

## NEWSLETTER

July 4, 2007

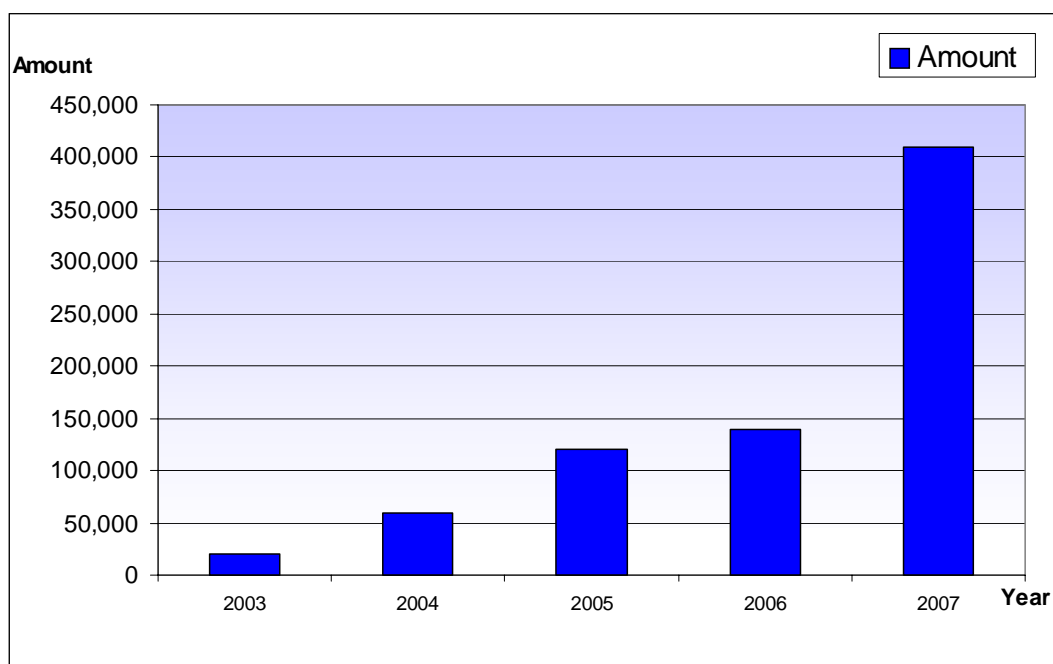
### Small Steps Create Building Blocks to the Future

Our Australian “think tank” activities were commenced in 1976 when Leonard E. Read, the President of the Foundation for Economic Education Inc. (New York), gave a group of Australians permission to use the name Foundation for Economic Education (Australia) to promote free-market ideas in Australia (specifically without any taint of politics). Having been a subscriber to FEE (Inc.) and having exchanged many letters with Leonard Read since the early 1950s, it gave me a useful background to the “free market, private property, individual responsibility, limited government, way of life”, as an alternative to the heavy hand of ever expanding government control that socialists had “sold” as an illusion of “living at the expense of everyone else.”

In 1997 the Western Australian end “morphed” to Mannkal Foundation as a registered business name and promotional activities continued through until June 14, 2002, when Mannkal Economic Education Foundation became one of the first Prescribed Private Funds (PPFs) in Western Australia, following the Federal Government’s passage of enabling legislation.

As a tax exempt PPF, Mannkal operates within tight guidelines, i.e. restricted to Australian activity but the current A\$6.3M capital base is generating an expanding number of Mannkal scholars and activities.

*Leon*



**Mannkal Annual Scholarship Budget**

## BUSINESS



Ron Manners with Alyce Cassettai and Elisabeth Costa.

### Mannkal Foundation awards scholarships

The 2007 Mannkal Foundation Scholarships have been awarded to Alyce Cassettai and Elisabeth Costa who are both undertaking the combined Bachelor of Law/Bachelor of Commerce degrees.

These scholarships are provided by the Mannkal Economic Education Foundation, founded by Western Australian businessman, Mr Ron Manners. The purpose of the scholarships is to support and encourage students' interest in exploring self-reliance and free-market concepts.

