean Keneally as 'Australian shoddy.'

The tariff wall Kelly railed against finally came down in the 1983 Hawke-Keating government. By that time, Kelly had lost preselection and was out of Parliament. He still continued to write his column for various publications, although one would imagine after such a long political career his pension would have been quite adequate to cover his expenses and he wouldn't have been hanging out for his freelance cheque from the AFR.

Kelly had a very lonely fight. He saw his long campaign in moral terms, perhaps even gaining a quasi-religious inspiration from his Methodist background. With the emergence of the Dries in the Commonwealth Parliament he gained some support. Exactly who led the Dries is a matter of some conjecture, but certainly Western Australian Members of the House of Representatives John Hyde and Peter Shack played a prominent role, though they were by no means alone. Ray Evans, who was at that time employed by Western Mining Corporation as a political liaison officer, certainly helped rally support for the Dry cause and Bert Kelly in particular. Evans is probably one of the most influential proponents of rational political and economic policies in Australia.

For part of the time Bert Kelly was active in Parliament I was employed as a research officer by Senator Peter Sim (Liberal, WA), then chairman of the Senate Standing Committee on Foreign Affairs and Defence. I had been reading the 'Modest Member' column since I began reading the AFR, which was when I was 18. When I asked Senator Sim, who was a strong supporter of the Dries and one of Bert Kelly's best friends in the Parliament, for an assessment of Bert Kelly's career, he said he could have achieved far more if he had cast his net more widely. I personally didn't find Bert Kelly to be a very attractive character. He tended to be a rather brusque and abrasive, though some my friends said he took great pleasure in educating young people about the tariff debate.

I would certainly count Bert Kelly as being amongst the giants of Australian politics at a time when the federal Parliament still had giants on both sides of politics, men like Reg 'The Toecutter' Withers, Phil Lynch, Clyde Cameron, Kim Beasley Snr and the young Paul Keating.

Connor Court will soon publish a long-overdue biography of Bert Kelly by Hal Colebatch, one of Australia's most outstanding and versatile writers. Colebatch has previously written biographies of his father, the former Premier of Western Australia, Sir Hal Colebatch, entitled 'Steadfast Knight' and also a biography of one of Australia's most colourful mining identities, Claude Albo de Benales 'The Magnificent Miner'. Colebatch has also won the WA Premier's Award for Poetry and has a doctorate in political science 'with distinction' - a rare honour.

Bert Kelly predeceased his biography, which is a pity. There can be no doubt that in terms of public economics he was one of the most influential Australians of his generation. I am not fond of the term 'economic rationalism' due to its pejorative connotations, but what is the alternative - economic irrationalism? If you wanted to sum up Bert Kelly in one phrase, you could call him 'Australia's first economic rationalist.' *JRB*

# A PERNICIOUS REVIVAL

The various sovereign debt crises that have rocked Europe since the onset of the so-called Global Financial Crisis have spawned a number of calls for a new Marshall Plan for Europe. Thus, for example, former British PM Gordon Brown, in an article in the *Washington Post* of 22 February 2012, called on the G20, at their forthcoming meeting in Mexico in June, to coordinate a global plan to help Europe; to wit, a new, modern and international Marshall Plan. Also in February, Werner Hoyer, the former German Deputy Foreign Minister and current President of the European Investment Bank, suggested that Greece, in particular, needed a Marshall Plan. Significantly, he was supported in that view by Hans-Peter Keitel, the President of the Federation of German Industries.

Typically, the unstated assumption in such calls is that the Marshall Plan was an unqualified success; a classic example of international humanitarian cooperation at its best. Winston Churchill saw fit to describe it as “the most unsordid act in all of history”. In an age when history is a much neglected subject, and many, particularly the young, would have trouble naming the principle participants and events of WW2, most would probably, nonetheless, have some awareness of the Marshall Plan, even if such awareness was confined to the belief that it was the post WW2 method and event whereby America, by a massive transfer of wealth, saved Europe from a future of communism, poverty and despair.

That this benevolent view of the Marshall Plan is largely a myth has been well researched and documented over the years by a number of iconoclastic historians and economists. In recent times their number has included, for example, Tyler Cowen, Thomas Woods and Jeffrey Tucker. In changing the pervasive benevolent view of the Marshall Plan however, their work has been of little avail. There are undoubtedly powerful vested interests that, for a variety of reasons, would not wish for the popularly accepted view of the Marshall Plan to be disturbed, much less overturned.

In a speech at Harvard University on 5 June 1947, President Truman’s Secretary of State, General George Marshall, (after whom the Plan is named), outlined a proposal for a wide-ranging aid program for Europe, targeted against hunger, poverty, desperation and chaos. Its implementation was intended to promote production, enable financial stability and stimulate trade. In the event, the program, by current standards, was relatively modest in size and restricted in scope, totaling initially less than US\$2 billion in amount and lasting only for 5 years. Aid was offered to all European countries except Spain, but the USSR and its satellites declined.

The iconoclasts make a number of points:

The so-called German economic miracle which saw Germany recover in a few short years to become an

economic powerhouse was not the result of aid, but rather the dramatic change of economic policy by Ludwig Erhardt, the economic director of the allies’ occupation zones, which literally overnight changed West Germany’s economy, from being heavily regulated and controlled to a relatively free-market one. The actual value of assistance received by West Germany under the Plan during the relevant period was virtually off-set by the payment of German reparations and occupation costs. In fact, the countries that received the most aid under the Plan, such as Britain, economically performed the worst, whilst those that received the least, such as Belgium, did the best.

Economic performance tended to correlate positively with the degree that the relevant recipient complied with free market principles. Yet the Plan, rather than encouraging aid recipients towards such policies, tended to push them towards more centralized control and regulation. This was partly at least a consequence of the requirement of the Plan that for every dollar received, recipient governments had to spend an equivalent amount on public works and state projects.

The aid supplied was a transfer from government to government, thereby financially enabling the recipient government to continue otherwise non- or counter-productive policies, such as France’s conduct of its colonial wars in Indo-China and North Africa, and British experiments with post WW2 socialism.

Whilst trade between Europe and the USA was stimulated by the Plan, this was often at the expense of third parties. Much of the aid was tied to the purchase of American goods and services. Thus American tobacco replaced Greek, and American tractors replaced Italian. Moreover trade between east and west Europe was disrupted, since much of what was supplied by way of aid was embargoed from resale to the Soviet Bloc.

The Plan was a benefit for a number of American industries such as agriculture, shipping and insurance (goods supplied had to be shipped in American ships and insured by American insurers), but was hardly a benefit to Americans generally. In effect, American taxpayers were used to subsidize various politically favoured American industries. It perhaps should come as no surprise then that the head of the German Federation of Industries is in favour of a new international Marshall Plan

The lessons to be learned from the post WW2 world and the Marshall Plan is that the sine qua non of economic prosperity is a sound economic and legal framework. Conversely, a prevalence of economic crises is a good indication that such framework as exists is dysfunctional. Promises of reform from such dysfunctional sources as the price for propping them up, are worse than useless, merely delaying that which must be achieved. The world does not deserve, or need, another Marshall Plan. *DBS*