

Australian Adam Smith Club (Melbourne)

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

The natural progress of things is for liberty to yield and government to gain ground.
Thomas Jefferson. Letter to E. Carrington (1788)

Brian Galligan

on

Australian Federalism: Has it a Future?

The Adam Smith Club will host a dinner meeting on Wednesday the 6th of June 2007, at the Curry Club, 396 Bridge Road, Richmond.

Recent actions by the Federal Government and decisions of the High Court have raised serious doubts on the future of Australian Federalism, and lent weight to the view that the Federal system of government was destined to be a transitory interlude on the road to a centralised and unified single government. Ironically, this has traditionally been the viewpoint of the ALP, whilst the attitude of the Liberal Party was that Federalism was the superior system and intended to be ongoing.

Dr Brian Galligan is Professor of Political Science at the University of Melbourne and the acknowledged expert on Australian Federalism. His publications include "Federalism & the Constitution" (2003), "Australian Federalism: A Prospective Perspective" (2002) and "Parliament's Development of Federalism" (2001).

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 4th of June 2007. 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 June 6th 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 Monday 4th of June will not be accepted online. FEES - a \$2 card fee will apply for the transaction.

MEMBERSHIP AND INFORMATION FOR 2007

The Club Committee has always strived to keep the costs of membership and attendance as low as is financially sustainable. We have also tried to keep a good standard in the venues that we use, so that the events are enjoyable at a social as well as an intellectual level. Having both these goals in mind the Committee has agreed to the following for calendar year 2007.

SUBSCRIPTION unchanged - Individual

Membership \$20, family membership \$30.

DINNER PRICES vary according to venue, but the base charge will rise to \$40.

NON-MEMBERS the surcharge for non-members attending dinners will rise to \$7.

We hope these decisions will give the Club a wider choice of venues, and still maintain a good value for money programme of intellectual and social engagement.

ACCESS CARD UPDATE

The Access Card Bill will be introduced to the Parliament on June 12. This will include most of the elements that the Coalition controlled Senate inquiry found were deficient in March, for the first time the public will be allowed to see those elements excluded so far from public debate. Amongst these elements are the oversight of the database, the rights of the card holders and (hopefully) some real limitations on the bureaucrats' demands for the new Card.

One of the more painful experiences of the Access Card Office was fronting questions in March regarding their sloppy first draft Bill. When told that the Crown Immunity clause actually overrode all the penalties on misuse of the Card data by Civil Servants they replied they hadn't considered that.

The Bill will be presented and immediately forwarded to the Senate Finance and Public Administration Committee. An inquiry will be held, submissions called and hearings conducted - the Chair, Senator Fifield, hopes these may involve all capital cities. The Committee may improve the Bill, but it is unlikely to trash the Bill - it is too close to the election for that. The real chance for voting it down is on the floor of the Senate. Senators Joyce, Fielding and possibly Watson could vote against the measure for a variety of very different reasons. This vote will occur sometime shortly after August 7.

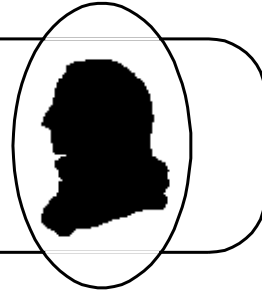
For those wishing to email, write or phone their coalition Senators and MPs please check the No Access Card Campaign site, <http://www.accesscardnoway.net/>. TW

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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THE SOUL OF THE GOP

Representative Ron Paul (R-TX) is running for the Republican Presidential nomination. Few commentators in the Press Corps give him any hope due to his lack of corporate sponsors, his call for a gold standard dollar and his refusal to 'toe the line' on Republican congressional measures. These would be sound reasons for thinking that a candidacy of a major party would peter out. The amazing point to be made about Paul's candidacy is that not only is it afloat financially through individually small Internet donations, but the big boys wish to stifle his voice. After the first round of debates - involving all announced Republican candidates - the question of having Paul eliminated from future debates has been raised by the other candidates and some in the Party

structure. The reason - he wants a low tax, non-interventionist foreign policy and a leave-the-citizen-alone Federal Executive.

For the greater part of the Twentieth Century the Republican Party would have regarded these as litmus tests to gain the candidacy. In those elections where the candidate was not of that stripe, they faced challenger(s) who supported those positions. It is a sad indictment of the GOP that such views are not now embraced as part of the Party's soul, rather they are something to be treated with disdain and ignored if possible.

