

## Paul's Perspective

### Paul McCarthy Mannkal Perspective – Why I'm Proud, China, North Korea, South Africa and Fusion Power

paul.mccarthy, 31 May 2017

*Paul McCarthy, Mannkal, June 2017*

One of the things that first attracted me to Mannkal was the focus on ideas, as opposed to politics and political parties. We look to common sense grounded in limited government and free enterprise and adapted to fit the real world around us. We don't do lobbying and we certainly don't support one party or another; in fact we tend to eschew politics, which has evolved in the modern age to be a top-down process. People however tend to operate in a bottom-up manner, which is why we prefer to talk to people and share ideas and opportunities to learn. You can't force your ideas on someone – you can try, but you're likely to fail. At best, they will be able to regurgitate your ideas, but having not gone through the intellectual process of discovery themselves, they will be unable to explain them or defend them. I don't mind if a student goes through their entire Mannkal career and ends up believing in revolutionary Marxism (well, I might be a bit puzzled!) as long as they have thought about their position, tested their ideas and listened to other people's perspectives. I'm proud that at Mannkal, while most of our talented students are actually not involved in party politics, those that are belong to a range of parties – Labor, Liberal and Liberal Democrats (no Greens, but I would be keen to welcome them!) Competition works in economics and it also works in philosophy – the best ideas are only those that are first tested against all the others.

I was also proud to lead a Mannkal delegation to the Mont Pelerin Society meeting in Seoul in early May. The MPS was founded by free-market heroes including Friedman and Hayek and our Mannkal students were in their element, listening to expert views on issues from the North-South Korea divide to central banking, economic development, welfare, tax and entrepreneurship. Having always seen the North Korea issue as little more than “geostrategic theatre”, the moment that stands out for me was the blunt warning from a very experienced US-Korea expert that the US would not tolerate a threat to the US homeland. Has China overplayed its hand in allowing the DPRK to develop nuclear weapons?

I spent a few days in Beijing before the conference and was lucky to be shown around by a former Tiananmen Square protester. He claims that most Chinese are unaware of both current and historical oppression, given internet censorship and

population control. We spent time talking over issues like property rights and he was fascinated that in a free country like Australia there could still be restrictions such as planning/zoning regulations, building codes and environmental (e.g. native vegetation) regulations. “So they can’t just take your land but they can make it very difficult or impossible to use it?” he asked. He was disgusted with his own country and kept in touch with news from outside thanks to friends in America. Walking up to Tiananmen Square, the footpath narrows and visitors must pass

through a security screening checkpoint.

It’s often the small things that tell a strong story, and for me seeing the light poles plastered in CCTV cameras, covering every possible angle multiple times each emphasised just how scared this regime is of its own people. [This AFR article](#) reports how they even hope to mark Chinese citizens on their social behaviour. How, then, can China ever be a great nation?

Tough times are ahead for South Africa, with a [Zimbabwe-style land reform program](#) to be introduced in the months ahead. The corrupt ruling ANC is being pulled to the Left by the “Economic Freedom Fighters Party”, who model themselves on Zimbabwe’s Robert Mugabe. It’s a shame that South Africa may take a plunge into anarchy as the opposition [Democratic Alliance Leader, Mmusi Maimane, is quite a classical liberal](#). But will there be room for a voice of tolerance, co-operation and productivity when so many want revolution, looting and tribal enmity?

Federal Finance Minister Mathias Cormann will host an event on August 3rd at Curtin University titled “Strengthening Our Economy”, an opportunity to hear direct from the Federal Government about its plan for dealing with a tough economic environment. I wouldn’t necessarily endorse or oppose the plan, but it is a chance to learn and ask questions. For more details, [click here](#).

Finally, some good news on the technology front with [German trials confirming an experimental fusion power machine is working as intended](#). Fusion is the “holy grail” of electricity supply – we’ve been trying for decades without success. Theoretically it could supply limitless and basically costless energy, with some designs small enough to fit on the back of a truck that would provide the same amount of power as one of the big stations on the Kwinana strip. Imagine what that would do, particularly for remote or resource-starved locations. From Fijian islands to Japan,

this would be a game-changer. Theory is good, the real world is what counts – and fusion appears to have come just that little bit closer.