Mannkal Foundation aims to award such scholarships each year, combining attendance at an economic conference matched to study unit requirements.

Under the scholarships, Alyce and Elisabeth will be attending the *Liberty and Society* conference held by the Centre for Independent Studies in Sydney this year. As part of the unit requirement, their proposed research project will be investigating the legal and economic issues related to heritage listed buildings in Western Australia and the potential for this to endanger property rights.

Alyce and Elisabeth recently attended the launch of *Project Western Australia* ([www.mannkal.org](http://www.mannkal.org)), Mannkal Foundation's first event for 2007, where the receipt of their scholarship was acknowledged. The students will have further opportunities to meet and present their research to supporters of the Mannkal Economic Education Foundation during the year.

## Corporate Social Responsibility:

What was announced (June 23, 2005) as a Parliamentary Joint Committee report on Corporate Social Responsibility (CSR) ended up producing a “politically correct” censored collection of feel-good statements that suit both the strident recipients of corporate funds and some captains of industry who enjoy playing fast and loose with shareholders’ funds.

The late Prof. Milton Friedman is often quoted out of context as follows:

“Businessmen have only one responsibility; to make as much money for their stockholders as possible.”

It is useful to view his original comment, in its correct context (*from p.133*) of his *Capitalism & Freedom*.

“Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. This is a fundamentally subversive doctrine. If businessmen do have a social responsibility other than making maximum profits for stockholders, how are they to know what it is? Can self-selected private individuals decide what the social interest is?”

Prof. Friedman told me personally (San Francisco, May 2<sup>nd</sup>, 2001), that he remained concerned that there is “Never any shortage of people wishing to spend other people’s money.”

My personal view is that there is no substitute for Personal Philanthropy coupled with Personal Involvement.

For the Mannkal Foundation’s “unpublished” submission to the Parliamentary Joint Committee on Corporate Responsibility, click on - <http://www.mannkal.org/docs/ss051021a.pdf>

We join with many friends and supporters of Greg Lindsay in congratulating him on this Nov. 2006 news item (28/6/07):

## Greg Lindsay Elected President of the Mont Pelerin Society

The Centre for Independent Studies, Executive Director, Greg Lindsay, has been elected President of the Mont Pelerin Society at its General Meeting in Guatemala.

Founded by Friedrich Hayek in 1947, the Mont Pelerin Society draws its membership from prominent intellectuals and practitioners from all over the world who share a passion for the cause of liberty.

The Society is the global voice of classical liberalism, promoting values of free enterprise, minimal government and an open society of free individuals.

In addition to Friedrich Hayek, previous presidents include Nobel laureates James Buchanan, Gary Becker and Milton Friedman, who sadly died today aged 94. Friedman was the last survivor of the 39 individuals who met at Mont Pelerin in Switzerland, after which the Society was named.

This major honour reflects the huge contribution that Greg and The Centre for Independent Studies have made to the defence and promotion of liberal ideas in Australia over the last 30 years.

### News Item:

The next Mont Pelerin General Meetings:

- Tokyo - 2008
- Sydney - 2010

## The World Loses Two “Warriors for Economic Liberty”

**Milton Friedman** - Nov 16, 2006 at the age of 94.

So much has been written about this Nobel Prize Winning Economist that we will settle only for a link to Hans F. Sennholz’ overview:

<http://www.mises.org/story/2414>

Mankal Foundation is currently sponsoring Prof. Robert Leeson (Murdoch University, Western Australia), in California, to complete a book, “*Milton Friedman in His Own Words.*”



Milton with student, San Francisco, May 2, 2001

### Ideals of freedom

Milton Friedman loved liberty. Even today, chills run down my spine whenever I read the slashing opening to “Capitalism and Freedom.” *President Kennedy said, “Ask not what your country can do for you — ask what you can do for your country ....” Neither half of that statement expresses a relation between the citizen and his government that is worthy of the ideals of free men in a free society.*

Damn right.

He will be missed.

Alexander Tabarrok, research director for the Independent Institute in Oakland.

