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## Secession as Political Reform: The Case of Western Australia

*In my opinion Western Australia should never have entered the Federation, but having done so, there is, I feel convinced, only one complete and satisfactory remedy for her present disabilities, viz., secession.*

J. Entwistle<sup>1</sup>

### INTRODUCTION

Last year, Norman Moore suggested that Western Australia ought to secede from the Commonwealth in protest at the carbon tax and Minerals Resource Rent Tax being imposed by the federal government. Moore is WA's Mines Minister, so the Labor opposition was scathing in its criticism of his comments – calling him 'dangerous', 'disrespectful' and 'preposterous'.<sup>2</sup>

But is secession really so radical? After all, even the State's Premier Colin Barnett has warned that WA is likely to split from Canberra if revenue created in the state keeps shifting east. Admittedly Barnett has been careful to tread a fine line by keeping a distance from the more strident elements of the separatist movement. For Barnett his observation that Western Australia could secede is 'not a threat' but merely 'reality', and '[i]t's a trend you may see over the next 20 years... the WA economy... will simply move away from the rest

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<sup>1</sup> Quoted in Committee on the Case for Secession, 'The Case for Secession', WA Parliament, 1934, p. 5. Mr. J. Entwistle was the dissenting member on the Commonwealth Government's 1924 Royal Commission into Western Australia's financial disabilities under federation.

<sup>2</sup> Lee-Maree Gallo, 'Barnett backs away from senior WA minister's secession call', *WAToday.com.au*, 13 July 2011.

of Australia and get closer and closer to Asia in every respect'.<sup>3</sup>

It is my argument that secession is not something foreign to Australian traditions, is already occurring in Australia and that there should be more of it. North of Perth near the town of Northampton, there is already a micro-nation known as the Principality of Hutt River. The Hutt River Province has declared its independence and does not pay tax to the Australian Government, has titles and regalia for its leaders and issues its own passports. Other micro-nations include the Province of Bumbunga in South Australia, the Sovereign State of Aeterna Lucina in New South Wales and the Independent State of Rainbow Creek in Victoria, just to name a few. His Imperial Majesty George II of Atlantium observes:

You'll find there's a greater concentration of micro states in Australia than anywhere else - there have been dozens - and if you look at it per capita, Australia is wildly in excess of every other part of the world. It comes from our convict heritage and disrespect for authority. American groups like the Davidian Branch tend to be more violently whacko, whereas Australians are just quaintly eccentric.<sup>4</sup>

Although secession strikes at the heart of many debates surrounding Australian federalism, it is not often raised as an option by reformers of intergovernmental relations. Most proposals from experts focus on tinkering with the federal system by changing elements of the tax and grant distribution systems or creating Special Economic Zones that provide targeted relief from central government intervention.

In rare instances when separation is raised, numerous legal, political and economic obstacles are placed in its way. George Williams writes that 'The constitution simply does not contemplate any part of the nation breaking away, with no state having the right to unilaterally leave the federation'.<sup>5</sup> Others have opined that departure would leave a seceding state exposed and defenceless against foreign enemies, or that a unified system is essential for minimising inter-jurisdictional conflicts in the Oceanic region. Some have questioned whether secession will yield economic benefits for the breakaway region, as there is no guarantee state governments will be less oppressive than the national one.

Our task in this paper is to analyse the arguments pertaining to the exit of a minority from a majority, i.e. to inquire into whether secession is justifiable. The case study of Western Australia will take centre-stage, because in 1933 nearly 70 per cent of West Australians voted in favour of leaving the Australian federation.

## I. RELEVANT LITERATURE

Public choice economist James Buchanan has observed that although much has been written about the theory of external exit, or the notion that people can 'vote with their feet'

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3 Joe Spagnolo, 'WA threat to split from Canberra', *The Sunday Times*, 19 May 2012.