[1 Comment »](#)

## **“Male Privilege” is for Feeble Minds; and Renewable Energy Doesn’t Work**

paul.mccarthy, 3 March 2017

### **“Male Privilege” is for Feeble Minds**

I was disgusted to hear last week that new UWA medical students were delivered a sermon on “male privilege” during their orientation. They were walked through a handout [– read it here –](#) with points like, “*as a man, my grooming is cheaper*”, “*if I fail in my job or career, this won’t be seen as a black mark against my entire sex’s capabilities*” and the Orwellian nonsense, “*I have the privilege of being unaware of my male privilege*”. “Male privilege” is the latest nutty far-Left trend for student activists dismayed that most of the big social challenges – such as women’s suffrage and apartheid – have been overcome, leaving little to protest about. Rather than sitting back and enjoying a successful society, they prefer to invent hysterical new crusades.

Luckily, most of these students will grow up and one day be embarrassed at their misdirected juvenile zeal, much of which seems to be virtue signalling: “Look at me, I’m morally superior to you!”

It’s sad that at least one grown adult at UWA chooses to teach the latest anti-intellectual fad of childish US student activists. That’s not the mark of a professional. What can this person offer young minds keen to absorb ideas and become useful in the workplace? This is the worst of the sheltered-workshop Australian university system, which often seems more designed for keeping late-

middle-aged public servants in cosy jobs than for preparing young people for the workforce.

Were I in charge, so-called educators promoting silly politics like “male privilege” would be fired, and they would get their marching orders with a lecture on respecting taxpayers’ funds.

UWA has suffered scandals under poor management recently, most infamously when they refused to host the acclaimed centrist academic Bjorn Lomborg in the face of a political campaign by student and faculty activists. Fortunately UWA now has a very capable new Vice-Chancellor, Dawn Freshwater. Let’s hope that in turning UWA around she will eliminate the lazy political activism promoted by some of the “job for life” academics.

### **“Renewable” Energy Doesn’t Work**

A layperson wouldn’t wander into an operating theatre and offer their advice to a surgeon. Nor would the average person knock on a cockpit door and tell a 747 pilot how to fly the plane (“best keep it up in the air mate”). So why do so many unqualified people expound their views on “renewable” energy and demand more wind and solar farms?

I’ve been lucky enough to have a decade of experience in the power sector, here and overseas, working across new projects, fuel and power trading, networks, regulation, financing and more. I saw how wind and solar are far more expensive to build and operate than coal and gas projects – and I also worked with hedge fund directors who flew in by private jet to discuss building a small wind farm because “the subsidies give us a great yield.”

It is an incredibly complex industry. Electricity must be used the very instant it is generated as it travels through the network at a significant fraction of the speed of light. This creates real physical difficulties for “renewables”. Because they are intermittent (the sun and wind are not constant) they require constant backup from gas and diesel power stations. Think about it – wind and solar supported by gas and diesel. That’s why I refer to “renewables” with inverted commas: they’re not “green”, more like grey.

I'll give you seven simplified reasons why solar and wind (don't even talk to me about experimental wave power) are not fit for purpose:

1. **They create a juggling act** where other plants must be kept on standby to pick up their slack, or suddenly cut off when the wind picks up. But most plants aren't built for this, and it makes it hard to keep baseload coal/gas plants on the network when they may be forced to shut down at intervals of only a few hours. This is physically ruinous for them – akin to turning your car engine on and off at 5-second intervals all day long.
2. Their variability **creates volatility in the frequency of the network** – think of the white noise when tuning an old analog radio – and as it rises due to renewables, other plants must counteract and push it down, and vice versa. The plants that can do this are diesel and some types of gas. In Perth, this has required the Kwinana SWIFT power station, among others, to be built to handle the problems caused by the likes of the Collgar Wind Farm.
3. They **only generate a small fraction of what they are designed for** – for wind this is about 33%, for solar it's around 20%. A standard coal or gas plant will produce a good 80% across the year. The only reason they produce less than 100% is because this is often not needed, and they're taken offline for scheduled maintenance at intervals. Wind and solar simply couldn't produce at 100% efficiency.
4. **Storage doesn't exist.** Some thermal solar plants (the type we don't have in WA) use recent storage technology but these are unproven over a project life and add huge extra cost for limited storage. Why build a solar plant that costs more than a gas plant and then add on more expensive and limited storage because it can't generate at night? Either way, wind and solar panels don't have storage. Coal on the pile, gas in the pipe and water in a dam are the best energy storage. (Tesla's batteries are a marketing success but fail the physical and financial test. The only people excited about them are those who don't know the industry).
5. **They require extra infrastructure** on the transmission and distribution grids – from extra transmission lines costing over \$1m per kilometre to reinforcing the distribution grid around Perth to handle the explosion of solar panels. Western Power has concerns that solar panels leak DC electricity into the distribution grid, causing expensive erosion – just one of the unexpected consequences of this new technology.
6. **They are more expensive to build and operate.** This is why they rely on subsidies for every unit of power they generate, every hour and won't give them up. Even when adding the fuel costs, a new gas plant is cheaper to run and maintain than a wind farm, and that's not counting the cost of buying extra power when your wind farm stops, or trying to find an instantaneous buyer on the market for the excess power you create.
7. **They live and die on subsidies** because they are not an economic proposition. During my time working on UK projects, the regular changes in subsidy levels made it too hard to proceed with a project of a 20-year life.

