

Mannkal's Musings*

MANNKAL FOUNDATION'S
END OF YEAR REVIEW

Dec 2011 Vol. 4

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Events in 2012

2012 looks set to be another stellar year, with plenty of Mannkal events already in the works. To keep up to date on the latest and to receive information about scholarships, subscribe to our monthly newsletter *Focus* by visiting:

(<http://mannkal.org/subscribe.php>)



Mannkal's Facebook page has grown exponentially over the past year. It's definitely worth subscribing to as "Mannkal's Man in New York", Luke McGrath, is constantly updating the page with interesting articles and videos. It continues to grow, but the stats below speak for themselves! Check it out at www.facebook.com/Mannkal.

5th–11th December 2010

67 monthly active users

107 people like this

2 wall posts and comments this week

32 visits this week

5th–11th December 2011

247 monthly active users

277 people like this

47 wall posts or comments this week

105 visits this week

Freedom Factory

Freedom to Choose

Mannkal ECOMS Student
Dinners... and more!

Ron's Mannerisms

Each month Ron shares his thoughts on a range of topics in a section of our website entitled "Mannerisms". Recent columns see Ron discussing his adventures in Turkey, ruminations on the need for a 'poet laureate' for the Australian mining industry, and a judgement on the claim that Wayne Swan is the world's best treasurer! To read these and more, please go to:

www.mannkal.org/mannerisms/

Library Launch + Library USB

In late November, Mannkal's Library was officially opened by Joanne Nova—as seen on the front cover of this edition of *Musings*. To commemorate the opening, Mannkal has produced over 200 USB sticks, each of which contains the entire library catalogue. The library currently has 2,095 books and counting!



Mannkal Staff

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Sarah Basden (UK)

Brad Walmsley (Switzerland)

2011 Chairman's Report

History helps us prepare for the future

I'm often asked, "What has been the biggest change to Australia over the past 40 years?"

The easy answer?

In the 1970s, paying tax was optional, but work was essential if one wished to survive.

Now, it's the other way around: paying tax is compulsory, but work is optional and there is very little focus on distinguishing productive work from 'sawing sawdust' type jobs, where there is no measurable productive output.

Is Australia a better place as a result of this major change?

The answer probably depends on whether you earn your living from economic activity or from bureaucratic activity.

Another big change is that, in the 1970s, there was little discussion about "how the previous generation has 'shafted' the next generation".

All that has changed—and rightfully so—with ready access to current statistics, now available to all at the click of a mouse. These data were only accessible to the 'elites' a generation ago.

All this makes for some interesting discussions at Mannkal's office in Subiaco.

There is very little respect for the 'Harvard Graduates' on Wall Street who, with the assistance of their friends on Capitol Hill and at the Fed, brought down the US economy. There is also very little respect for Southern Europe's illogical entitlement mentality where the expectation was that Germany would fund their unsustainable pensions forever.

In this wearisome environment of today, young people are challenged in their search for role models as they move out to take their place in the world.

But despite all the challenges, our Mannkal Foundation enjoys this economic and political fabric as we enter our 15th year, finding that we still maintain close contact with many of the 500 young people who we have sponsored for internships, seminars and events, both internationally and within Australia.

So many of these young people continually send

material back to us, reflecting on their experiences of events from so many parts of this interesting world.

Our own experience is enriched through their input.

Those participating in overseas internships have established their own input link to our website, where their weekly reports are publicly available:

www.mannkal.org/lionrock/

and

www.mannkal.org/frontier/

Mannkal's Musings is entirely compiled and published biannually by our youthful team, and this December issue is jointly edited by Emma Crisp, who now, after being with us for three years, is completing her studies and seeking career opportunities both in Australia and overseas, and Felicity Karageorge, our new Scholarship Co-ordinator, who was a former Mannkal Intern with the Frontier Centre for Public Policy in Canada (Manitoba, Saskatchewan and Alberta).



Felicity (left) and Emma (right).

This constant stream of constructive but sceptical input to our office and to our two Facebook sites* makes my job one of the best imaginable.

So, please spend some time exploring this publication and the various links it contains and be prepared to be injected with this special brand of optimism!

Ron Manners,

Chairman

Mannkal Economic Education Foundation

[*www.facebook.com/Mannkal](http://www.facebook.com/Mannkal)

[*www.facebook.com/ron.manners](http://www.facebook.com/ron.manners)

Mannkal Events

Sundowner with Rafe Champion



In July, Mannkal hosted Rafe Champion, one of Australia's leading bloggers ("The Rathouse" and "Catallaxy Files"), for a boardroom sundowner. The Rathouse contains essays and writings by Rafe that are inspired by Austrian economists and philosophers such as Karl Popper, Friedrich Hayek and Ludwig von Mises.

After rescheduling due to the ash cloud shutting down the Eastern States, Rafe finally made it to the Mannkal offices. While in Perth, Rafe gave a presentation in Mannkal's boardroom/library about the legacy of Karl Popper, as well as his personal experiences as a political blogger. Another guest for that same evening was Lord Christopher Monckton, whose suggestion for the establishment of an Internet-based TV Channel has been followed up, with progress to be announced shortly.