4 Justin Norrie, 'The boy from Hurstville who now rules a big flat', *Sydney Morning Herald*, 7 May 2004.

5 George Williams, 'Too rich, too weak to succeed seceding', *Sydney Morning Herald*, 11 May 2010.

and emigrate from one country to another, comparatively little has been written about the ability to withdraw persons, space and goods from an existing country to create a new country; or in other words, the capacity to secede.<sup>6</sup>

An edited collection entitled *Secession, State and Liberty* released in 1998 seeks to alleviate this relative neglect by bringing together essays mounting a vigorous defence of secession from all angles – economic, philosophical and legal. Secession, it is argued by the editor David Gordon, ‘follows at once from the basic rights defended by classical liberalism.’<sup>7</sup> It is desirable in a free society because it exerts a check on monopolistic centralised power and places a limit on the taxing proclivities of government.

Ludwig von Mises also saw that permitting secession is the ‘only feasible and effective way of preventing revolutions and civil and international wars.’<sup>8</sup> In his *Liberalism*, Mises does not require jumping through elaborate hurdles but sees a simple majority vote as being sufficient to grant self-determination to every ‘independent administrative unit’ that desires it. Mises’ disciple Murray Rothbard takes the right of secession a step further into the realm of anarchy, where every individual is free to unilaterally exit from the governmental system and contract with private agencies for services currently provided by the public sector.<sup>9</sup>

Mises and Rothbard justify their approach on the grounds that individuals have a right to decide who rules them. Current geographic boundaries often merit change since they may be artificial creations carved up by some strongman. The pursuit of fairness requires us to ‘transform existing nation-states into national entities whose boundaries could be called just, in the same sense that private property boundaries are just; that is, to decompose existing coercive nation-states into genuine nations, or nations by consent.’<sup>10</sup>

Not everyone is quite so sympathetic towards the idea of declaring independence. In Allan Buchanan’s *Secession*, Buchanan submits that secession would not be defensible in a perfectly just state. His Remedial Rights Only theory proposes that extreme circumstances would have to exist before a right to secede could arise; that is, separation is a measure of last resort to be used when a state violates human rights or engages in discriminatory policies towards minorities. Such a view places emphasis on the notion that it is *the government’s* territory and that in departing to form a new nation, secessionists are taking what does not belong to them and so should have to rationalise their actions.

Most classical liberal philosophers, however, would disagree with the characterisation of territory as *belonging* to the government. Ownership of real property comes about in one

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6 James Buchanan and Roger Faith, ‘Secession and the Limits of Taxation: Toward a Theory of Internal Exit’, *American Economic Review*, No. 5, 1987.

7 David Gordon (ed), *Secession, State and Liberty*, Transaction Publishers, 2007, p. ix.

8 Ludwig von Mises, *Liberalism: The Classical Tradition*, Liberty Fund, 2005, p. 79.

9 Murray Rothbard, *For a New Liberty: The Libertarian Manifesto*, Ludwig von Mises Institute, 2006.

10 Murray Rothbard, ‘Nations by Consent: Decomposing the Nation State’ in David Gordon (ed), *Secession, State and Liberty*, Transaction Publishers, 2007.

of two ways: original appropriation and the mixing of labour with land, or alternatively through voluntary exchange. The process of finding unused land and then adding value to it is known as homesteading and was famously described by John Locke. Yet governments typically do not acquire land through homesteading or voluntary exchange; they are effectively parasitic organisations subsisting on coercively acquired tax revenue, and tend to seize assets through the use of force. So this means that their title to land is not valid or just, and liberal philosophers are unlikely to accept that governments 'own' territory.<sup>11</sup>

Hans-Hermann Hoppe cites other rationales for secession.<sup>12</sup> Firstly, in an environment where increasing tendencies towards world government are evident (through the IMF, WTO, UN etc.), secessionism fosters economic competition by encouraging the emergence of numerous smaller entities and thereby instilling discipline in governments who wish to prevent their subjects from emigrating to other jurisdictions. Secondly, secession increases the likelihood these entities will opt for a policy of free trade, since smaller nations find it comparatively difficult to be self-sufficient given they may lack natural resources or capital and are compelled to import what they need. Free trade is beneficial both because it reduces the prices of goods and services domestically and because it contributes to peaceful relations.<sup>13</sup>

## II. WESTERN AUSTRALIA'S DILEMMA

Federalism is defined as a system of government where sovereignty is constitutionally divided between a central body and constituent units (states or provinces). It can be contrasted to unitary systems such as the United Kingdom, in which political authority is vested in a single sovereign for the whole of the country. In 1901, Australia was established with the intention of being a federal state – power was to be divided between the Commonwealth and the six states, with each an equal in its sphere of constitutional authority.