Ron Paul was elected in the 70's as a maverick Republican, he stood down after his third term because he believed Congress should not simply be a parade of re-elected non-entities. In 1988 he was

persuaded to run for President on the Libertarian ticket. In the 1990's he ran for Congress again as a Republican and has been re-elected 5 times.

The Paul campaign is being fanned (to use a terrible pun) by eager tech savvy supporters who have kept his positions front and centre with the online audience. The natural libertarian bent of the techies may yet be the salvation of Paul and the libertarian wing of the Republican Party. One hopes so, as having Classical Liberal solutions accepted through the main parties, rather than as the plaything of fringe candidates, would allow the public's inclination to freedom to be given real expression. *TW*

WARMING HYSTERIA UPDATE

Much has happened over the last year on the global warming front. While politicians, environmentalists and the media are ever more stridently proclaiming a scientific consensus on the cause of global warming (anthropogenic greenhouse gas [mainly carbon dioxide] emissions), more scientists have openly declared their conversion to the dark side, i.e. they have become global warming sceptics (see http://epw.senate.gov/public/index.cfm?FuseAction=Minority.Blogs&ContentRecord_id=927b9303-802a-23ad-494b-dccb00b51a12&Region_id=&Issue_id=). Of course, those scientists who proclaim a consensus do not apparently understand the scientific method. For a scientist, to not be a sceptic, is to deny the nature of science.

The "hockey stick" which sought to deny the existence of the Medieval Warm Period and the Little Ice Age was thoroughly discredited by McKittrick and McIntyre (see <http://www.uoguelph.ca/~rmckitri/research/trc.html>) and then subsequently by the National Research Council Report (<http://www.uoguelph.ca/~rmckitri/research/NRCreport.pdf>) and the Wegman Panel Report (<http://www.uoguelph.ca/~rmckitri/research/WegmanReport.pdf>). The "hockey stick" was an attempt to imply that our current 20th Century warming is exceptional. However it was just as warm in the Medieval Warm Period and it was warmer than today in the Roman Warm Period. Hence current warming is unexceptional.

More recently another foundation of the global warming hysteria has been undermined. It is claimed (and indeed accepted scientific wisdom) that the concentration of carbon dioxide in the atmosphere has been relatively steady for thousands of years and then increased quickly in line with economic growth in the 19th and 20th Centuries. A paper published by Beck (Beck, E.-G., 2007. "180 Years of CO₂ gas analysis by chemical methods." *Energy & Environment*, pp. 1-17), indicates that the CO₂ concentrations in the 19th and early 20th Centuries were much higher and variable than indicated from ice core measurements. As claimed in "CO₂: The Greatest Scientific Scandal of Our Time," by Zbigniew Jaworowski, (EIR Science, March 2007, pp. 38-53) a fudge was made to match the CO₂ measurements taken from Antarctic ice cores to CO₂ measurements taken at Mauna Loa from the last quarter of the 20th Century. The fudge consisted of two unjustified parts. The first was the filtering of high values of chemically (non-ice core) measured CO₂ concentrations. This was done to reduce the apparent CO₂ concentrations and thus produce a monotonic increase in CO₂ concentrations with time. The second part was to adjust the date of the measured CO₂ concentrations in the Antarctic ice cores. To quote from the Jaworowski paper, "To solve this "problem," these researchers simply made an *ad hoc* assumption: The age of the gas recovered from 1 to 10 grams of ice was arbitrarily decreed to be exactly 83 years younger than the ice in which it was trapped!" (See also <http://members.iinet.net.au/~glrmc/2007%2005-03%20AusIMM%20corrected.pdf> for an excellent summary and explanation of this issue.)

The end result of this is that the close relationship between global temperature and CO₂ concentrations has been completely broken. It also indicates that the measurements of CO₂ concentrations from ice cores are not accurate, as the results are effectively averaged over more than 50 years. The effective CO₂ concentrations vary by much more than indicated by the ice core measurements and today's levels of CO₂ concentration are not unusual.

