

Australian Adam Smith Club (Melbourne)

President: Michael Warby, Editor: Regina Bron, P.O. Box 950, Hawthorn, 3122

I am for free commerce with all nations.
Thomas Jefferson, 1799

Ray Evans on The Panic over Trade and the Bush Administration

**The Adam Smith Club will host a dinner meeting on Tuesday the 24th of April 2001,
at Mallesons Stephen Jaques, Level 28, Rialto, 525 Collins Street, Melbourne.**

After the riots in Seattle, and the failure of the trade negotiations at that meeting of the World Trade Organisation, to reach any resolution, the future of trade liberalisation, and the WTO, has been placed in some doubt.

Melbourne has also seen similar violence against the spectre of 'globalisation', with the SII protests at last year's meeting of the World Economic Forum. As leader of the Cairns Group, Australia has been intimately concerned with trying to improve world trade in agricultural products.

The attitude of the new Bush Administration will be a central factor in prospects for the WTO and trade liberalisation. Ray Evans, fresh back from Washington, will address the Adam Smith Club on these matters, so important for global prosperity and the continued movement of millions of people out of poverty.

Ray Evans is an executive officer of Western Mining Corporation. He is also President of the H.R. Nicholls Society, Secretary of the Lavoisier Group and Treasurer of the Samuel Griffith Society.

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 Friday the 20th of April 2001. Tickets will not be sent. Those attending should arrive at 5.30pm for refreshments at 6.00pm. The cost is \$20.00 per head for members and \$25.00 per head for non-members, inclusive of drink and 'finger food'(PTO for explanation of arrangements).

**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 950, Hawthorn, Victoria 3122.

Please reserve place(s) at \$20.00 dollars per member andplace(s) at \$25.00 per non-member for the April 24th 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 a new address on the web: <http://www.economic-justice.org/asmith.htm>. The Institute for Economic Justice has been created by David Sharp a former president (and current committee member) and Timothy Warner the current Treasurer of the Club. As stated on the web site, 'The Institute has been founded to assist those who have been subject to economic injustice, and to increase both public and professional awareness of remedies available under the Law.'

A SETBACK FOR LIBERTY

In a determined pursuit of sexual equality, Australian anti-discrimination tribunals have ruled that hairdressing salons can not charge different prices for mens' and womens' haircuts. A like ruling prevents laundries and dry cleaners charging different prices for mens' shirts and womens' blouses. In particular they have ruled in each instance that women should not be charged more for what the tribunal has determined is essentially the same task.

One can make a number of observations from various perspectives with respect to such rulings. Firstly they detract from the liberty of the individual. In a real sense, all measures compelling equality detract from the liberty of the individual. Individual liberty entails the right to act in accordance with ones own wishes, which includes the right to choose the price of one's own services. To that extent liberty and equality can not co-exist and one must choose between them. Those who favour liberty in such circumstances do so because they prefer it to equality. Ultimately this is a matter of principle.

There are also practical considerations. Apart from the fact that such government regulation and rulings entail the elevating of government officials into positions of power over the remainder of the population, thereby resulting in the bureaucratising of society, such regulation and rulings impede efficient economic practices leading to a loss of overall welfare. Such

measures as compulsory equal pricing are based on a subjective view that a government official is able to declare tasks such as cutting male and female hair to be of equal value. In reality, the task of cutting females' hair generally is likely to involve more detail and work than the cutting of males' hair. This tends to be reflected in the market placing higher standard prices on female haircuts. Cleaning female blouses is similar. There are likely to be a far greater variety of colours and materials encountered in female blouses than mens' shirts, with more decoration and attachments. To a certain extent, where this is not the case the price can be subject to individual negotiation.