It is clear by now that this ideal has not been achieved in practice. The national government has greatly increased in size and scope over the past century, and the states are rapidly losing their share of the bargain. It is a trend has been evident at least since 1920, when the High Court handed down the *Engineers Case*. That case revolutionised the way in which the Court interprets the Constitution – no longer was deference to be paid to the importance of upholding the federal-state balance, rather Commonwealth powers could be given a plenary interpretation if the judges, in their infinite wisdom, decided that the text demanded it.

That WA was always reluctant to enter the Commonwealth is well known; its entry was the product of inducements offered by the federal government coupled with the influence

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11 Murray Rothbard, *The Ethics of Liberty*, New York University Press, 1998, p. 69.

12 Hans-Hermann Hoppe, *Democracy: The God That Failed*, Transaction Publishers, 2001, pp. 107-118.

13 Murray Rothbard, *Protectionism and the Destruction of Prosperity*, Ludwig von Mises Institute, 1986.

of its goldfields region which was populated by loyal federalists from the east.<sup>14</sup> Thanks to these two factors, Western Australians in 1900 came out in favour of federation by a margin of more than two to one.

Were the inducements – which comprised five years of tariff protection per section 95 of the Constitution and an intercontinental railway – worth the price of giving up self-government? Lang Hancock points out that between 1890 and 1900 (while free from Canberra) the state enjoyed ‘the ten greatest years in the history of [its] development’.<sup>15</sup> Yearnings for these pre-federation days led to secessionist rumblings in 1906, with the Legislative Assembly passing a resolution declaring that federation had ‘proved detrimental to the best interest’ of Western Australia and that a referendum should be held to canvass support for ‘the possibility of withdrawing from such a union’.<sup>16</sup>

### *Vertical Fiscal Imbalance*

Western Australia’s disabilities under federation have been most prominent in the area of raising revenue, courtesy of the *Uniform Tax Cases* that allowed the federal government a monopoly over income tax.<sup>17</sup> Sir Robert Menzies is quoted in *The Argus* lamenting the court’s decision: ‘From now on the Government of Australia must be regarded as much more of a unitary Government and much less of a Federal system than was thought to be the case previously’.<sup>18</sup> Henceforth, Menzies indicated, ‘the finances of the States are at the mercy of the Commonwealth’.<sup>19</sup>

With the loss of revenue raising ability has arisen a gross vertical fiscal imbalance between the states and federal government. The federal government raises more revenue than it needs, while the States, due to the loss of their taxing powers, raise less revenue than they need and are dependent upon the Commonwealth Grants Commission.

### *Unfair Distribution of Grants*

The Commission distributes monies on the basis of a ‘horizontal fiscal equalisation’ formula. The problem is that this formula penalises success by redistributing income away from richer states with low expenditure needs to poorer states with high expenditure needs.<sup>20</sup> So WA is effectively punished for its booming economy and the low level of social

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14 Thomas Musgrave, ‘The West Australian Secessionist Movement’, *Macquarie Law Journal*, Vol. 3, 2003, p. 97. It is interesting to note that the Colonial Secretary of the time pressured WA to join federation lest it lose the goldfields (which had threatened to secede). This is an example of the British government supporting secession – at least indirectly – when it suited its interests.

15 ‘Hancock Puts Case for Secession’, *Western Intelligence Report*, Nov 1973, p. 17.

16 Quoted in Thomas Musgrave, ‘The West Australian Secessionist Movement’, 2003, p. 100.

17 *South Australia v Commonwealth* (1942) 65 CLR 373 (‘the First Uniform Tax case’); *Victoria v Commonwealth* (1957) 99 CLR 575 (‘the Second Uniform Tax case’).

