



# Australian Adam Smith Club (Melbourne)

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

*What men value in this world is not rights but privileges. H. L. Mencken (1956)*

## Imre Salusinszky

presents

### “Adventures in Topsy-Turvy Land; Or, How the Bourgeoisie Retooled as Battlers, and Activism Became a Defence of Privilege”

**The Adam Smith Club will host a dinner meeting on Thursday the 3<sup>rd</sup> of June 1999,  
at the CENTRA Hotel, corner St Kilda Road and Park Street, South Melbourne.**

The opening of the third runway at Sydney Airport caused Judy Davis to claim that she had been deprived of her “fundamental human rights” and transformed into an “unwilling martyr”. In this unique upside-down perspective on contemporary Australian affairs, Imre Salusinszky takes a humorous look at the increasingly unlikely candidates who attempt to recommend themselves to our humanitarian sympathies. He will welcome further examples from the floor.

Renowned for his satirical weekly column in *The Australian Financial Review*, Imre Salusinszky was born in Budapest in 1955, and came to Australia with his family as refugees following the anti-Soviet uprising in 1956. He was educated at Melbourne High School, the University of Melbourne (where he co-edited *Farrago*), and Oxford. He teaches English literature at the University of Newcastle. He is on the advisory board for several journals, including *Quadrant*. His most recent publication is *The Oxford Book of Australian Essays*.

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 1<sup>st</sup> day of June 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)**

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

Please reserve ..... place(s) at \$40.00 dollars per member and .....place(s) at \$45.00 per non-member for the June 3<sup>rd</sup> 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 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.

## ME, A PESSIMIST?

It is reported that the Prime Minister has noted an air of pessimism in Australia. Given the constant reporting of official figures showing Australia doing superbly well economically the P. M. might feel justifiably peeved that at least a part of the population should seemingly harbour such negative sentiments.

Perhaps he had in mind comments like those of Terry McCran one of the best economic correspondents in the country [Herald Sun 5/5], regarding the latest Victorian budget. "This is not so much an election budget - more an ordinary politicians budget. Earnest Al, with furrowed brow has proved yet again the fundamental truth about all politicians. Whatever the rhetoric, whatever the ideology they all end up at essentially the same destination - spending our money."

"Simply, eventually given an extra dollar they will spend it - on your behalf of course - rather than give it back to you in lower taxes."

Yet it would be wrong to call Terry McCran a pessimist. After all in the same article he goes on to write; "Peter Costello is the last great hope." "He actually wants to give us serious tax cuts: and Labor and the minor parties are trying their best to stop him."

Clearly Terry McCran supports a GST. Given his enunciation of what he regards as the fundamental truth about politicians, expecting the huge taxation sums to be raised by a GST to be used for tax reductions rather than for simply increasing the tax burden of all Australians must place Terry McCran in the ranks of the wildly optimistic. *DBS*

## CENTRALISM AGAIN

A Victorian member of Parliament is reported to have discovered that the Australian Broadcasting Corporation is really the Sydney Broadcasting Corporation, with a vast bulk of its activities occurring in that city. (Herald Sun 9/5) In part this reflects the increasing centralism of the government and the decline of federalism. If you think in centralist terms, then of course it makes economic sense to have only one operating centre if technically you can thereby cover the whole country. In the days when Qantas was essentially a Sydney company the same sort of economic argument was used to deny Melbourne an international airport. After all the country really did not need two major international airports. The point is of course that Melbourne needed one.

Increasing centralism can only make things worse. The proposed building of a railway line between Sydney and Canberra is just another example. Is Canberra to become an outer suburb of Sydney? What a joke on the rest of the country. Who is going to use this hugely expensive white elephant. Perhaps it would be better to concede that Sydney is now the de-facto capital of the country and that there is really no useful purpose to be served in maintaining Canberra as the nominal capital. *DBS*

### *Membership of the Australian Adam Smith Club*

Membership for calendar year 1999 costs \$30. If you are a member and have not renewed your subscription, you are welcome to do so. If you are not a member why not join today?

Send \$30 to PO Box 449, Heidelberg Vic 3084.

Please renew/enrol me as member of The Australian Adam Smith Club (Melbourne)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ E-mail: \_\_\_\_\_

Signature: \_\_\_\_\_

# Laissez Faire

Newsletter of the Australian Adam Smith Club (Melbourne), No 47, May 1999



## TAXI RELIEF

There is good news on the deregulation front. Serious examination is being given to the possibility of deregulating one of Australia's most restrictive industries - the taxi industry. (Australian Financial Review 7/5.) This is part of the national competition review of the States regulatory regimes. A paper favouring reforms, possibly along the lines of a London model, has been prepared by Jason Soon of the Centre for Independent Studies. The taxi industry has prepared its own report, authored by Dr Paul Hooper, a senior fellow at the National University of Singapore, opposing deregulation.

Anyone who has ever tried to find a taxi in Melbourne on a Sunday or during peak periods or inclement weather, knows that the system is not working. Parading the problems of taxi drivers is not really an answer. Nor demonstrating that the performance of the existing fleet has been improved by the installation of high-cost technology made affordable to the owners by the high fares and tight controls on new licences.