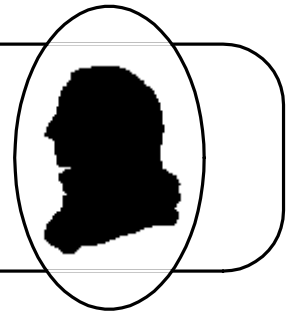
Mandating equal prices will tend to result in a situation where a single price is set between the two former prices. This will generally mean that the males will be subsidising the females since the males will be paying more for their haircuts than the market would otherwise require and females less. This ultimately can not continue. Unisex shops offering haircuts to both males and females will lose business (the males will go to male barber shops able to offer cheaper prices) and will eventually close. In so far as unisex shops offer a service and a benefit to society this service and benefit will be lost. Paradoxically therefore rather than resulting in more equality, mandated equal pricing is likely to lead to less. *DBS*

PRICE CHANGE

In order to control costs the Club is attempting a number of new formats for our meetings. Our meeting price is reduced by fifteen dollars. Drinks will consist of wine, beer and soft drink. Food will consist of "finger food"/canapes. We hope these arrangements do not cause inconvenience and we welcome your feedback.

Laissez Faire

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OUR DECLINING DOLLAR

The continuing decline in the value of the Australian dollar accelerated in March. New lows were plumbed and the dollar became a temporary focus of the mainstream media. However as historic low followed historic low on a near daily basis, it quickly lost front-page prominence. Even a record low of US cents 48.5 with a suggestion from currency dealers that US cents 43.8 in the near future was a real possibility failed to receive much prominence. It was noted that the value of the Australian dollar had declined since 1974 from just under US \$ 1.5 to its present value of less than a third of that. It was also noted that Australia was the second worst performer last year behind only Turkey in changes in the relative value of its currency. There were some soothing words from the Treasurer and others to the effect that the market was failing to reflect Australia's real worth or the strength of its economy. There was little analysis however, or attempt to ascribe blame. Most were content to make vague and largely meaningless references to the continuing Asian crisis, the strength of the American dollar and the machinations of money market manipulators.

Given that the significance of exchange rates is difficult to comprehend, much less to explain and is a subject most people find extremely boring, one nonetheless could be forgiven for thinking that its almost universally bland and soothing treatment was more than mere coincidence and suggested at least a view amongst them that this was a topic best left alone. Yet despite the absence of media coverage it would be naive to assume that most Australians were unaware that each person's individual Australian dollar balance sheet was being adversely affected, that Paul Keating's prediction that we were in danger of becoming a "Banana Republic" had become a reality and that somehow or other Canberra had something to do with it. The extent of the swing in the Ryan bye-election and the growth of extremist parties such as One Nation are evidence of that. In the circumstances it must be rated at least a possibility, albeit slight, that the forthcoming Federal election will produce more than the usual platitudes. *DBS*

THE POST-MODERN WORLD ROLLS ON

That most cutting edge of leaders and simpler than ever before. A Natasha Stott-Despotia, is part of further reason is that journalism having moved from who, what, Political activity. In the past where, when & why, twenty years the general two party is now more involved with nature on many western entertainment and excitement. The democracies has been changed by coverage of a political event is in the growth of splinter and fringe proportion - not to its substance (a parties. Parties of this type have rather the visual or verbal fireworks expected, the likely received a level of support not provision of the sound bite or the seen in the post WW2 period. catchy visual.

Part of the reason lies with the changing shape of communications - mail lists, email, the world wide web - have all made reaching geographically dispersed target groups cheaper

and simpler than ever before. A further reason is that journalism having moved from who, what, where, when & why, is now more involved with entertainment and excitement. The coverage of a political event is in proportion - not to its substance (a much too objective measure), but rather the visual or verbal fireworks expected, the likely provision of the sound bite or the catchy visual.