18 ‘Federal Era Ends, Says Mr Menzies’, *The Argus*, 24 July 1942.

19 *Ibid.*

20 Julie Novak, ‘Beyond Its Use-By Date: Australia’s System of Fiscal Equalisation, and How to Reform It’, Submission to the Federal GST Distribution Review, September 2011, pp. 6-7.

security and health benefits received by its residents.<sup>21</sup>

Western Australia's government has frequently complained about receiving an unfair share of revenue from the Commission. According to the WA Treasury, in 2010–11 the Commonwealth took \$41.9 billion from the state, while expenditure for the benefit of the State totalled only \$27.0 billion, a difference of \$14.9 billion.<sup>22</sup> Table 1 shows that WA's net contribution to the Australian Government exceeds that of the other States in both per capita and absolute terms.

**Table 1: Net Redistribution of Resources, 2010-2011<sup>(a)</sup>**

	<b>GST only<sup>(b)</sup></b>		<b>Total</b>	
	\$m	\$ per capita	\$m	\$ per capita
NSW	1, 043	144	2, 190	301
Victoria	1, 085	194	1, 314	235
Queensland	99	22	-6, 019	-1, 325
<b>WA</b>	<b>1, 692</b>	<b>730</b>	<b>14, 939</b>	<b>6, 447</b>
South Australia	-1, 244	-754	-5, 095	-3, 087
Tasmania	-776	-1, 524	-3, 414	-6, 706
NT	-1, 898	-8, 272	-3, 915	-17, 058
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(a) All Commonwealth outlays and revenue relating to the Australian Capital Territory are allocated to the other States according to population shares. This recognises that the ACT would be unlikely to exist as a separate entity if the federation dissolved.				
(b) Difference between estimated GST revenue raised from economic activity in each State and GST grants paid to the State.				

Source: West Australian Department of Treasury<sup>23</sup>

So there is some truth to the claim that the state is being milked for taxes (e.g. company tax, income tax, Goods and Services Tax) while receiving a smaller amount in return.

### *Regulatory Costs*

There are also the regulatory costs of federal government intervention to take into

21 For example, in the 2012-2013 financial year WA will receive only \$2.9 million in GST grants – a \$600 million loss from the previous year, as stated in Todd Carney, *Barnett blames GST for service, program cuts*, Retrieved from <<http://www.perthnow.com.au/news/western-australia/barnett-blames-gst-for-service-program-cuts/story-e6frg14c-1226312617012>> on 26 June 2012. See also the West Australian Treasurer Christian Porter's 2012-13 Budget Speech available from <[http://www.treasury.wa.gov.au/cms/uploadedFiles/State\\_Budget/Budget\\_2012\\_13/2012-13\\_budget\\_speech\\_bp1.pdf](http://www.treasury.wa.gov.au/cms/uploadedFiles/State_Budget/Budget_2012_13/2012-13_budget_speech_bp1.pdf)>.

22 Department of Treasury, *Fiscal Redistribution Across States by the Commonwealth*, Retrieved from <<http://www.treasury.wa.gov.au/cms/content.aspx?id=1912#impact>> on 26 June 2012.

23 Using a range of data sources including the Commonwealth Final Budget Outcome publications and Australian Bureau of Statistics publication 5220.0.

account. The imposition by the Commonwealth of an import tariff, for instance, pushes up production costs on inputs by preventing West Australian businesses from purchasing these cheaply from overseas. Although tariff rates have declined since trade liberalisation in the 1980s it remains a legitimate grievance as it protects the interests of manufacturing-intensive eastern states at the expense of WA's agricultural interests.<sup>24</sup>

Federal industrial relations law has likewise imposed costs upon consumers and businesses. One example is the *Workchoices Case* in which the High Court expanded the scope of Australian Government authority to cover practically all aspects of the employer-employee relationship.<sup>25</sup> The effect has been to decrease the responsiveness of workplace laws to local preferences, undermine flexibility and in turn increase labour costs for businesses.<sup>26</sup> Instead of being able to set their own standards in consultation with state parliaments, employers in WA must adhere to time-consuming national rules and regulations.