Labor and the Greens complain that uncertainty about subsidies has frozen “investment” (better described as “rent-seeking”) in wind and solar projects in Australia. This is a good market signal that they simply aren’t economic and shouldn’t be built.

Comments Off

### **Red tape, free speech and real jobs of the future, now!**

paul.mccarthy, 6 September 2016

Paul McCarthy, 2/9/16

It’s been a flat-out few weeks at Mannkal; we’ve taken our students to many external events in Perth and interstate, as well as welcomed them at our twice-weekly student workshops at Mannkal on issues such as “The Next Financial Crisis” and “Higher Education – Design Your Own Degree”. Our students are an inspiring bunch and we love sharing our experience with them – particularly Ron’s stories from the Kalgoorlie goldmining days (I didn’t know that you could refine gold nuggets at home by making an acid bath in your toilet!)

This morning I attended the Pastoralists and Graziers Association’s annual convention and heard our friends Senator Dean Smith and Chris Berg of the IPA speak. Chris spoke about how red tape costs Australia \$176 billion per year, sadly making it our biggest industry and costing each household over \$19,000. It helps explain why Australians earn high wages yet many still find it hard to make ends meet.

Chris made the point that the purpose of red tape is to deliberately shut down Australia’s economy; it is created by activists in government and the bureaucracy who virulently oppose industry, agriculture, mining, trade and the general advancement, prosperity and cohesion of Western civilisation.

On that note, [Adani’s Carmichael coal mine in Queensland had a win this week](#), with the defeat of a vexatious and spurious lawsuit from the Australian Conservation Foundation that sought to stop the mine dead. The ACF’s spurious argument

claimed that approvals had not considered purported “climate change” effects of Adani’s coal being used in India. This “lawfare”, seeking to impede and ultimately shut down free enterprise, must be stopped. Such a spurious case should never have made it to court and despite losing, the pressure brought to bear on Adani and future investors is a win for the ACF and its extreme-Left supporters. Oh, and there are still 3 cases pending. Australia’s leaders must wake up and ban these actions, while judges should treat the cases as perversions of justice and impose all possible sanctions against the applicants.

Some [more common sense came from the University of Chicago](#) this week, with the Dean warning new students that university is supposed to be a place of free speech and academic enquiry with no room for those who want “trigger warnings”, “safe spaces” and the banning of speakers they don’t agree with. Silencing free speech in this way has become the latest tactic of the anti-intellectual far-Left and quickly spread across the world via social media as campaigners tried to outdo each other, displaying their “virtuosity by offence”. Even perennial gay rights campaigner Peter Tatchell was banned from a UK university for not being “pro-gay enough” and doyenne of the feminist left, Germaine Greer, was banned from a campus for “transphobia” – whatever that is. Sadly, Bjorn Lomborg, who believes in climate change, was banned from UWA because he believed the costs of climate change mitigation should be minimised. This apparently “triggered” the UWA Student Guild and some taxpayer-funded academics, sending them scurrying for a “safe space”. Such people have no place in a university. If only I were a university Vice-Chancellor, there would be a quick round of enrolment cancellations and redundancies and the message would soon get through!