The Presentations by Rafe Champion and Lord Monckton have been uploaded to Mannkal's YouTube. Click [here](http://tinyurl.com/mannkalyoutube) to see more. [<http://tinyurl.com/mannkalyoutube>]



Mannkal staff, board members and guests at the Rafe Champion Sundowner.

Seminar with David Hart

Also in July, Mannkal hosted Dr David Hart, noted writer of economic history and director at the Liberty Fund. While in Perth, David held student seminars at the University of Notre Dame, St George's College (UWA) and spoke at several events held in Mannkal's office.



Mannkal staff and students with David Hart.



Ron Manners, Andrew Pickford and David Hart.

Mannkal Events

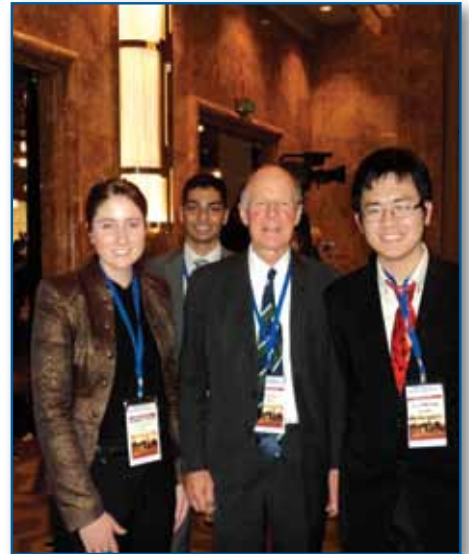
Genius of Western Civilisation Symposium

In June, Mannkal co-hosted the Genius of Western Civilisation Symposium with the Institute of Public Affairs in Melbourne. The one-day conference featured presentations on the history of Western civilisation, its successes, and possible future threats to Western liberalism. Mannkal sponsored four students—Clarence Ling, Duncan Dias, Adriarne Gatty and Felicity Karageorge—to attend the conference.



Left: Students taking it all in at the Symposium.

Right: Mannkal students with Peter Brun.



Mannkal ECOMS Student Dinner

In early September, Mannkal's second student dinner for 2011 was held at the Claremont Hotel in conjunction with the Economics and Commerce Society of UWA. Guest speaker Chris Berg, from the Institute of Public Affairs, discussed national censorship in light of the recent *News of the World* scandal. Ron Manners also announced the winner of the ECOMS essay competition. Congratulations to Giuseppe Zagari (go to page 16 to read the winning entry).



Students gathering before the dinner.



Chris Berg with some of the attendees.



Listening to Chris Berg's address.

Mannkal Events

“Freedom to Choose” Conference

On the 29th July, Mannkal hosted its third annual “Freedom to Choose” Conference in conjunction with the University of Notre Dame Australia. The theme for this year’s one-day conference was “The Open Society and its Enemies in East Asia”. Over 80 students attended the conference, including 30 students from the United States.

Conference 2011 Rundown

Welcome and Opening Remarks

Chris Doepel, Dean of the School of Business

Karl Popper’s Idea of an Open Society: A Challenge To, and From, Singapore

Jeremy Shearmur

The Rise and Consequences of Economic Freedom in China

Rodney Tyres

The Monarchy as the Problem for an Open Society in Thailand

Patrick Jory

Thai Populism

Peter Warr

Least Free: The Economic Consequences of Fifty Years of Totalitarian Rule in Burma

Sean Turnell

Yearning to Breathe Unfree: an Economist’s Interpretation of Popular Despotism

William Coleman

Keynote: Freedom and Development in Burma: A Personal View

Ronald E. Findlay



Speakers at the Freedom to Choose Conference.



Students keenly anticipating the conference!

Synopsis

Freedom to Choose 2011 concentrated on liberty and freedom within South-East Asia. Each speaker focused on a particular Asian nation, analysing their successes and failures when attempting to implement a democratic system of government.

The conference opened with Jeremy Shearmur’s presentation, which focused on the special case of Singapore and its success in recent years. He argued that the Singaporean style of government, law and order presents an alternative to modern Western liberalism and may be where Western society is heading.

Rodney Tyres’s speech outlined the strengths and frailties within the Chinese economy.



And more happy student faces.

Patrick Jory and Peter Warr examined the oppressive nature of the Thai monarchy. Jory discussed the move away from democracy and back to an absolute monarchy from 2007 to present, focusing on the Majesty suppression laws that prevent criticism of the monarchy. Warr focused on Thailand's economic situation. Thailand is currently under the control of a populist government that has appealed to the vote of the disaffected. He also noted the extreme level of corruption, particularly in the police force.

Sean Turnell examined Burma and the almost complete lack of economic freedom that exists in the country. In particular, he focused on the financial problems that plague Burma's productivity, noting that the discrepancy between the fixed rate of Burma's currency and its true market rate is the largest in the world.