### *Accountability*

Last but not least, federation has diminished the political accountability that is said to be part and parcel of liberal democracy. Vertical fiscal imbalance has broken the nexus between revenue raising and expenditure: the residents of WA, and the other states for that matter, have many of their 'public goods' such as health and school education funded by the Commonwealth yet responsibility for spending the money is placed upon the states.

This has led to confusion about which tier of government should be held accountable in the event that performance is below expectations across a range of areas. On the one hand, states pass the blame to the Commonwealth, citing not enough funding and red tape. On the other, federal parliamentarians allege that the states are sanctuaries of mismanagement and incompetence. And while this is going on, average citizens continue to experience the effects of lacklustre outcomes in service provision.

### **III. CHOOSING THE RIGHT REMEDY**

The result of WA's dependence upon the Commonwealth is that it has lost autonomy in a host of policy domains, and this is undoubtedly detrimental from the point of view of West Australians who would prefer to retain control over their lives at a local and more accountable level. The situation is aggravated by section 96 of the Constitution which has been used by the Australian Government to guide and oversee planning in health, education and other areas of state responsibility.

In these circumstances it seems appropriate that secession be considered as one of many possible remedies, the others being some type of reform of federal-state relations – e.g. to the grants system, or shifting to a confederal model where the centre is less powerful than

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24 Thomas Musgrave, 'The West Australian Secessionist Movement', 2003, pp. 99-101.

25 *New South Wales v Commonwealth* (2006) 229 CLR 1.

26 Campbell Sharman, 'Secession and Federalism', *Upholding the Australian Constitution*, Vol. 3, 1994.

the states – or nullification of federal laws on a case-by-case basis. Nullification would entail WA refusing to obey specific federal laws it believes are outside the proper scope of the central government's powers, but otherwise remaining within the union.

Reforming federalism can be dismissed as an unrealistic course of action; the institutional framework of federation is biased against the states and fixing it is a Herculean task because it would require the federal government to voluntarily scale back its impositions upon the states.

From a practical point of view, nullification and secession are more realistic options because they only require the approval of a majority of voters in a single state, rather than approval by all Australian voters, as would be necessary in any form of constitutional amendment towards a confederal model for instance. Nullification has been used to good effect in the United States, with socially liberal states such as California resisting federal anti-marijuana laws. Nullification could be a first step before secession as it is less confronting but secession could be used as a last resort.

Whether nullification or secession is the appropriate remedy will depend upon the level of oppression that West Australians feel they are faced with. If oppression by the Commonwealth is so great that only secession would remedy the problem, then the question of withdrawal should be put to the people in a plebiscite and then departure should be affected unilaterally by the state parliament in accordance with the wishes of their residents whom they are arguably obligated to protect from federal depreations.

#### IV. THE LEGALITY OF SECESSION

When West Australians voted in favour of seceding in the 1930s, the unilateral option was not pursued. Instead, the Labor government at the time decided to appeal to the United Kingdom's Privy Council to grant permission for its withdrawal. This, it was thought, was the proper legal course of action. Yet the Council rejected WA's arguments and cut the momentum out of the secessionist movement. Before any future attempt at seceding is made it should be acknowledged that unilateral secession is also a legally valid option for WA to pursue.<sup>27</sup>

Many central governments have used military force against a state that secedes unilaterally. Thus, if WA were to pursue the option of unilateral secession it risks incurring the armed wrath of the Commonwealth government. Nevertheless there are strong constitutional arguments in the state's favour that it can use to persuade others of the rightness of its

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27 William Meritt, 'In Response to Timothy Sandefur', *Liberty*, December 2002, p. 40: 'Parsing words from previous generations for no better reason than to thwart actions by living people reflects the worst kind of discredited 20th-century thinking. Real people get to throw off real governments for whatever reasons seem real to the people at the time. No board can bind a future board. No legislature can bind a future legislature. And no generation can peaceably bind its children to any form of government whatsoever – no matter what words they use, or fail to use – if their children do not wish to be so bound.'

cause.

