

Australian Adam Smith Club (Melbourne)

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

To force a man to pay for the violation of his own liberty is indeed an addition of insult to injury.
But that is exactly what the state is doing.
Benjamin R. Tucker (1893)

R.J. (Robert) Stove on Secret Policing

**The Adam Smith Club will host a dinner meeting on Wednesday the 15th of May 2002,
at Ferretti's Café, Italian Bar & Ristorante, 138 Barkers Road, Hawthorn.**

There is a surprising lack of material on the history of government surveillance of its own subjects. In his recently published book, *The Unsleping Eye*, R.J. Stove provides us with an informative and entertaining brief history of secret policing. He will address the Adam Smith Club on the highlights of his researches.

R.J. Stove lives in Melbourne. His articles have appeared in Australian and American publications including *The Australian*, the *Sydney Morning Herald*, *Soundscapes*, *The New Criterion* and *The American Spectator*. He is a regular contributor to *Quadrant*. *The Unsleping Eye*, a history of secret police, is his second book. His first was *Prince of Music*, a study of the sixteenth century composer Palestrina.

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 13th of May 2002. Tickets will not be sent. Those attending should arrive at 6.30pm for dinner at 7.00pm. The cost is \$35.00 per head for members and \$40.00 per head for non-members (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 \$35.00 dollars per member andplace(s) at \$40.00 per non-member for the May 15th 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.'

THE PARADOX OF POLITICS

The paradox of politics starts with the fact that a lack of any clear dominant provider of coercive services leads to impoverishing violence – a Hobbesian state of nature in which lives which are nasty, brutish and short, as was shown by the breakdown of state power in Somalia and elsewhere.

Yet, having a monopoly of coercion is the best possible basis for oppression and exploitation. This the paradox of politics – government is necessary to establish rights and liberties yet is the greatest single danger to those rights and liberties.

Some claim that government is unnecessary. There is no empirical evidence for this proposition, and much against it. Others claim that governments are not the greatest source of oppression and exploitation at all. Again, the evidence against this is compelling – the overwhelming majority of those who died by violence in the C20th died at the hands of state power, and more died at the hands of their own state than in war. The most efficiently extractive polity in human history, as far we can tell – the polity that extracted the greatest amount for the purposes of the autocrat – was Stalin's Soviet Union, which achieved this by the effective and thorough application of coercion.

Voluntary interactions, such as market exchanges, have a

natural tendency to benefit both parties precisely because they are consensual. People only engage in them if they make them better off, which is why they keep choosing to do them. This is the basis of the power of the market.

This is not the case with coercive interactions. We need the coercive services of the state, but precisely because the state is based on coercion, there is no natural tendency for its actions to benefit both sides of any particular interaction. On the contrary, human history overwhelmingly shows there is a natural tendency for it to be exploitative and oppressive.

The political problem is always with us – the tension between the need for civil order and the dangers of the coercive monopoly which establishes that order. As St Augustine of Hippo said so many centuries ago, politics can never been a realm of perfection or redemption. The grim history of our times shows clearly that the deadliest forms of politics are those which operate under the delusion that paradox of politics can be resolved through some final, redemptive harmony; a deadliness that arises precisely because, in their belief in the trumping grandeur of their purpose, they refuse to admit to any limits to political action which is then free to visit the full horrors possible in its nature on masses of victims. *MJW*

BLACKLISTS AND THE FREE MARKET

Productive Free markets differ from others in being self-regulated. This happens when businesses and consumers seek to modify their conduct in order to maximise profits - profits in any sense of the word. In essence, blacklisting is the application of a constraint to a company or person who is perceived as an impediment to good business - hence the prefix "black".

For instance, the "privatised" tram companies (which are very much run by the government) would like to blacklist consumers who avoid paying fares, but courts frequently fail to penalise fare-evaders, sending the

destructive message to other consumers that it is acceptable to avoid paying fares. By the same token, if a tram company is guilty of poor timetabling or punctuality, the government fines the company instead of allowing consumers to blacklist it by arranging other means of transport. The destructive message here is that the government rather than the consumers should be obeyed. So business ethics on both sides of the transactions deteriorate.

If, say, the Adam Smith Club were to blacklist a member by the method of discouraging attendance, it would surely have good reasons, such as

persistent drunkenness or rudeness to guest speakers. This blacklisting would be important to the long-term health of the club. If, however, it blacklisted Asians, blacks or homosexuals, an act contrary to good business, it would shoot itself in the foot. Thus, any proper use of a blacklist would be a rational act - i.e. in the Club's long-term interests and any accusation of blacklisting is more likely to stem from paranoia than from rational considerations.