Natasha fits this world perfectly. She is a regular on TV entertainment shows like Good News Week, she has concentrated

her political life on single issue politics such as environmental causes and student welfare issue. The idea that she has a responsibility as a national leader is unknowable, as she has no desire to gain executive power - that would require balancing interests. Hers is the clarion call of the new era, you listen only to those voices you choose to hear, and you talk only to those to whom you choose. And the left cry that it was Thatcher and Reagan who killed 'society'. *TW*

CAMPAIGNING FOR A PRINCIPLE

It is perhaps a sad reflection on our times, or is it perhaps a sad reflection on Australia, that the Victorian Liberal Party took so long to reject the Fair Employment Bill presented by the Brack's Labor Government. This Bill called for the rejection of the concept of limited liability, and for the replacement of choice, consent and contract with a series of deeming provisions. The attitude of Party members and even of the Parliamentary Party was that there was no doubt, the Bill was wrong in its assumptions and destructive in its consequences. But the Parliamentary Liberal Party felt it had to consult for six months and prepare a large scale mail out campaign to publicly reach this conclusion. That such a measure could not apparently be condemned on principle is the most worrying part of this tale. Statistics showing that small and medium enterprises are concerned about such a measure are apparently of more political currency than a considered legal or philosophical objection. *TW*

COOLING KYOTO

The debate over the Kyoto Protocol has entered an interesting phase. As readers will recall this protocol, if implemented, would limit the emissions of greenhouse gases (chiefly carbon dioxide) mainly from developed countries in a vain attempt to reduce projected anthropogenic global warming. There are a number of serious problems with the Kyoto protocol:

- The various models that predict global warming are contradictory. They cannot accurately predict the past climate of the Earth let alone the future.
- The models are contradicted by the facts. There has been no global warming since about 1940. Most of the warming of the Twentieth Century occurred before 1940 (probably due to a rebound from the Little Ice Age of previous centuries).
- The use of the so called precautionary principle to justify the implementation of the Kyoto Protocol is inappropriate. If this principle were applied similarly to our daily behaviour, we would stay in bed for fear of being run over on our way to work.
- Even the proponents of the Kyoto Protocol concede that its full implementation will have a negligible impact on global warming.
- The effect of implementing the Kyoto Protocol on many developed countries will be a substantial lowering of living standards.
- The effect of implementing the Kyoto Protocol will be creation of a world bureaucracy and police force to administer and enforce its provisions.
- Increased carbon dioxide levels will have vastly beneficial effects for the planet.
- On the whole global warming will be beneficial to the planet.

All the above points can be investigated in more detail at the web sites listed at the end of the article.

U.S. President Bush's recent rejection of the Kyoto Protocol caused apoplexy amongst European Union ministers, some of whom threatened trade sanctions against the U.S.. The EU initially stated that it would implement the Kyoto Protocol without the U.S. However over the last couple of days, after all their empty posturing and breast beating had no effect on the

U.S. administration, conciliatory noises of compromise are being heard from the EU. Better, they say, to have a watered down protocol than none at all. Why?

I suspect there are two main reasons:

1. The EU consists of many countries that are opposed to free trade. These countries (especially France) use various mechanisms to subvert the WTO rules and protect local industries. The EU (and the U.S.) understands that the cost of Kyoto will fall much more heavily upon the U.S. than the EU. Thus they expect to obtain an unfair competitive advantage over the U.S. - one that they could not obtain in a free market.
2. There are enormous vested interests whose future livelihoods depend on the implementation of the Kyoto Protocol. They consist of all those who expect to obtain positions in the new world bureaucracy and police force (including all the "scientists" who have sold their souls for research dollars). If the Kyoto Protocol is necessary to save the world from catastrophe why would its proponents be prepared to compromise its effectiveness from negligible to non-existent? Could it be because a protocol of no effect will still create just as many jobs for the world bureaucracy and police force?

Over a century ago Lord Acton wrote "All power tends to corrupt; absolute power corrupts absolutely." The creation of a world bureaucracy (and eventual government) will lead to unprecedented concentrations of power in the hands of a few. Perhaps this will be the greatest danger to humanity in ratification of the Kyoto Protocol. *M.G.*

* John Daly's web site 'Still waiting for Greenhouse'
<http://www.john-daly.com/>

* The Lavoisier Group
<http://www.lavoisier.com.au/>

* The Science and Environment Policy Project
<http://www.sepp.org/>

* The Centre for Study of Carbon Dioxide and Global Change
<http://www.co2science.org/>

* The Greening Earth Society
<http://www.greeningearthsociety.org/>