In the first place, it should be noted that Australia's states co-exist with the federal government in a constitutional contract and when that contract is breached a valid claim for termination would arise.<sup>28</sup> In Thomas Jefferson's *Kentucky Resolutions of 1798*, Jefferson went about demonstrating that the US Constitution was a contract between the states and the federal government, and that 'the government created by this compact was not made the exclusive or final judge of the extent of the powers delegated to itself; since that would have made its discretion, and not the Constitution, the measure of its powers.'<sup>29</sup> Since early Privy Council and High Court authorities do refer to the Constitution as a 'compact' this indicates the Jeffersonian doctrine is plausible in the Australian context.<sup>30</sup>

Secondly, it needs to be acknowledged that breaking away cannot possibly be illegal, because if it were, enforcing a judgement against a belligerent state would involve the application of significant unauthorised coercion. During the American War Between the States, for example, Abraham Lincoln relentlessly prosecuted the South at the expense of some one million Americans who perished. Though Lincoln held that his actions were perfectly constitutional, James Ostrowski thinks otherwise:

In 1861, the Constitution did not authorize the federal government to use military force to prevent a state from seceding from the Union. The Constitution established a federal government of limited powers delegated to it by the people, acting through their respective states. There is no express grant to the federal government of a power to use armed force to prevent a secession, and there is no clause which does so by implication.<sup>31</sup>

Likewise, it is doubtful that the Australian Constitution empowers the national government to invade a belligerent state and garrison troops in said state in what would be – for a short

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28 Consider the remarks of Sir Hal Colebatch, a former Premier of Western Australia:

Our contention is that the words 'under the Constitution hereby established' are of equal significance, and if we can demonstrate – as we are prepared to do – that in a number of essentials, the Constitution has been violated to our detriment, we are entitled to be relieved from our bargain. The federation is a partnership between six States in which certain guarantees were given and certain safeguards were provided. We can show that these guarantees have been violated – that these safeguards have been swept aside – and so we ask for the annulment of the partnership.

Retrieved from <[http://www.liswa.wa.gov.au/federation/sec/065\\_lond.htm](http://www.liswa.wa.gov.au/federation/sec/065_lond.htm)> on 26 June 2012.

29 On the import of Jefferson's ideas see Thomas Woods, *Nullification: How to Resist Federal Tyranny in the 21<sup>st</sup> Century*, Regnery Publishing, 2010, pp. 46-47.

30 Although none of the following judgments explicitly state that if the Commonwealth were to step outside its enumerated functions then the states might be justified in taking remedial measures including secession, they are nevertheless worth reading. *Attorney-General for the Commonwealth v Colonial Sugar Refinery Co. Ltd* [1914] AC 237, 256; *Federated Service Association v NSW Railway Traffic Employees Association* (1906) 4 CLR 488, 610; *James v Commonwealth* (1936) AC 578, 613. Additional authorities are cited in James Thomson, 'The Australian Constitution: Statute, Fundamental Document or Compact?', *Law Institute Journal*, Vol. 59, 1985.

31 James Ostrowski, 'Was Invasion of the Confederate States a Lawful Act?' in David Gordon (ed), *Secession, State and Liberty*, 2007, p. 179.

period at least – a military dictatorship. The proposition is itself in conflict with structure of the document, which purports to establish a federal system of elected representatives.

## V. SOME POSSIBLE OBJECTIONS

We now turn to some common objections raised against secession. Harry Beran recognises a general right to secede, however he suggests that withdrawal may be prohibited in situations where a group (1) is too small to assume the basic responsibilities of an independent state; (2) is not prepared to permit sub-groups within itself to secede; (3) seeks to oppress a sub-group within itself that cannot secede; (4) occupies an area fully enclosed by the borders of the existing state; (5) occupies an area that is culturally, economically or militarily essential to the existing state; or (6) occupies an area that has a disproportionately high share of the economic resources of the existing state.<sup>32</sup>

To what extent are Beran's conditions defensible?

