



Australian Adam Smith Club (Melbourne)

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

The public good is in nothing more essentially interested than in the protection of every individual's private rights.

William Blackstone: Commentaries on the Laws of England (1765)

A Bill of Rights is what the people are entitled to against every government on earth, general or particular; and what no just government should refuse, or rest on inferences. *Thomas Jefferson: Letter to James Madison (1787)*

Peter Faris QC on Victoria's Charter of Human Rights

The Adam Smith Club will host a dinner meeting on Monday the 18th of February 2008, at the Malvern Vale Club Hotel, 1321 Malvern Rd, Malvern 3144.

Well known lawyer, Peter Faris QC has had a long and significant involvement with human rights in Australia. Apart from his role as Senior Counsel, his career has included periods as a solicitor, amongst others, with Galbally & O'Bryan, and as foundation solicitor of the Central Australian Aboriginal Legal Service in Alice Springs. He was founder of the Fitzroy Legal Service, served with the Victorian Aboriginal Legal Service, and is a former Chairman of the National Crime Authority. A popular and oft-times controversial presenter and commentator on Radio 3AW, his opinion pieces have appeared in Crikey, The Age, The Australian, and The Herald-Sun. Amongst the Blogs he maintains is the Human Rights Charter Blog. In 2006 the Victorian Parliament enacted a charter of human rights, based on the International Covenant on Civil and Political Rights. After the ACT, it is the second legislature in Australia to do so. The charter came into effect on 1 January 2008. Also in 2008, Peter has published a text "Human Rights Charters in Australia." For those interested in rights, the dinner will provide an opportunity to hear the views of a leader in the field.

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 15th of February 2008. 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 and for electronic booking details).

**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 February 18th 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.'

ELECTRONIC PAYMENTS

By popular demand, the AASC now offers electronic booking and payment to dinner meetings. Bookings can be made by emailing the number of members and non-members attending to asmith@economic-justice.org; a reply email from the club will then be sent with a link to PayPal where the payment can be made by Mastercard, Visa, AMEX, Diners or PayPal Account. Bookings made after Thursday 14th of February will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

CO-OPERATIVE FEDERALISM IS AN OXYMORON

Canberra's plan for a national industrial relations system has encountered a problem. NSW is proposing a plan that, while co-operating with Canberra, would leave the ultimate power over State industrial relations with the States. This proposal has been rejected by Deputy Prime Minister Julia Gillard and has been lambasted by an editorial in the *Weekend Australian* (26-7 January) under the sub-heading "NSW shows no commitment to co-operative federalism".

As part of the push to centralize power in Canberra, the Federal government has long sought to control industrial relations throughout the country, despite having no direct constitutional mandate to do so. The Howard government's workplace relations laws of 2005 were purportedly based on the Commonwealth's power to legislate with respect to corporations. The States denied there was any meaningful connection between industrial relations and corporations as such, and challenged this as unconstitutional.

When the judges of the High Court obligingly ruled 5-2 in November 2006 that such laws were constitutional, it still left approximately 15% of industrial relations, in which corporations were not involved, outside of Canberra's control. Rather than going to the people to amend the Constitution, Canberra now wants, as Victoria has already done, the remaining States to cede their power to it, thus giving it total control of industrial relations. The NSW government, at least, is proving reluctant, presumably because it fears a re-elected Federal opposition will use such total power in the future adversely against its interests. Lost in the argument, however, is the issue of the Constitution and the meaning of Federalism.

The Constitution established the Commonwealth as a union of sovereign States, but with limited powers. Power was intentionally divided between the Commonwealth and the States. In thus constraining the power of both the Commonwealth and the States, the Constitution provided protection to the people from the power of them both. As Lord Acton, the famed British historian of liberty wrote; "Liberty depends on the division of power. Democracy tends to the unity of power ... federalism is the one possible check upon concentration and centralism".

The history of the Australian Constitution has been of a continuous extending of power by the Federal government. The States were to be the principal protectors of the Constitution, jealously guarding their powers and hence the rights of their people. But Canberra, largely through judicial interpretation of the Constitution by the High Court, has largely destroyed the power of the States, such that the Commonwealth dictates to them as it wishes. The Commonwealth would prefer it to be official. The idea however that federalism is consistent with the States co-operating with the Commonwealth effectively to rewrite the Constitution, the so called co-operative federalism, is farcical.

Co-operative federalism is to federalism as an ox is to a bull. No State government can properly so cede its power, at least without recourse to its people. In resisting the stripping of its power the NSW government is correct and *The Australian's* editorial badly astray. The Constitution itself prescribes a method for its alteration and it is not by co-operation between governments. The Commonwealth proposal would give it total power over industrial relations. To quote Lord Acton again; "Power tends to corrupt and absolute power corrupts absolutely". The NSW position is to be preferred. *DBS*

VENUE ARRANGEMENTS

At the Malvern Vale Hotel, a private room upstairs (to the right through main restaurant entrance when entering from Malvern Rd) has been reserved. There is NO BYO at this venue. Drinks are at bar prices. Car Parking is available on Malvern Rd from 6.30pm and in the car park at rear. The No. 72 tram stops outside. The Tooronga Station is 400m away. We hope these arrangements do not cause inconvenience and we welcome your feedback.