The world is a wonderful place, notwithstanding the attempts of those above to desperately find something to protest about. To finish up, we were told this week that [ECU’s cyber-security course](#) has a positive dilemma – they find it hard to keep students past second year as they keep getting poached by industry on salaries over \$100,000. Meanwhile, [a big demand has developed for drone operators](#) who are earning up to \$200,000 per year in the resources industry. In addition, our friends at the Centre for Independent Studies [are advertising for a Research Fellow](#). The jobs of the future are there for the taking and I encourage interested students and graduates to check them out!

[2 Comments »](#)

## **[What’s happening in Europe?](#)**

paul.mccarthy, 2 August 2016

I just returned from a trip to Europe for a couple of close friends’ weddings. To my wife’s chagrin, my economic updates on Facebook tend to get more “likes” than my “having a good time” posts, but small anecdotes can paint a powerful picture.

So it was, when a young Italian lamented, “you are lucky to be Australian, there are no jobs in Italy, no future for young people... and we are angry at the UK for Brexit, why do they want to leave?” For much of Western Europe’s youth, the EU seems to have overtaken the Catholic Church as an article of absolute faith. The solution to any problem is that you simply need “more Europe” and must redouble your devotion. The idea that many of Italy’s problems come from the currency and political union, and that Britain wanted to avoid the same, seemed foreign. As a tour guide begged for a good rating in order that he might get more than one day’s work per fortnight, it reminded me that Italy is wonderful to visit, but you don’t want to live there. Living standards don’t seem to have improved since my last visit four years ago while bureaucracy is as chaotic as ever. It’s *la dolce vita* only for those who don’t need to make a living.

I last visited Ireland in 2011 in the depths of a recession largely caused by the Euro. Reports are that it has turned and I clearly got that feeling in both the cities and towns. A sense of optimism and industriousness pervaded, consumer spending seemed plentiful and public works did not seem delayed. Wedding attendees were sporting tans from summer holidays to Spain while discussing where they bought their new outfits. I noticed though that the number of flight destinations from regional airports had fallen, and [vacant housing developments](#) still stand unoccupied from 2007. Things have come back but there is still excess capacity.

Budapest was a pleasant surprise – much better-kept than I had expected (due in part, I’m told, to EU funding) and full of pleasant, well-dressed people going about their business. I noticed this also in Malta (lowest unemployment rate in the EU) and I think of it as the Hong Kong approach – a general industriousness and focus on getting wealthier. No interest, let alone time for, Western political indulgences such as “micro-aggressions” or “safe spaces”. Who wants to be a victim when you can get wealthy?

The UK was a mix. Of course, Brexit did not deliver the apocalypse the likes of [David Cameron dishonestly predicted](#): in fact a number of [big investments and industrial projects](#) have been announced, 27 countries representing two thirds of the global economy [want trade deals with the UK](#), and a sense of purpose and optimism is detectable. I lived in the UK during the depths of the GFC and optimism has clearly risen since.

The glass, however, is only half-full. The Bank of England’s quantitative easing did nothing to stimulate the real economy and wages appear to have largely stagnated. Speaking to people, their lives seemed little improved in the last four years. Recent rises in employment have been almost entirely in casual and part-time work. No reform of the welfare state has occurred, while the number living off it has increased. During working hours, the streets were busy with idle people who had clearly migrated from the Middle East and Africa and were not making a net economic contribution. Even in upmarket West London, street-drinking and



anti-social behaviour abounded from people who could have applied themselves in productive ways; even those minding their own business were clearly net beneficiaries of the tax system. Why Britain should choose to tolerate this is beyond me, but hopefully, once unshackled from the European Union, it will focus its migration policies on those who can (and wish to) make a clear net contribution to Britain.

As ever, Europe (and Britain) is a wonderful place to visit, but the economic and political stagnation are readily felt. That part of the world can be as wealthy and productive as it wants to be; it is a tragedy, particularly for the young, that the absent political will in the EU and national political classes causes the continent to eschew its full potential.

Comments Off

### [Gen Y – please stand up!](#)

paul.mccarthy, 27 June 2016

What a month! Here at Mannkal we've had the excitement of lining up new scholars, with 85 going to internships and conferences in Australia and around the world over just the next two months. We are pleasantly surprised that Britain will now be unshackled from the EU – a tired, 1960s-model, tariff-protected customs union with a dead economy, migration crisis and an unaccountable and disdainful Brussels elite. The abrogation of sovereignty and democracy was the Achilles' heel of the EU Project, and their restoration will not only leave Britain stronger, wealthier, happier and more peaceful, but will also encourage other EU member states to seek the same. For more, please read previous blogs from both [Ron](#) and [myself](#).