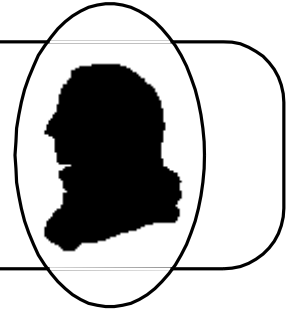
The blacklist has an extremely important function in the self-regulation of a free market. *TD*

VENUE ARRANGEMENTS

In order to control costs the Club is attempting a number of new formats for our meetings. Drink is not included in the price but can be purchased at the venue. A side room has been reserved for the dinner meeting. We hope these arrangements do not cause inconvenience and we welcome your feedback.

Laissez Faire

Newsletter of the Australian Adam Smith Club (Melbourne), No 59, April 2002



NAILING JELLY TO THE CEILING

The end result of a nationalized Health Care system was never in doubt. There is an inevitability about human action in which those on the collectivists' side always seem to have some new set of exceptions.

In the early 1970's the enlightened academics, and concerned community groups, called for the Government to replace the discriminatory system of health care where the individual was largely responsible for the choices and costs of their medical services. The disadvantaged and elderly had access to a world-class public hospital system and a degree of pro-bono health care. Most Australians had opted for private insurance to defray those costs, this healthy fear of large expenses led to the whole demographic participating in the insurance system.

The fuddy duddy critics – in this by-gone era this included the AMA – noted that if Government paid the bills that this implied a number of unspoken caveats. First, some control of the doctor patient relationship as the Government is paying the piper. Second, that paying for bills out of general revenue (rather than out of a true insurance pool) means cost

controls are likely at times of Government profligacy - applying arbitrary government action, rather than by the deliberate choices of the individuals involved in allocation of resources. Finally, with the removal of the incentives the best in the medical and surgical systems would withdraw from participation in the general health, in future only the richest could have the best.

The very first consequence of Medibank, was the resignation of the honorary consultants from the public hospitals. They had provided the public patients with Toorak class care in return for the prestige of the position, and their replacement by newly registered doctors whose one aim was to get the experience to leave the public hospital system.

Over the last twenty years we have seen the withdrawal of the young from private insurance, as the threat of catastrophic cost is removed why should they bother?

The next step was to freeze the provision of 'Provider Numbers' that allow the doctor or surgeon to authorize treatment and medications on the Medicare system. No Provider

Number - no patients. So choice of doctor was denied even to general practitioner patients. The right to practice medicine was only at the Government's whim, not at the capacity to meet the profession's standards.

In the last month the Government – which has long placed clinical conditions on the use of some services – has decided it is time to actually pay the doctors to reduce the level of services they prescribe i.e. to under service their patients. Here the final break with the past has occurred, there is no longer any pretence that the patient and the doctor are in any relationship. It is the doctor and the government that have a relationship.

The collectivists would have us believe that their cleverness has overcome all the objections created by dealing with human beings. But human nature is like gravity, if you try nailing jelly to the ceiling we all know what the result will be, and when somebody tells people they know what you need and how to do it better than you do the result is the same – a great big mess. *TW*

REGULATING SAFETY

The Victorian state government's announcement that speed limits will be enforced with only 3 KPH tolerance is liable, at least for traffic other than in residential side streets, to prove counterproductive to its stated goal of promoting road safety. In fact it is likely that maximum speed limits on freeways, highways and main thoroughfares actually cause more deaths, injuries and property damage than they prevent. This is because in order to accommodate such variables as traffic density, weather and visibility most maximum speed limits are actually set too low for the driving conditions which apply to any particular stretch of road for most of the time. It is the classic one size fits all syndrome.

Most drivers drive at what they rightly judge to be the maximum safe speed for the prevailing conditions. This is after all why traffic tends to flow in streams. It is a natural occurrence, akin to choosing the speed one adopts when doing such things as skiing, skating or even walking. In driving, danger arises when vehicles are travelling slower than the flow requiring other vehicles to pull out to pass or when drivers realise that the speed which they believe they are safely travelling may exceed the prescribed limit and take their eyes off the road to check their speedometer or look for traffic policemen.

