



Australian Adam Smith Club (Melbourne)

President: Michael James, Editor: Regina Bron, P.O. Box 449, Heidelberg, 3084

Anthony Adair On

"Reforming Government Subsidies For The Arts"

The Adam Smith Club will host a dinner meeting on Wednesday 24 February 1999, at the CENTRA Hotel (cnr St Kilda Road and Park Street - formerly St Kilda Road Travelodge).

In Australia, the arts rely substantially on government funding, more so than in the United States, though less so than in Europe. The result is an arts community that is inward-looking, politicised and remote from public preferences and criticism.

Ideally, governments would relinquish their involvement with the arts, and lower taxes would stimulate a more vigorous market for the arts. That is not going to happen soon; but governments could meanwhile improve the way they support the arts. They could insist on proper accountability from artists, back consumer preferences rather than producer preferences, and encourage voluntary donations to the arts.

Anthony Adair is Senior Associate with the Centre for Independent Studies. He is well placed to consider these and other options through his involvement with private and publicly-funded arts organisations. Since 1997 he has been President of 3MBS-FM, a Melbourne-based community radio station broadcasting classical music. He is a member of the Board of the National Portrait Gallery in Canberra and a member of the National Council of Opera Australia. He served on the board of Melbourne's Playbox Theatre for 13 years, the last three as Deputy Chairman. He worked for the Royal Dutch/Shell Group for 25 years until his retirement in 1997.

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 Monday the 22nd day of February 1999. 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, inclusive of wine and pre-dinner drinks.

**Enquiries to Ms Regina Bron, tel 9859 8277 (AH)
or Dr Tom Jellinek, tel 9706 7400 (BH)**

----- ✂ ----- detach and return -----

The Secretary,
Australian Adam Smith Club (Melbourne),
PO Box 449, Heidelberg, 3084.

Please reserve place(s) at \$40.00 dollars per member andplace(s) at \$45.00 per non-member for the February 24th dinner 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 can now be found on the World Wide Web at <http://www.newaus.com.au/asmith.html>. We are grateful to Gerard Jackson who produces the *New Australian* - Australia's only free market online magazine - for hosting our newsletter. The *New Australian* is recommended to anyone interested in obtaining a 'free market' view of the economic events and in exposing mainstream journalist hypocrisy and mendacity. A new issue appears approximately every week and there is a truly amazing amount of free market material collected there. There are also links to other interesting Web sites both in Australia and overseas.

One of those links points to *Still Waiting for Greenhouse* at <http://www.vision.net.au/~daly/>. This Tasmanian site is the best site for anyone interested in finding out the truth about the greenhouse warming. Although somewhat 'bright on the eye', John L Daly's site is leading the attack on conservationist greenhouse propaganda, exposing their lies with scientific data and analysis. A feature of this site is the publication of guest scientific papers which are subjected to open review.

Other Australian sites which may be of interest are The *Institute of Public Affairs* at <http://www.ipa.org.au/> and The *Centre for Independent Studies* at <http://www.cis.org.au/>. MG

THE EMERGING CHINESE LEGAL PROFESSION

Spending much of the latter half of 1998 living in Beijing with my family provided an opportunity to see first-hand some of the changes taking place. In the mid-1970s, as an Australian lawyer working in Hong Kong, I visited the People's Republic of China on several occasions. At that time the roads were ruled by the bicycle; consumerism (in the sense of the opportunity to shop for consumer goods) was virtually non-existent; the people dressed alike and the Little Red Book was everywhere. In 1988, I attended the Law School of Beijing University studying for and obtaining a Diploma of Chinese Law. Much had changed since the mid 70s. Negotiations were taking place for the return of Hong Kong and a number of the law lecturers were involved. Shops, stores and restaurants were proliferating, at least in the major cities, and Westerners were again making their appearance. The role of the courts and of the tiny legal profession however seemed completely constrained. Although numerous legal codes covering areas familiar to Western lawyers existed, the concept of civil litigation whether between Chinese and Chinese or Chinese and foreigner appeared virtually non-existent. In the intervening 10 years since then China has continued to develop at an amazing rate. Even in rural areas, or at least the more affluent ones, rapid development has occurred. To this western lawyer

however the most significant development has been the manifest change in attitude towards lawyers and the law and the growth in the legal profession. The central government has committed itself to a Rule of Law. This commitment is regularly reaffirmed in official pronouncements and given prominence in the media. Great efforts are being made generally to provide access to law through the creation of a legal profession. There are approximately 6000 lawyers practising. A number of them have studied and worked overseas, particularly the USA. They are mostly young. Many are impressive, speak English and are interested in Anglo-American law. There are also a number of foreign law offices including several of the leading Australian firms. In October 1998 the British held a week-long legal expo demonstrating to the local profession what was available by way of British legal services. The conference halls were packed. Civil litigation although still on a relatively small scale does take place. Cynics still say that if you want to know the law in China don't ask a lawyer ask a politician. They may be right. However the history of legal professions, at least in the West is that they are assertive in seeking a meaningful role. The emerging Chinese legal profession certainly gives just such an impression. DBS

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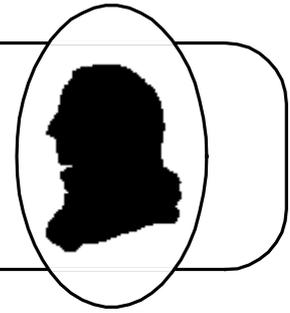
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Laissez Faire

Newsletter of the Australian Adam Smith Club (Melbourne), No 45, October 1998



FREDERIC BASTIAT ON GOVERNMENT SUBSIDIES FOR THE ARTS

The 19th Century French economist Frederic Bastiat had views about government subsidies for the arts. In his 1850 essay *What Is Seen and What Is Not Seen*, he included a section on 'Theatres and Fine Arts', in which he wrote:

Should the state subsidise the arts?