Notwithstanding increasing lack of credibility for the global warming hysteria, it would appear that the Howard Government is planning to adopt some form of Carbon trading/tax regime that will inevitably have the effect of making the cost of energy higher and thus lowering our standard of living. *MG*

WHY BRANDS

Definitions of the term 'brand' are many and varied, often reflective of the definer's interest or background, such as economics, marketing, advertising, psychology or sociology. Some definitions include:

- "A name sign or symbol used to identify items or services of the seller and to differentiate them from those of competitors."
- "Simply put, a brand is a promise. By identifying and authenticating a product or service it delivers a pledge of satisfaction and quality."
- "A brand is a collection of perceptions in the mind of the consumer."
- "The name of a product plus characteristics that add value to a product."
- "A brand is a product, service or concept that is publicly distinguished from other products, services or concepts so that it can be easily communicated and usually marketed. A brand name is the name of the distinctive product, service or concept. Branding is the process of creating and disseminating the brand name. Branding can be applied to the entire corporate entity as well as to individual product and service names."

History

Brands began to assume major significance in the 19th Century, particularly in connection with marketing and advertising. However their use is considerably older than that. Some famous brands, and their place and date of origin are as follows:

Stella Artois	Belgium	Brewery	1366
Lowenbrau	Germany	Brewery	1383
Beretta	Italy	Firearms	1526
Sumitomo	Japan	Conglomerate	1630
Royal Delft	Netherlands	Porcelain	1653
St Gobain	France	Conglomerate	1665
London Gazette	England	Newspaper	1665
David Jones	Australia	Retailing	1838
Lindemanns	Australia	Wine	1843

Economic Significance of Brands

Brands help facilitate the working of the market. In the real world, consumers lack information about the goods and services available for purchase. Acquiring the information and expertise required to survey and determine the item from those available and which best satisfies their particular need or desire, is a cost in time, money and effort that in many instances is not justified. Faced with an array of possible choices, consumers can choose a branded product or service in reliance on the reputation and trust associated with that particular brand, without having to make an investigation before they buy.

The effect of branding a product is to differentiate it from its possible competitors and as far as possible to make it unique. The effect, if successful, is sometimes said to create a situation akin to a monopoly or, in any event, reduced competition, thereby enabling the proprietor of the brand to exercise market power and achieve a premium price.

Branding is typically but not always associated with advertising and brand promotion. Although it is possible to

advertise or promote a good or service, such as coffee or meat, generally –eat more meat, drink more coffee- typically advertising is specific or brand orientated such as Bushells Coffee or Safeway for Meat.

Some critics of branding (and advertising) suggest that branding is unfair since, it is alleged, it favours the bigger producer or supplier over the smaller. Also that it is misleading because in many instances it suggests a difference that does not exist. The result, it is alleged, is to enable the proprietor of the brand to control and exploit the consumer and exact an unjustified profit.

The idea that product differentiation diminishes competition, and hence is anti-consumer, stems in large part from confusion surrounding the concept of Perfect Competition. Perfect Competition is an analytical tool or assumption used sometimes by some economists to analyse and explain the market.

It presupposes that consumers are omniscient; that is that they know everything there is to know about what is being offered on the market. Also that what sellers are offering for sale within the market for a particular item are all the same. It follows that the selling or market price for all suppliers would be the same, since if a seller raised his or her price even a fraction all potential purchasers would go elsewhere. In such a situation branding would be unnecessary and potentially detrimental, since it would suggest a difference in the product that did not exist.

In reality, perfect competition does and can not exist. Consumers do not and can not know everything about a particular market and not everything for sale therein is the same. We live in a world of Imperfect Competition. Branding enables the products of different suppliers to be more readily distinguished. Often this is the information for which consumers are willing to pay.

Following the Russian Revolution in 1917 branding of products was banned and all products deemed to be the same were sold at the same price. Consumers were thus forced to make their own inquiries about the source and quality of any particular product being offered for sale, a personally costly and frustrating process. Moreover producers had no incentive or need to maintain the quality of their product or to work to improve its value. Eventually products were required to carry production marks, which enabled producers of sub-standard products to be sourced, but still provided no incentive for producers to improve and did not enable consumers to select the likely better or more satisfactory products.

The use and development of a brand by a producer or supplier has the effect of creating a valuable property, which can feature prominently in a producer or supplier's list of assets. In many instances the brand is the business. Purchasers of a business are likely to pay a significant amount for a brand, particularly a successful one. It has been suggested, for example, that when Phillip Morris purchased Kraft in 1988 it paid 6 times what the accountants calculated it was worth, in order to secure the brand.

It is the value inherent in its brand that causes a producer or supplier to strive to maintain its reputation for quality or for otherwise desirable features and to work constantly to improve them. This ultimately works for the benefit of the consumers. *DBS*