Melbourne is a big city. Presently its roads are being clogged by the perceived need of many people to drive their own cars, unable to rely on finding a taxi when needed and/or to afford the fare if they can. Contrast this situation with Beijing, if anything a bigger city area than Melbourne. Cheap metered cabs make up much of the traffic throughout the city. In the last decade owning a taxi licence has been one of the best investments a Melbourne businessman could have made. It should not have been. Essentially taxi driving should be a relatively lowly skilled occupation requiring minimal investment. Given the opportunity, many unemployed people would be able to become small businessmen by investing in their own vehicle and earn a living wage by filling the demand at appropriate times. The result could only be a benefit to the community, easing the traffic and pollution problems and providing greater satisfaction to the bulk of consumers.  
*D.B.S.*

## A Zero Sum Game?

The tax reform debate continues in one form or another, waxing and waning over the months, but never disappearing from public consciousness. One issue that keeps being raised by opponents of the proposed GST is the assertion that some people will be worse off under the new system than under the old. Proponents of the GST keep asserting that no one will be worse off.

An argument not often heard supporting this assertion by opponents of the GST is that if the new system is 'revenue neutral' as claimed by its proponents, then if some people are better off others of necessity must be worse off. Superficially, this argument appears quite reasonable. However, nothing is ever so simple in the 'dismal science'. The proponents of the GST claim that 'the cost of compliance with the new system will be reduced significantly' and that this will allow some tax revenue to be redistributed as compensation to those who would otherwise be worse off. (Some would further argue that any savings in compliance costs would remain in the hands of tax payers rather than passing to the tax collector and thus the zero sum argument above would still hold if the new tax system was to remain revenue neutral.)

Of course no proponent of tax reform seems to be telling us what the current costs of compliance are and what savings will be made under the new regime. I have heard it said by some who claim to be knowledgeable in this area that compliance costs are in the billions of dollars. Compliance costs are effectively destroyed wealth - money that could otherwise be spent on something else. If a billion dollars could be saved through reduced compliance costs, what a boost it might make to the economy!?

Now if only we could trust our government ... *MG*

## 'NO FOREIGN POLITICS': THE WISDOM OF LIBERAL INTERNATIONALISM

As Australia agonises impotently over East Timor, and NATO's 'humanitarian' war against Serbia is becoming a fiasco of unintended consequences, we could do worse than to ponder the principles of liberal internationalism, a doctrine that emerged in Europe after the Napoleonic wars.

Liberal internationalists argued that, just as the free market promoted peace and prosperity at home, so free trade — international *laissez faire* — promoted harmony among nations. To allow free trade to do its work, governments should avoid establishing colonies and empires; shun international treaties; refrain from interfering in one another's internal affairs; and limit the use of armed force strictly to the defence of national interests, and even then only after every other avenue of self-protection, including international arbitration, had failed. Foreign policy generally — diplomacy as well as armed intervention — served mainly to aggrandise the state.

One of Britain's leading liberal internationalists was Richard Cobden (1804-65), who became leader of the Anti-Corn Law League. Under the slogan 'No Foreign Politics', he campaigned to keep Britain out of international quarrels on the continent of Europe. In his essay 'Commerce is the Grand Panacea', he wrote:

'We are aware that it would be a novel case for England to remain passive, whilst a struggle was going on between two European powers; and we know, also, that there is a predilection for continental politics amongst the majority of our countrymen, that would render it extremely difficult for

any administration to preserve peace under such circumstances. Public opinion must undergo a change; our ministers must no longer be held responsible for the everyday political quarrels all over Europe; nor, when an opposition journalist, wishes to assail a foreign secretary, must he be suffered to taint him with neglect of the honour of Great Britain, if he should prudently abstain from involving her in the dissensions that afflict distant communities.

'There is no remedy for this but in the wholesome exercise of the people's opinion in behalf of their own interests. The middle and industrious classes of England can have no interest apart from the preservation of peace ... Nor do we think it would tend less to promote the ulterior benefit of our continental neighbours than our own, were Great Britain to refrain from participating in the conflicts that arise around her. An onward movement of constitutional liberty must continue to be made by the less advanced nations of Europe, so long as one of its greatest families holds out the example of liberal and enlightened freedom. England, by calmly directing her undivided energies to the purifying of her own internal institutions, to the emancipation of her commerce ... would, by thus serving as it were for the beacon of other nations, aid more effectually the cause of political progression all over the continent than she could possibly do by plunging herself into the strife of European wars.'

*Michael James*

## CITILINK THE CHAIN OF OUR MANACLES

The impending opening of the upgraded Trans-Urban Citilink from Tullamarine airport to Gippsland cannot come soon enough. We have been squeezed onto one or two lanes, redirected, detoured, denied access to roads, delayed and down right irritated for far too long. However this progress has come at an enormous price.

Trans Urban have developed a series of roads linking ones that we Victorians have already paid for with earlier collected taxes, yet we cannot use these sections without using the 'new' bits and so must pay a toll.

The Government - read we Victorians - will be obliged to pay Trans Urban compensation if clearways, traffic lights, other roads etc are altered or developed in any way that may reduce the anticipated flow through the toll collection booths.

Victorians are expected to trust Trans Urban with unlimited access to credit or bank accounts to top up their e-tag accounts. Victorians are expected to pay a minimum of \$25 for the privilege of having an e-tag just in case they need to use Citilink at some stage in the year. It is this or pay the outrageous daily fee - for a limited number of days only - and be so organised as to know in advance which days one wishes to travel on that route. With purchases of the day passes available only at post offices, one better plan only during office hours!

The e-tag itself, can track a vehicle through the system and the spectre of extending the e-tag readers elsewhere on the roads has already been raised. Big Brother can certainly watch us.

Whilst the Victorian Government may promote Citilink as the ultimate in User Pays - and we Club members can only laud these sentiments - the situation has been severely compromised. The government has created another legal monopoly, like the casino, which ensnares us into using something which maybe we didn't really want in the first place at an additional monetary cost, rather than liberate us with the freedom of choice. *RB*