There is certainly a great deal to say on this subject pro and con.

In favour of the system of subsidies, one can say that the arts broaden, elevate, and poeticise the soul of a nation; that they draw it away from material preoccupations, giving it a feeling for the beautiful, and thus react favourably on its manners, its customs, its morals and even on its industry . . .

To these reasons and many others, whose power I do not contest, one can oppose many no less cogent. There is, first of all, one could say, a question of distributive justice. Do the rights of the legislator go so far as to allow him to dip into the wages of the artisan in order to supplement the profits of the artists? . . . Furthermore, is it certain that subsidies favour the progress of the arts? It is a question that is far from being resolved, and we see with our own eyes that the theatres that prosper are those that live on their own profits. . .

These are some of the reasons alleged by the adversaries of state intervention concerning the order in which citizens believe they should satisfy their needs and their desires, and thus direct their activity. I confess that I am one of those who think that the choice, the impulse, should come from below, not from above, from the citizens, not from the legislator; and the contrary doctrine seems to me to lead to the annihilation of liberty and of human dignity.

But, by an inference as false as it is unjust, do you know what the economists are now accused of? When we oppose subsidies, we are charged with opposing the very thing that it was proposed to subsidise and of being the enemies of all kinds of activity, because we want those activities to be voluntary and to seek their proper reward in themselves. Thus, if we ask that the state not intervene, by taxation, in religious matters, we are atheists. If we ask that the state not intervene, by taxation, in education, then we hate enlightenment. If we say that the state should not give, by taxation, an artificial value to land or to some other branch of industry, then we are the enemies of property and of labour. If we think that the state should not subsidise artists, we are barbarians who judge the arts useless.

I protest with all my power against these inferences. Far from entertaining the absurd thought of abolishing religion, education, property, labour, and the arts when we ask the state to protect the free development of all these types of human activity without keeping them on the payroll at one another expense, we believe, on the contrary, that all these vital forces of society should develop harmoniously under the influence of liberty and that none of them should become, as we see has happened today, a source of trouble, abuses, tyranny, and disorder.

Our adversaries believe that activity that is neither subsidised nor regulated is abolished. We believe the contrary. Their faith is in the legislator, not in mankind. Ours is in mankind, not in the legislator.'

MJ

GST BENEFITS?

Pricewaterhouse Coopers partner Geoff Lehmann points out in his column (The Australian 29/1) that the main aim of the proposed GST is to create a significant increase in government tax revenue. He attempts no pretence that a GST will decrease the tax burden. A GST in Lehmann's view is necessary in order to increase the government's revenue to enable it to continue the present social welfare system. Lehmann contrasts this (what he calls the Australian Way) with the USA., which has no GST and a relatively low tax burden. Economically it is the leading nation in the world. Arguably the economic success of the USA is what has kept the world afloat in recent years as global crisis has followed global crisis. Lehmann accepts that the USA has a low unemployment rate but notes that it has an inadequate social welfare system so that people starve if they don't have a job. It also has a high crime rate and a large prison population. This Lehmann sees as the American Way. It is clear that he believes the Australian Way to be superior.

He makes no mention of the fact that the lower tax burden on individual Americans means that in that regard they are relatively freer; that the freedom to earn and do what one chooses with one's own money rather than have it taxed away comprises a large part of what goes to make a free society. It also seems that Lehmann is not cognitive of the measure of misery that Australia's unemployment rate represents; the frustration, hopelessness and despair

of the unemployed is a tragedy and a national scandal. There is no suggestion that a GST will help reduce unemployment; if anything the reverse is more likely.

Ultimately the main fallacy in Lehmann's case for a GST is the very reason he suggests it is necessary. As many (including some politicians) now realize, the level and nature of Australia's present social welfare system is unsustainable. Even the income tax which at one time seemed to represent a cornucopia of funds for the government is unable now to support it. But its needed level of funds is not stationary. By its very nature more funds are required each year. Within a short time the level of GST will need to be raised to accommodate it again. Eventually even the GST will be unable to cope. By imposing a GST the government is enabled to stave off radical reform of the system for a while longer, thereby ensuring an even greater shock when it does occur. In the meantime however the GST will present a seeming treasure-trove to politicians, few of whom will be able to resist the temptation to plunder, whenever an occasion arises to spend some money. Lehmann bemoans the possibility of the Senate defeating the GST thereby unwittingly destroying the social system. Far more likely however that its defeat for whatever reason would be of benefit overall to the freedom, prosperity and well-being of the Australian people. DBS

A PIN PRICK ON A WHALE OF A PROBLEM.

Recently the NSW Health Minister shut down a needle exchange programme due to a photo of a teenager shooting up in a city alleyway. Apart from some concerns raised in the press about the minister's state of innocence on the issue, (as it was his electorate in which the incident occurred and he had received delegations of residents complaining of the 'shooting galleries'), two real points have been overlooked in the actions that followed.

First, that the place where the needle exchange was operating was inappropriate didn't mean the programme was wrong. If addicts are going to shoot up then giving them clean needles is a very cheap method for the community to reduce the risk of spreading infectious disease. The second more fundamental point is that the addicts are not included in society in large part due to the economic and criminal costs of addiction. These are a result of the present stand on prohibition of hard drugs. If people could quietly go about their destruction without dragging the community with them it would be a tragedy, but nothing compared with the tragedy we presently have. Reducing the prohibition would also make the presently criminal addict more accessible to those family members and concerned fellow humans who wish to offer a way out to the addicts. TW