



Australian Adam Smith Club (Melbourne)

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

Every assumption of State power, whether by gift or seizure, leaves society with so much less power; there is never, nor can be, any strengthening of State power without a corresponding and roughly equivalent depletion of social power.
Albert Jay Nock (1935)

Julian Burnside QC on The Case Against An ID Card

The Adam Smith Club will host a dinner meeting on Tuesday the 20th of September 2005, at the Curry Club, 396 Bridge Road, Richmond.

The 1987 proposed Australia Card provoked significant opposition and did not proceed. Now a new proposal has emerged for a national ID card. What are the arguments?

Julian Burnside QC is a Melbourne barrister. He acted for Ok Tedi against BHP, for Alan Bond in fraud trials, for Rose Porteous against Gina Rinehart, for the Maritime Union against Patrick Stevedores, for the ABC in the Cash for Comment inquiry and for Liberty Victoria in the Tampa litigation. He will outline the case against an ID card.

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 19th of September 2005. 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 (see next page for explanation of arrangements).

**Enquiries to Ms Regina Bron, tel. 9859 8277 (AH) or mob. 0412 006 786 (BH)
or email asmith@economic-justice.org**

----- detach and return -----

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 September 20th 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.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.'

MEETING REPORT JULY 2005

A rollicking good time was had at the July 11th Meeting, with Prodos receiving a well-deserved award recognising his Celebrate Capitalism[®] and Discover Capitalism[®] Campaigns. We were treated to Prodos taking the stage and giving a rousing brass band backed rendition of his Sara Flag anthem.

Our speaker Sophie Panopoulos MP started her talk by asking how she was going to top that performance, but she did with a refreshingly honest

appraisal of the current political landscape and the problems facing the Classical Liberal in Federal Parliament.

The new venue "Joy Café" in Bridge Rd, Richmond was largely welcomed, and the committee would welcome any further feedback.

Thanks to Tony Dear for prompting the Club to recognise Prodos' great efforts to further freedom and creativity. *TW*

A HARD LESSON TO RELEARN

Following the devastation of the Gulf Coast of the United States on August 29th, the disruption on oil production and distribution is causing a world oil price rise. The reason is simple there is less oil to go around.

On the "O'Reilly Factor" on FoxNews, Bill O'Reilly went toe to toe with a representative of the Cato Institute. Mr O'Reilly was calling for the oil companies to do the patriotic thing and reduce their profit margins in the national interest. He stated he was against Congress ordering the private firms to lower prices, but he thought the oil companies should "do the right thing."

The Cato Institute representative disagreed and said it wouldn't work. "Why not?" "Because the price is telling us the oil is scarce and the oil companies would run out if they tried to sell it cheaper. President Nixon tried the same thing in 1973 and all we got was lines at the Gas stations. That's the choice, lines at the Gas stations or higher prices. Something has to ration a scarce resource and higher prices make people conserve quicker and more efficiently than queues."

Simple isn't it. *TW*

THE GUN DEBATE REVISITED

The looting following Hurricane Katrina was also a timely reminder of why gun control advocates do not live in the real world. Most advocates of gun control see a civil society in which a law-abiding community is protected by a State sanctioned policing forces. Arguments to the effect that the State has limits and can't always be there are denied

as apocalyptic or not worth discussing.

In the aftermath of Katrina not only have stores been looted, cars and ambulances high jacked but those trying to help others and distribute aid

have been attacked. A week of lawlessness has followed the disaster and lives have been threatened (although none have

been proved lost) and property trashed and stolen.

It was well worth considering the vision of looters and thugs rapidly moving on at the first sign of resistance or trouble. The person or property owner at risk could make a difference if they had the means to defend themselves. *TW*

VENUE ARRANGEMENTS

For the Curry Club, 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. A room has been reserved for the dinner meeting. We hope these arrangements do not cause inconvenience and we welcome your feedback.

Laissez Faire

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CONSORTING AGAIN

Consorting is a criminal offence which requires an offender to have mixed habitually with one or more members of a proscribed class or group such as known thieves or prostitutes. Typically it is established by evidence that the alleged perpetrator was observed in such proscribed company on a number of separate occasions. Such observed occasions are referred to as bookings. The alleged perpetrator is then called on to justify his or her association with the proscribed person. Failure to do so results in conviction and punishment. The offence itself is sometimes described as a continuing offence since it cannot by definition occur on a single occasion but rather requires ongoing and repeated conduct.

The concept of consorting is regarded by many people with distaste. Its presence in a country's statute book is one of the indicia of a police state. Prima facie it precludes members of the proscribed class or group habitually mixing with anyone and presumes that if such occurs it is for a criminal purpose. The right of freedom of association, a hallmark of a free society, is effectively abolished and the presumption of innocence, another such hallmark, is turned on its head.

Not the least desirable attribute of consorting is the destructive effect that it can have on the police force or other body charged with its enforcement. The power to enforce such laws is significant, virtually enabling the enforcer selectively to control the lives of members of the proscribed group and those with whom they associate. Placing such power into the hands of the police is to lead inevitably to its corruption; it being merely another

illustration of Lord Acton's insight that power corrupts.

In 1970, Victoria, to much approbation, got rid of its last crop of consorting laws. Now 35 years later another government aims to bring them back with new legislation to replace the Vagrancy Act. This time the proscribed group are organised criminals. The Victorian A.G. is reported as saying that the proposed consorting laws would be used to target activities that may be a prelude to organised crime. On the other hand, of course, they may not. The police suggest that they will be a valuable tool in the fight against terrorism. Regardless, what is clear is that they represent more police power.