**Hans Sennholz** - June 23, 2007 at the age of 85. Brilliant economist dedicated to expounding the truth.

An engaging and wonderful teacher who mastered the art of communicating well with all those with whom he came in contact.

Dr. Sennholz actively participated in modern history as a German fighter pilot, prisoner of war, attorney, professor, and writer.

Link to tribute:

[http://www.atlasusa.org/V2/main/page.php?page\\_id=659](http://www.atlasusa.org/V2/main/page.php?page_id=659)

Link to obituary:

<http://www.sennholz.com>



Hans Sennholz, Bettina Bien Greaves (FEE Inc.), student - New York, Sept. 1994

## The Great RBA Gold Sell-Off

Exactly 10 years ago today (4<sup>TH</sup> July, 1997), the Reserve Bank of Australia (RBA) announced that they had sold-off 167 tonnes of gold (two thirds of Australia's gold reserves).

It resulted in an immediate drop in the gold price from US\$331 down to US\$314, with most of the damage done by Federal Treasurer, Peter Costello's, shrill claim that, "Gold no longer plays a role in international finance."

This comment wiped \$500 million off the market value of Australia's listed gold producers.

Why can I clearly remember these circumstances?

Because I was a gold producer at that time, and the TV interviews are still on my shelves, along with the memories of mine closures and cancelled exploration programs around the nation.

So now, with perfect 10 year hindsight; was that such a smart move by the RBA or the Federal Treasurer?

Well, since selling this gold for A\$450 per oz (A\$581, adjusted for inflation) the price has risen 70 percent to A\$765

The 5.3 million ounces sold for A\$2.4 billion (A\$3.1 billion, adjusted for inflation) would now be worth A\$4 billion?

But that cool billion dollar loss is magnified because the RBA's 5.3 million ounces of gold was originally expropriated by the government at US\$35 per oz at a time when gold miners were prevented, by law, from selling their gold production on the world market.

Had they invested the sales revenues wisely, the RBA may have recovered something.

But subsequently it was revealed (Mar. 2002) that the RBA was "down the gurgler" by A\$4.8 billion after dealing in some "cross currency swaps". Within days of, but unrelated to, the RBA gold sell-off, along came the Asian Currency Crisis. Australia was sitting on the proceeds of the gold sales when the the call was received to "do the right thing" and support the Thai Baht. That offer was too good to refuse.

So what we have is:-

1. Government setting a monopoly price for gold and accumulating it on unfair terms from the miners.
2. Selling their gold reserves and booking a loss.
3. Mistaking that loss for a profit and using the phantom proceeds to speculate on disastrous currency swaps.
4. Trumpeting their action in a way that adversely affected a major Australian industry.

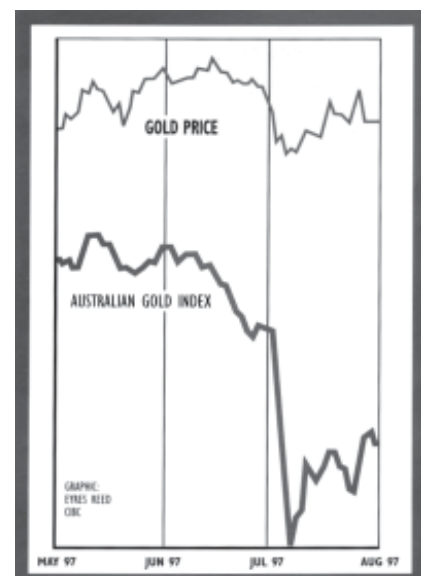
The whole saga illustrates the folly of allowing governments to invest on our behalf. Politicians and their bureaucrats have neither the business acumen nor the profit-oriented incentives to make the wisest investment decisions.

To its credit the Howard Government learned something from its previous mistakes. When it set up the Future Fund it placed a commercial buffer between itself and the fund's investment decisions. But this Chinese wall may not always prevail. Indeed, Kevin Rudd plans a controlled raid on the fund to build a national broadband network. Doubtless this will be only the first of many such incursions.