Laissez Faire

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ETHANOL, ENEMY OF THE WORLD'S POOR

Ethanol is held out as the great saviour of the age of the automobile. It's going to do everything – replace crude oil, clean up the planet, save us from global warming and if you believe what's written, save the sugar industry and roll back Australia's trade deficit.

Let's look at the facts and the arguments.

First, what is ethanol? Ethanol is alcohol, the same stuff that lubricates throats around the world. In fact, they must add petrol to ethanol where it is used as a fuel, or else people would drink it. Ethanol is made the same way whisky, vodka and rum is made – by fermenting sugars into alcohol and then removing the alcohol through distillation. Where cane sugar is used, as in rum, the sugar is converted into alcohol directly. In the case of grains, such as barley, corn, rye and also potatoes, the starch must first be converted into a sugar, before it can be fermented into alcohol. Thus, Brazil has a big advantage, because its ethanol comes from cane sugar.

In the United States, ethanol is made from corn. Thus, it must first be processed into a mash and then fermented. This is very inefficient. The U.S. sugar industry is a masterpiece of agricultural protection and it is not internationally competitive, as Australia's sugar producers know only too well – and American ethanol is protected by a 25 percent tariff. The ethanol industry in America is economic nonsense – but this hasn't stopped billions of dollars in investment being poured into industrial ethanol. As a by product, the cost of corn has doubled and through the market mechanism, has forced up the price of other grains as well. Ethanol is the worst enemy the world's

poor, who rely on corn and other grains as basic foodstuffs, have faced in decades. Without a tariff, ethanol would be forced out of the market in the U.S. by more competitive producers – namely, Brazil.

In terms of energy input, many economists say that ethanol is inefficient and it is better to use petroleum directly. Ethanol requires modification of car engines, and it is 30 percent less efficient than petrol.

Is it better to be dependent on Brazil than the Middle East for energy? It's never going to come to that, because replacing oil with ethanol is not economically efficient or technically feasible. If the Holy Grail of ethanol is discovered – namely producing alcohol from other cellulose and organic materials is found, it might make the equation better, but it wouldn't alter the basic arguments.

As far as converting Australian sugar into ethanol to power the nation is concerned, this does not seem feasible. The argument that it would cure Australia of its dependence on oil for transport overlooks a basic fact – Australia is one of the world's major exporters of energy in the form of coal, uranium and petroleum products – both oil and natural gas. Remember, both coal and iron ore were once "too scarce" to export. It's likely there's a lot more oil to be found yet and South Africa has proved that making petrol from coal is economically and technically feasible. Australia should concentrate on its economic strengths and not turn sugar into a sheltered industry that relies on government coercion for its survival and burdens the Australian consumer with an inefficient industry. *JRB*

PC PLOD

Language and cultural barriers may be forgiven for turning the humble teddy bear – the Western world child's loyal companion for hundreds of years – into a tool of Satan, but no such ameliorating circumstances can explain why the judges of an English literary award have now declared the Three Little Pigs persona non grata (*The Age* Friday 25 January 2008).

The annual BETT Awards represent a partnership between Becta, the British Government's lead agency for ICT in education, BESA, the trade association representing the British educational supply industry and Emap Education, the organisers of BETT – the largest educational technology show in the world.

The awards aim to encourage and recognise outstanding education sector resources and learning solutions. Judges review the entries based on criteria including design, cost-effectiveness,

support of higher order thinking skills and effective learning and teaching styles.

However, this year, a retelling of the traditional story of the Three Little Pigs, in an animated virtual book called Three Little Cowboy Builders, has been severely criticised for its use of pigs as the main characters for 'cultural issues'. There is an apparent concern of offending the Muslim community.

It is indeed sad when the anthropomorphising of long held traditional nursery characters is so taken out of context. Pigs, after all, are not the only animals of which Muslims are forbidden to eat. Muslims, like Jews, are also forbidden, in general, to eat animals which eat other animals, whether they be carnivorous or omnivorous, as well as fish without fins or scales. Apply the same 'pig' rules and we will need to delete most of the characters in nursery rhymes and popular children's literature, including Goldilocks and the Three

Bears, Puss-in-boots, Three Blind Mice, Wind in the Willows, The Jungle Book, Winnie the Poo, The Owl and the Pussycat, Beatrix Potter; and lets not forget older children's literature, film and TV including The Lion King, The Lion the Witch and the Wardrobe, Charlotte's Web, Dr Doolittle, Babe, Mr Ed; to name just a few.