Nor is the current governmental enthusiasm for consorting laws confined to Victoria. Canberra has quietly and quickly passed Anti-Terrorism Bills 2004 Nos 2 & 3 enabling people to be arrested for associating with a terrorist. Virtually anyone is at risk. The Senate Committee recommended that family and religious associations, i.e. spouse, parents or children or those attending the same church or mosque, be excluded, but to no avail.

Typically the various troubles besetting Australia and the world generally are used to justify the excesses of the current legislation. Yet as Benjamin Franklin said; "Those who would give up an essential liberty for temporary security, deserve neither liberty nor security." Or perhaps more currently, as Lord Hoffman ruled recently sitting in the UK's highest court; "The real threat to the life of the nation, in the sense of a people living in accordance with its traditional laws and political values comes not from terrorism but from laws such as these". *DBS*

PRIVATISATION & THE BATTLE FOR TELSTRA

The arguments for and against the full privatisation of Telstra continue to be aired. They are as shrill and as complex as ever. Those of the government and its supporters on the one hand and its opponents on the other have now been joined by those of the new management, Sol Trujillo and his 3 Amigos, who on the face of it speak for Telstra. In speaking out against excessive regulation they are presumably trying to avoid a Clayton's privatisation with some of the government seeking to have the best of both worlds; selling off the company but retaining effective

total control by regulation.

Those who seek now to come to the debate and arrive at a considered conclusion from the respective arguments are facing a hopeless task. One is reminded of the motto of the US military press camps in Vietnam during the Vietnam war; "maximum information with minimum distortion". Such motto was printed on signs and banners. Almost invariably the personnel in charge permitted the adjectives to be swapped, presumably in somewhat sardonic recognition of the task that they were actually performing.

Awareness of this fact made it acceptable. Similarly the arguments from all sides of the Telstra debate tend now merely to reflect the partisan position of the party presenting it.

The time for debate and argument has passed; it's a time now for ideology. The government is to be praised for its decision to sell off Telstra; it needs all the encouragement and support it can get. Selling it off with minimum regulation is the right and proper thing to do, so let's do it. Descending into further argument is merely likely to be self-defeating.

DBS

TAX RELIEF NOW

Whilst actual tax increases seem daily occurrences, actual tax reductions are a relative rarity. On the other hand talk by politicians about tax reductions is quite commonplace and becoming more so. Recently both the PM and the Treasurer have expressed their support for it and the latest aspirant for Liberal Party glory, Malcolm Turnbull, has even produced his own 52 page report comprising a 279 (and growing) point program.

While the PM talks about cutting the top rate, the Treasurer aspires for reductions across the board. Somewhat amusingly, since arguably he is the richest man in Parliament, Malcolm Turnbull says the rich should be paying more tax and that there should be a crackdown on tax avoidance by the rich. Needless to say this aspect of Turnbull's viewpoint has found favour with the Labour opposition where the Shadow Treasurer Wayne Swan is putting forward his own proposals for reform of what he sees

as a broken tax system that needs to be fixed.

There has been much debate about the differences in the various viewpoints and proposals and very little about their underlying sameness. As Turnbull makes clear the overriding concern for the politicians is for any tax reform to be revenue neutral, i.e. that the total amount of tax received by the government is not reduced since otherwise the government might be forced to reduce its spending. Revenue neutral tax relief is an oxymoron and any talk about taxation reform without coextensive reductions in government expenditure is just smoke and mirrors; they are all of them having us on.

It is said that Cato, the Roman Senator, having decided that Carthage, Rome's rival for supremacy in the Mediterranean, had to be destroyed, embarked on a campaign of ending every speech he made in the Senate, regardless of

the topic, with "Carthago delenda est"; Carthage must be destroyed. It was both a policy and a slogan. And regardless of whether one approves or disapproves of the result, Carthage was destroyed. Any politician aspiring to achieve real tax relief now would need to show at least a similar resolve.

How little concern there is in fact in Canberra for tax relief can perhaps be gauged by what is happening with petrol excise. As most drivers are painfully aware the per-litre price of petrol has rocketed recently and is tipped to reach \$1.60 by the end of the year. A major proportion of the price of petrol is the tax. To add insult to injury, GST is charged on the taxation portion of the price; in effect a tax on a tax. Experts suggest if that anomaly were removed, i.e. the tax on a tax, the price could immediately be reduced by 3 cents per litre. So far at least our tax reform politicians have shown no inclination to do so.
DBS

THE SALE OF TELSTRA IS A HIDDEN TAX

Over three hundred years ago Colbert is reputed to have said "The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least possible amount of hissing." Since then government has developed many a devious means of extracting the wealth produced by its citizens and using it for its own ends. Part of the tax is redistributed to those with "special needs or claims;" the beneficiaries of this largess naturally tend to vote for those who provide them with the booty, thus increasing government power.

The privatization of Telstra is an interesting case in point, where the government will gain in three ways. Firstly it will gain revenue from the sale of its share in Telstra. This will be used to buy votes. Secondly it expects to capture many a rural vote by giving them something at the expense of the great majority of city consumers. It is plain to anyone with eyes to see that

the provision of communications services to the bush at the same price and service levels as the city is nothing but an egregious form of pork barrelling. As the cost of providing this level of service to the bush will far outstrip the price Telstra will be able to charge, it is clear that the difference will need to be made up by city dwellers through higher charges than they would otherwise have to pay. (Either that or Telstra goes out of business.)

This leads to the third and most wonderful way the government will gain. With most forms of taxation the goose still sees who is plucking its feathers. But by arranging things so that Telstra acts as a permanent intermediary plucker of the city dweller goose, the government continues to buy rural votes and the city voter doesn't realize it is the government who is stealing him blind. *MG*

VALE

Mrs Nancy Campbell-Swan frequently attended functions through the 80's and 90's, passed away after an extended illness. A very enjoyable dinner companion, we extend our sympathy to her family.