Reactions in the losing Remain camp have been as concerning as comical. Blaming elder voters, Giles Coren of The Times (UK) wrote that "[The Wrinklies Have Stitched us Up](#)" and demanded the franchise be withdrawn from those over 60, while others blamed the poor, racism, sexism and climate-deniers. A petition to re-run the vote gained a million signatures (well, the EU itself [has infamously done that before](#).) Refusing to accept the democratic decision is typical of the totalitarian Left; young people should not be fooled into seeing righteousness in overthrowing the rules to seek their desired outcome.

Australia faces many challenges, as indeed does the world. The best approach for young people is to remain dispassionate and pragmatic. Net Federal debt is forecast to reach \$346b by 2018, while the WA State figure is forecast to be \$38b. Given that less than half the population are taxpayers and less than half those chip in more tax than they receive in services, the burden is unacceptable. The young can fairly complain that the mantra of recent decades – "more funding" – is

unsustainable; that means spending cuts and efficiency must be sought. From welfare to education to health, no less than the most efficient practices should be accepted in order to stretch the taxpayer dollar further – and leave more of those dollars with those who earned them. Economists are like designated drivers: a bit of a drag to have around when the party is kicking, but everyone's friend when the lights come on. Generation Y may not like the fact that microeconomic reform is the only option left, but it must work with it. Now is not a time to repeat the student riots of 1968 but to put all options for reform on table in a manner our political leaders have failed to do. Ron and I are always impressed by the pragmatic and open-minded nature of the students who engage with Mannkal. Here's hoping that the younger generation have the courage for the hard conversations our leaders have shirked.

Comments Off

### **[On Brexit: Britain Must Leave the EU](#)**

paul.mccarthy, 7 June 2016

I briefly visited the UK last month and met with Mannkal's partner think tanks who are campaigning for Britain to "Brexit", i.e. leave the EU. Most in the liberty movement hope that Britain finally breaks the shackles of this outdated 1960s-style customs union designed, to quote its supporters, to create "ever closer union" with the goal of eroding nation-states and creating a United States of Europe.

Britons voted in 1975 to join the European Economic Community (EEC) under the impression that they were joining a free trade zone. Since then, the EEC has evolved to the EU with Treaties, Constitutions, three Parliaments in Strasbourg, Brussels and Luxembourg, countless Commissions and Councils, a flag, an anthem, four current Presidents of the EU (don't ask me how this works), a Euro currency doomed from the outset, and deep and broad economic stagnation. One of the next projects is an EU Army. Much more than just a free trade area!

From every perspective, I see no good reason for Britain to remain in the EU. "Shared sovereignty" is no sovereignty at all, as British MPs in the European Parliament cannot vote laws in or out; legislation is the role of the EU commission,

where it is debated in secret and enforced without recourse to voters. The EU is fundamentally anti-democratic. On law, the EU courts can overrule Britain's Parliament and courts. This has infamously seen deportations of convicted foreign terrorists and murderers quashed on the grounds that they had a "human right to family life" in the UK, in one case, on the basis that the offender owned a cat. The free movement of people in the EU opens Britain to 500 million potential migrants. If Turkey joins the EU, which the EU is working towards, the entire Islamic world will have easy access to live and receive welfare in Europe.

On economics, there is no sense in Britain tying itself to the slowest-growing part of the world and paying a net contribution of over £9 billion per annum for that right. The only continent without a growing economy is Europe – even Antarctica has a higher growth rate (the research station gets new equipment and buildings from time to time – something is better than Europe's nothing!) Even Iceland has negotiated a free trade agreement with China, but Britain hasn't – it isn't free to do so outside the EU, which has failed thus far. Regulations strangle industry, from the petty (bananas can't be too bendy, bottled water can't be said to help hydration) to the serious (forced closure of British gas power plants for EU targets). Common standards apply to all yet suit no-one. Britain's fisheries are now plundered by foreign fleets that pay quota rights to the EU and the British are excluded from fishing!