His first condition misses the point because there is probably no size that is 'too small' to secede. City-states like Hong Kong and Singapore are essentially the same size as New York City yet are extremely successful. The second and third objections are equally misguided. That oppressed subgroups are not allowed to secede, while regrettable, is not something that affects the validity of a claim for secession. In a situation where A oppresses B, and B in turn oppresses C, it is not defensible to suggest that A should only stop oppressing B once B has stopped oppressing C. Beran's fourth claim that enclaves within another nation cannot secede appears to be disproved by the Vatican City – which is surrounded by Rome. So long as free movement of people and goods is permitted by the surrounding state, secession poses no quandary. Finally, the argument about culturally, economically or militarily essential areas can be given short shrift – this requires a value judgment on the part of the rulers with respect to what is 'essential' and is likely to disguise exploitation.<sup>33</sup>

It has also been suggested that for much of its history Western Australia has been a recipient of the financial generosity of Victoria and New South Wales, both of which also remain net donors to the GST cake, and that it is inadvisable to secede lest the assistance of the other states be required again. However if Mises, Rothbard and Hoppe are correct, then WA should secede regardless of whether times are good *or* bad because secession improves incentives for wealth creation and moreover is the moral right of every Westralian.<sup>34</sup> Defence, infrastructure, law and order and other services can be provided by the WA Government by raising the necessary revenue itself, forging alliances with other countries or through competitive private provision.<sup>35</sup> Hence, the state need not be dependent upon

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32 Harry Beran, 'A Liberal Theory of Secession', *Political Studies*, 1984, pp. 30-31.

33 My analysis here draws upon Robert McGee, 'Secession Reconsidered', *Journal of Libertarian Studies*, 1994.

34 Hans-Hermann Hoppe, *Democracy: The God That Failed*, 2001, p. 111: 'It is not by accident that capitalism first flourished under the conditions of extreme political decentralization.'

35 On the private provision of so-called public goods such as defence, roads etc see Edward Stringham (ed),

grants from the Commonwealth.

## VI. RETHINKING SECESSION

When the evidence is fairly considered it does seem that Western Australia is deserving of the remedial measure of secession. This would dramatically reduce the shifting of blame for policy failures, promote economic integration and raise standards of living through inter-jurisdictional competition. The proper course of action is to unilaterally split and avoid the futile path of seeking permission from the federal government, Britain or any external party.

Secession was popular in the 1930s largely because of the Great Depression and the poor economic health of Western Australia at the time. Blame for many of the state's ills was shifted to the central government by state politicians and a people desperate for answers to high unemployment. But secession was also relevant in the 1970s, when mining magnate Hancock financed a pro-secession political party and wrote a book – *Wake Up Australia* – making the case for freedom from the Commonwealth. Hancock's prominent daughter Gina Rinehart has likewise spoken in favour of the notion. The 1990s and 2000s saw articles and letters to the editor analysing the pros of departing the federation keep appearing in *The West Australian* and other popular media. So there is room to grow and build a movement in favour of the idea.

Intriguingly, secession has sometimes been supported by the same Commonwealth that now opposes WA secession! Consider the Howard Government's support for East Timor's secession from Indonesia, for instance. Or consider the precedent set by Australia's own peaceful departure from the British monarchy: *The Statute of Westminster 1942*, the *Australia Act 1986* – these pieces of legislation are examples of separatist tendencies being supported by national parliamentarians.

Since WA will fare better if the rest of Australia is understanding of its actions, the state should exhaust other potential options – most obviously, nullification – first. Politicians must take the lead in pointing out that all political safeguards that the framers put in place have miscarried. The Senate which was supposed to serve as a chamber protecting state interests has been overtaken by party loyalties. And since the outcome of federal elections is sometimes decided before any West Australian votes are even counted, residents of the state can be forgiven for considering themselves a marginalised and powerless people.<sup>36</sup>

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*Anarchy and the Law: The Political Economy of Choice*, 2007.

<sup>36</sup> In 1977, John Singleton and Bob Howard wrote: 'Before a single vote was counted from Western Australia, the last two Australian Governments had already been elected to Canberra' Retrieved from <<http://economics.org.au/2011/03/singo-howard-and-hancock-want-to-secede/>> on 26 June 2012. See also *Secession – And Why*, Retrieved from <<http://economics.org.au/2011/07/secession-and-why/>>.