We are, after all, using these characters to tell stories – none of which attempt to encourage us to eat them.

The BETT judges obviously felt uncomfortable about rejecting the virtual book on this basis alone, as they also felt that the story could offend builders: "Is it true that all builders are cowboys, builders get their work blown down and builders are like pigs?" I'm sure builders have had their characters far more maligned than this in the course of daily commerce without accusations of professional vilification or needing a literary board coming to their rescue! *RB*

THE RON PAUL CELEBRATION

In the USA they are calling it the Ron Paul Revolution and they are celebrating. The Ron Paul in question is a 72 year old Republican Party Congressman from a largely rural coastal electorate in Texas, which also includes the city of Galveston. Apart from being a politician he is also a medical practitioner, in particular an obstetrician and gynaecologist, and is said to have delivered over 4000 babies. He and his wife of more than fifty years have five children. Presently he is running for selection as the Republican Party candidate for President in the forthcoming American Presidential election, having previously unsuccessfully contested the 1988 Presidential election for the Libertarian Party.

Paul is widely regarded as an unusual politician. He was first elected to Congress in 1976 as a Republican. He gave up his seat in 1984 to run, unsuccessfully for the Senate, after which he returned to his medical practice. He was re-elected as a Republican to Congress in 1997, where he presently remains. During his years in Congress he has been principled and consistent. First and foremost he is a strict Constitutionalist, and hence a supporter of Federalism and of States' Rights, a believer in small government at home and of non-intervention abroad, of sound money, and of much less taxing and government spending. He opposes abortion and illegal immigration. On a more personal level, he is a Christian and a serious student of economics, on which subject he is a published author. His consistent opposition to all government measures that he sees as being contrary to the Constitution is reflected in his voting record, and which has earned him the nickname, Dr No.

Whilst historically Paul's views might have at one time been regarded in America as mainstream, that time appears long past. In the opinion of most political commentators, such views are unlikely to return any time soon for serious political consideration. In American terms, Paul is seen as a Jeffersonian, what elsewhere in the English-speaking world might be described as a Classical Liberal. As students of history will be aware, Thomas Jefferson drafted the American Declaration of Independence and believed that the least government was the best government. It is said that the last Jeffersonian President of the USA was Grover Cleveland, the only President to serve 2 non-consecutive terms (1885-9 and 1893-7), and that there has not been a major-party, Jeffersonian candidate since then.

To the powers that be, the Ron Paul campaign constitutes a significant radical challenge. A brief look at some of the items on his agenda is sufficient to establish the radical nature of his proposals. They include the abolition of the Federal income tax and the Federal Reserve Board (the American Central Bank), ending forthwith the wars in Iraq and Afghanistan, stopping preparations to invade Iran, ending inflation, establishing a

sound, gold based currency, slashing government spending, bringing the troops home from all round the world, restoring the Constitution and confining the activities of the Federal government to within the powers actually granted to it by such Constitution. Clearly this is not the agenda of a typical major party politician. To a greater or lesser extent, all of the other candidates from the two major parties are offering America the same thing, namely, more of the same. Only Paul offers a real alternative.

In normal times, a campaign such as Paul's would never have got off the ground, or if it did, would have been expected to have been swiftly and easily contained and disposed of. That it has got off the ground and has not been disposed of seems clear. Despite rating only approximately 5% in national opinion polls his campaign war chest is receiving record daily contributions, not from large corporate donors but from numerous small-scale contributors throughout the country. Unlike for the putative Republican Party frontrunners, money is seemingly not a problem. And the predictable efforts of the mainstream media, first to ignore, and then to exclude him, also seems to have failed. In early State primaries Paul has done well; not winningly well or as well as his supporters had hoped, but well enough to stay in the race. He has, for instance, on occasion beaten early favourite Guiliani, and frontrunner McCain. An initial smear campaign also seemingly had little effect, containing little if any of substance. Paul's principled performance as a politician, both within and outside of Congress, has been more than enough to withstand the mud so far flung at him. And on phone-ins and local straw polls around the country, Paul continues to come in first.

How then can we explain the success of the Paul campaign to date? One thing has been the Internet. Despite frantic efforts of governments around the world, including Australia, to control it, the Internet still remains largely free. It has enabled supporters of Paul to outflank the mainstream media blackout, to communicate with each other, to organize, and to spread the word. Another factor has been that we are presently not living in what once would have been called "normal times". A looming financial crisis seemingly threatens to envelope the world. In this regard, Paul supporters are fond of quoting the words of Tom Paine, the American Revolutionary pamphleteer; "These are the times that try men's souls".

Ron Paul's campaign has inspired Classical Liberals throughout the world. Discussion and support groups have sprung up everywhere, including in Melbourne. The campaign has shown that change is possible and that Classical Liberalism remains relevant and provides answers to the troubles of the day. Win or lose the Republican nomination, that is something to celebrate.
DBS