Still on economics, protectionism in favour of ailing European firms has seen internal tariffs charged on British imports and exports, causing higher prices for consumers and the loss of valuable export markets – the story of just one British sugar firm losing €90m per year is told in [this video](#). The City of London financial centre suffers constant attack from EU bureaucrats who would prefer Frankfurt or Paris. Some mistakenly claim that Britain's trade with Europe will suffer if not within the EU – this ignores the fact that Britain buys more from the EU than the EU buys from Britain. The big German automakers have already put the German Chancellor on notice that they will not accept being prevented from selling Audis and BMWs to one of their biggest markets. You don't need political union to trade – no-one suggests that Australia needs political union with Japan or China to sell our LNG or iron ore. And what sticks in the craw is the constant sneering from privileged European bureaucrats (11,000 of them earn more than the British Prime Minister – 11,000!) about "Anglo-Saxon values" and "Anglo-Saxon capitalism". They don't seem to mind taking the 9 billion "Anglo-Saxon" quid per year!

The EU works for highly-paid bureaucrats, for the political activists driving it (they're on the gravy train too) and for failed politicians who, once kicked out by their voters, go to the EU (Barroso, Juncker, Schulz, Kinnock). It's even better for rent-seekers who want special favours and subsidies – it is easier to ask an unaccountable EU bureaucrat for money from Europe-wide pooled funds than to ask a British MP for money from the very Britons who elect him. The more distant government is from the people, the better it is for the rent-seekers. No wonder the

likes of Goldman Sachs, JP Morgan, Citigroup and Morgan Stanley have contributed over £1 million to the Remain campaign to stay in the EU.

When I lived in the UK as an EU (Irish) citizen and worked on industrial projects complicated and, in some cases, stopped entirely by changing EU regulations, I found it extraordinary how the British put up with the overbearing, expensive and anti-democratic EU that Australians, Americans and previous British generations—The Victorians and The Few of WWII come to mind – would no doubt reject outright. Indeed, those just a couple of generations ago who fought to save Europe from itself and the UK from Europe would be perplexed and saddened that many today fear Britain could not make it in the world without Europe. Better to be independent and excellent than in a large but unworkable collective that levels all members down to the lowest common denominator. Britain once led the world – without the EU. It can do it again.

[1 Comment »](#)

### **Students who Make My Day; and the Fatuous 50 who leech off taxpayers**

paul.mccarthy, 2 May 2016

#### ***On “The Fatuous 50”***

The Australia Institute, a far-Left think tank, recently published [an open letter to Malcolm Turnbull](#). Full of factual errors, value judgements masquerading as facts and liberal doses of the word “fairness”, the letter demanded large tax increases to fund an unspecified “pursuit of equity”. I haven’t seen such baseless sanctimony since my days on the UWA Student Guild when the Revolutionary Socialists demanded an end to “the fascist neoliberal capitalist class war”. Hey, at least they had the misplaced idealism of youth on their side.

Not so the Australia Institute’s “Fatuous 50” signatories, who include fallen former WA Premier Carmen Lawrence, feminist activist Eva Cox and ACTU President Ged Kearney. A quick glance reveals all the signatories come from the public service, political/social activism or, like one class-action lawyer, industries that live off regulation. Not a single wealth creator among them. No wonder they believe that Australia’s future depends on the government spending more taxpayers’ money on people like themselves. As Institute of Public Affairs chief John Roskam commented, they “spent so long on the public teat... their real world experience, for so many of these people, is limited to the university common room. They have little idea about what it takes to run a business, employ people and create wealth.”

A couple who are friends of mine are the antithesis of the Fatuous 50. Marta is a small business proprietor who has won many awards in her industry while Dan, a

former soldier, has applied his army skills to run a business in the industrial sector. Each have nurtured businesses, climbed mountains of red tape, taken risks, worked long hours and made sacrifices to provide for themselves, their family and their employees. I'll take the perspectives of Marta and Dan – just two of the millions who each day, go about building our country and adding to its wealth – over those the cosseted academics who issue vain declarations while living off the rest of us.

### ***On the Students Who Make my Day***

I love my role as Mannkal CEO for many reasons, one being that I get to deal with inspiring students, day in, day out. We have a massive demand for [Mannkal's \*Economics in One Hour\* student seminars](#) where we give an “outside-the-textbook” view on issues including economic fallacies, the challenges of renewable energy and the likelihood of another financial crisis.