It is undoubtedly true that if there is an accident a slow speed is preferable. But speed is far from being the major cause of accidents. Speed limits which focus simply on reducing speed are likely to exacerbate other accident-causing factors such as inattention, momentary or otherwise, boredom, frustration or even simply being too long on the road, thereby resulting in an overall increase in the number of accidents which is not balanced out by the reduced severity of a lesser speed. Rather than reducing death, injury and damage to property such regulation will increase them. *DBS*

POWER GAMES

The ever on-going campaign of the governors against the governed is speeding up. Stunning success in introducing a GST has, by providing a huge source of previously untapped funds, effectively removed any obstacle to its continued progress. Presently the largely discredited war on drugs is in the process of being replaced by the much more credible war on terrorism and several theatres in which there have been rebuffs in the past are again being revisited. They include reducing the frequency of elections, curtailing the power of the Senate and eliminating the office of Governor-General.

Unlike previously, the current suggestion to increase the period between House of Representatives elections from three to four years is being supported by both major parties. The usual arguments in favour have been advanced, including firstly that it allows more time for governments to make desirable but possibly unpopular decisions before having to worry about facing the electors to answer for them, secondly that it saves money to have fewer elections and thirdly that it provides more stable government, which among other things encourages foreign investment.

One could examine these arguments and spend much time debating them. It is sufficient however to assert that none of them are convincing, much less decisive. But to become embroiled in arguing

them is to miss the main point. After all, if a stable government able to make hard decisions and saving election costs were what was desired we could do away with elections altogether. In this regard it is worth noting that elections for the U.S. House of Representatives are held every two years whilst one of the six main planks of the 19th century Chartist movement, often seen as the forerunner of democracy in the U.K, was annual elections.

The primary reason we hold elections is not so much to choose our future leaders but to constrain the ones we already have. It is an attempt to ensure that the government remains answerable to the people. Government is like fire; a good servant but a bad master. We build fireplaces in our homes in order that the fire within may function effectively to warm the house and perhaps to enable food to be cooked and to provide a source of light. But the primary purpose of a fireplace is, whilst functioning as best it may, to control the fire to ensure that it does not burn down the house and destroy the inhabitants.

To ask whether the Federal government is more powerful now than when the Constitution was drafted is a rhetorical question. The need to provide some check to its power is greater now than ever. Yet the carefully constructed panoply of checks and balances designed by the nation's founders has largely been destroyed; the States, the Crown, the

Constitution itself. The few that remain, weak and embattled though they may be should be retained at all costs. We do not need fewer elections.

In the same light, if we accept that the Senate and the Governor-General both, to some extent at least, act as checks on the power of government, which it is asserted they clearly do, then any so-called reform proposals which effectively destroy or diminish such checks should be rejected, no matter how reasonable or plausible such proposals might otherwise appear to be. Proposals such as the present which do away with the Senate's power to force a double dissolution certainly do that. It is somewhat amusing to see the Democrats and the Greens, normally not loath to advocate strengthening Federal government power are aware that reducing the power of the Senate will significantly reduce their influence and therefore oppose it.

Attacks on the office of the Governor-General should be seen in a similar light. We should be careful to separate the incumbent from the office and to see that criticism of the one should not affect the other. As 1975 demonstrated, the office of Governor-General still possesses some power and hence constraint on Canberra. Moves that reduce such power, minimal as it assuredly is, should be opposed.
DBS

PRIVATE PROPERTY SAVES HERITAGE

The National Trust has sold one of its heritage properties for more than \$1.5 million with a restrictive covenant protecting the house, grounds and garden from demolition or change. The money will help the cash-strapped Trust stay in the black for the year. (Age 21/4).

For the last ten years the house has been leased to an architect who has enjoyed rent-free accommodation in return for paying the rates and taxes and undertaking to restore the property over the 30 year period of the lease. The house had in fact been empty and derelict when the architect made such offer to the Trust and was gradually being destroyed by thieves, vandals and lack of maintenance. The property has now been renovated to the stage of being liveable. The Trust has bought out the remainder of the lease and is now contemplating selling off in similar fashion a number of classified properties it is unable properly to maintain and in order to obtain funds to ensure its own survival.

Given such a scenario one could be forgiven for thinking that the appropriate lesson to be learned was the benefit of the private ownership of property. It was after all the lease that the architect took that effectively enabled the property to be restored and saved for posterity. Such lease is private property. The fact that the remainder of the term of the lease was quite properly bought out is proof enough of that. The Trust's own apparent admission that various other properties would similarly be sold with appropriate restrictive covenants seems to be further proof. Yet the clear thrust of the newspaper article was one of regret; that somehow the restoring of these heritage buildings to private ownership thereby enabling them to be saved was a regressive step.

The animus against private property seems ingrained. Despite his own experience the architect is quoted, (which quote is highlighted) that "(Private) Ownership is often the root cause of much of the disputation that occurs in our society". The thought that the lack of private ownership is often the root cause of even more disputation (and destruction) seems not to have occurred to him. *DBS*