The central issue however, is that it is not the legitimate role of government to play the stock market or futures market (directly or indirectly).

Irrespective of their earlier disastrous decisions on Unfunded Superannuation Liability, they should confine themselves simply to governing.

RBM  
4/7/07



## Project Western Australia (see separate detailed brochure).

A need for a new approach to policy formation in Western Australia is abundantly clear.

Project Western Australia is a joint program of the Mannkal Foundation and the Institute of Public Affairs.

Four discussion papers are in preparation:

1. Transport (July 18, '07)
2. City and Urban Development (*Creating a Liveable City*) (presentation date Oct 22, '07).
3. The Importance of Property Rights in Western Australia (presentation date Dec 11, '07).
4. Education (proposed presentation Feb. '08).

If you wish to attend any of these presentations please contact us via email on:

[mannwest@mannkal.org](mailto:mannwest@mannkal.org)

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## Mannkal's Mission Statement

We aim to strengthen the free market system in Western Australia and Australia, by promoting ideals of voluntary co-operation, choice, personal rights, limited government, and resourcefulness of individuals. The Mannkal Economic Education Foundation organizes events that allow individuals to exchange ideas defending free markets and we sponsor students for seminars and essay competitions.

### Background

Western Australia was settled by pioneers with deeply entrenched beliefs in political freedom. To maintain that freedom in the new colony, our pioneers established important institutions - courts, universities, parliaments, churches a free press and other public and private organizations which they believed were necessary to preserve their way of life.

Since those early days of settlement, the freedom of average citizens to pursue their own ambitions has been dramatically curtailed - primarily through the inordinate growth of government regulation and taxation.

The collapse of the Soviet Union saw socialism as an economic doctrine completely discredited. However, its various social permutations and its central planning devotees are still in existence and are active within many of Australia's educational institutions - including those in Western Australia.

Because national prosperity and other forms of well-being are driven and sustained only by the resourcefulness and creative energies of its citizens, it is essential for Australia's future that these traditions of freedom are rediscovered and re-established.

The Mannkal Economic Education Foundation will employ its resources to assist in the rediscovery and refurbishment of the traditions which form the basis of national prosperity and personal freedoms.



Ron Manners  
Chairman

August, 2006



*Mannkal Foundation's Board  
John Corser, Ron Manners & John Hyde*

## Learning from History

Throughout history, not least that of the last century which saw the rise and fall of Socialism and Fascism, bad ideas have resulted in unnecessary misery and millions of deaths. Communists, Nazis, Socialists and the like have failed in trying to impose their versions of the ideal society upon people who often have no capacity to comply. Their command-style societies served truly evil and petty tyrants and were doomed to fail because they could not identify or regulate the millions of wants and capabilities of individuals within these societies. Even the best of intentions collapsed under the weight of the unintended consequences and too many decrees and fallible enforcers. Yet the temptation to the idealistic and the selfish alike to impose order from above remains beguiling—not a day passes that we do not hear a call for yet another regulation.

Social orders that rely primarily on the voluntary actions of rights-possessing individuals within frameworks of slowly evolving customs and enforceable rules are counter-intuitive to many. Nevertheless, these liberal societies, which were designed by no one but which evolved by trial and error to an almost natural order, have brought mankind more prosperity, longevity, liberty, good health, opportunity and even military success than have any coercive Utopias. Personal rights, sometimes called civil liberties, need to be understood and defended lest they are eroded because of ignorance. Governments, however, find it easier to finance vested interests and to spend taxes to expand regulatory authorities, rather than allowing the general public the freedom to choose for themselves.

Mannkal enters this uneven playing field carefully and selectively; assisting those who defend our rights and opportunities for choice and voluntary cooperation. “Over government” especially threatens ownership and voluntary exchange in free markets, imposing costs that are borne disproportionately by the unemployed and the least wealthy. The Mannkal Foundation stands ready to assist in the defence of liberal order whenever it is threatened.

Mannkal is primarily concerned with the good governance of Western Australia and ensuring that there will always be young people willing and equipped to carry the ‘good fight’ forward.