Today's seminar was at standing room only and 12 people over capacity; it's been great to see students pre-read lecture material, come with questions and discuss the issues among each other. I'm impressed that so many take time out of their day to attend, some even cancelling their work shifts and travelling from as far as Bunbury. I spoke last week to a big crowd at the Wall St Club at Curtin Uni, when a 45 minute discussion ended up going for two and a half hours. Likewise, our recent UWA Alumni night brought together a crowd of talented UWA former Mannkal scholars, and a recent awards night I attended at Notre Dame highlighted many very bright and eager students. As I type this, another student just emailed asking for more reading material (thanks for helping make my point, Connor!)

Gen Y are often typecast as being surgically connected to their phones, but the ones we meet are the opposite – each day, we have sharp young people coming through our door, and I've noticed they're generally a very pragmatic lot. They understand that the world economy still hasn't recovered since 2008 and expect that if they manage to get a job after their expensive degrees, they will struggle to buy a house while paying higher taxes to fund pensions for the elderly – pensions that won't exist when they retire. They also understand that the digital revolution has destroyed the last ramparts of Fortress Australia and that they must be far more internationally competitive and productive than any generation before them. The thirst for ideas and the sense of realism are very apparent among the students who come through Mannkal – they are the polar opposite of the “Fatuous 50” above. We have a wonderful time helping them to develop themselves as candidates in the graduate job market and can't wait to see them making great waves as their careers progress.

## Unions try to kill the trucking industry – Paul McCarthy, Mannkal

Paul McCarthy - Mannkal - 4 April 2016

### **ON ANTI-COMPETITIVE BEHAVIOUR IN THE TRANSPORT INDUSTRY**

Australia today faces one of its most blatant incidents of union sabotage of the last three decades. The Orwellian-named Road Safety Remuneration Tribunal has decreed new rates of pay within the trucking industry, but only for self-employed truck drivers. These new “minimum” rates far exceed the market rates and will price owner-operators out of the market, leaving it the sole preserve of large union-dominated truck companies.

Grace Collier in *The Australian* ([here](#)) tells the example of Joe, a trucker who does a run between Adelaide, Brisbane and Perth, for the market rate of \$2,500. Under the Tribunal’s new rates, Joe must charge \$6,000 – yet his competitors are allowed to undercut him and still charge the \$2,500. Truck owner-operators around the country face going broke in the weeks ahead because, the Tribunal claims, it knows better than they do what they need to charge to operate “safely”.

In this case, as in many others, “Health and Safety” is being used as a union ruse to pressure small, independent, non-union operators out of the market. It should surprise no-one that the Road Safety Remuneration Tribunal was set up in 2012 by

the union-beholden Prime Minister, Julia Gillard, after heavy lobbying by the Transport Workers Union.

A court today issued a stay against the order and even the usually economically-inept Senate crossbencher Glenn Lazarus is calling for the decision to be rescinded and the Tribunal to be abolished. He is right on both counts; if the order is abolished but the Tribunal remains intact, it will only try the same trick again at a later date. It is a mechanism deliberately set up by a union-beholden PM to benefit unions by bankrupting non-union competitors. If the trucking sector became 100% TWU-dominated, a strike could bring Australia to its knees. The Parliament must act to abolish both the order and the Tribunal.

## **ON STATE TAXATION**

It is a shame that PM Turnbull's plans for state-based taxation appear to have been still-born. In *The Australian* (1 April 2016) economics correspondent David Uren claimed that states to raise income taxes would "produce extremely uneven returns to each state and would fail to deliver growth in revenue", with lower returns to Tasmania and South Australia "reflecting lower incomes and workforce participation."

From our perspective, this is a perfect reason to pursue these reforms. A "failure to deliver growth in revenue", when translated from economists' lingo, means that the government raises less tax – meaning more wealth stays in the hands of the productive people who earn it and out of the dead hand of Treasury.

Likewise, the "extremely uneven returns" caused by Tasmania's and South Australia's "lower incomes and workforce participation" will force these welfare states to either cut their spending or to create enough wealth (i.e. get a bloody job!) to cover their expenses. Either way, they will stop burdening the rest of the country, particularly productive states such as WA. Even better, competition may flourish between states as they seek to lower their tax rates to attract business and investment. The US has seen people and capital leave high-tax California for low-tax Texas and a subsequent economic boom in the latter. Be it at the level of the individual or an entire state, the principles of competition and self-sufficiency always drive better behaviour and overall results.