William Coleman's presentation was, without focusing on a particular government's actions, a general overview of the dire consequences of populist rule. This was useful to students as it provided a general overview of the benefits of liberalism and drove home the overall

message of the importance of liberal values.

Ronald Finlay's keynote presentation focused on his personal experiences within the oppressed state of Burma. He used his experiences and applied them to an overall theme, which was "What do we want to get out of an open society and why?", noting that development cannot be successful unless it reflects our freedom. He also highlighted his predictions for the future of freedom in Burma, and the necessary conditions for a liberal democracy to be established. Ronald's presentation and his personal observations were a great way to end the formal presentations.

Overall, Freedom to Choose 2011 was a very enjoyable event for all. The speakers' engagement with the students on issues related to South-East Asia stimulated much discussion during the break periods. Students obtained a greater knowledge of South-East Asia and the struggle to implement Western liberal values and freedom.

— Felicity Karageorge

Freedom Factory 2011

Hosted in conjunction with the Curtin Business Club in early August, Freedom Factory 2011 centred on the bipartisan economic reform era which took place in Australia during the Hawke-Keating and Howard years. There were great discussions held on the future of economic reform in Australia and the final panel session offered insights on how to drive economic reform in the digital age.

Freedom Factory Rundown

Welcome and Opening Remarks

Professor Duncan Bentley

Student Forum: What is Economic Reform?

Tim Wilson (Moderator: Andrew Pickford)

Keynote Presentation: Reform Obstacles and Opportunities

Nathan Taylor

Remarks on the Keynote Speech

John Hyde

Panel Session: Communicating the Benefits of Reform in a Digital Age

Jessica Strutt, Mark Pownall & Peter Kerr (Moderator: James De Leo)

Synopsis

There was a real emphasis with Freedom Factory 2011 to give students a much greater appreciation and knowledge of the history of economic reform in Australia, particularly the period from 1983 to 2000.

Tim Wilson gave students a refresher course on the value of economic freedom and spoke on the history of economic reform in Australia. His message was that economic reform should be understood as the ways in which we can go about restructuring our economy so as to provide those conditions that are the most conducive to increasing our standard of living. With this in mind, he criticised the current federal government for its use of the term 'reform' when describing the Carbon Tax and Mineral Resources Rent Tax. These policies are *not* akin to those bona fide economic reforms of the 1980s and 1990s. Tim instead labelled the proposed taxes

as 'policy changes' that will harm our economy in a highly uncertain global economic environment.

Nathan Taylor's keynote presentation looked at the psychology behind designing, promoting and selling new ideas to the general public. He highlighted the point that the difficulty in implementing reform in the current economic climate is the risk of uncertainty and the excessive focus that is placed on winning popularity by governments across the world which, in turn, leads to complacent policy. John Hyde followed this line of thinking in his closing remarks, noting the struggle between economic reform based on justice and fairness versus reform based on equality.

The final panel session concentrated on driving economic reform in the digital age, highlighting in particular the difficulties of managing the 24-hour news cycle and the point that social media currently acts as a hindrance to widespread reform, as too many voices are heard without clarity. The forum session led to a discussion about the use of political 'spin' in Australia, ending with the conclusion that too great a focus is placed on marketing policy than actually designing it.

Overall, Freedom Factory 2011 was a well-attended, thought-provoking, and highly enjoyable event. It allowed students to come away with a greater knowledge of the history of economic reform in Australia and provided them with an enhanced understanding of how best to improve Australia's economy through widespread reform.

— Felicity Karageorge



A top line-up of speakers at the Freedom Factory Conference 2011.



The Freedom Factory in "full production"!



Lisa Jones chats with Mannkal Board member John Hyde.

Mannkal Events

Visit by President Vaclav Klaus

In early July, Mannkal and the Institute of Public Affairs co-hosted a luncheon for Vaclav Klaus, President of the Czech Republic. President Klaus presented "Threats to Freedom in the 21st Century", highlighting the dangers that excessive environmentalism and moves towards global governance pose for freedom today.



'We lost a lot during the communist era but at least some of us learnt something as well. Due to the long decades of communism, freedom is not for us something we take for granted, something we expect to get as a free gift when we are born, something self-evident. We understood that freedom has to be fought for.'



'... fighting for freedom remains the issue of the day even in the 21st century. We should not become victims of new progressive "isms" dreaming about changing the world and perfecting the men defended and promoted by political correctness. We should stand up for our good old conservative beliefs and convictions.'



Student Opportunities

Cato University

In July, Mannkal sponsored Paul McWilliams, a second-year University of Western Australia undergraduate in economics, to attend a week-long conference organised by the Cato institute. Cato University 2011 was held in Annapolis, Maryland, and is Cato's leading student-focused event. Read about Paul's experiences below.

My Experience at Cato University by Paul McWilliams

Cato University was a wonderful opportunity to learn, question, debate, and be exposed to libertarian thought as well as network with like-minded individuals. The speakers covered a wide range of topics and the most noteworthy presentations were informative as well as inspirational. Speakers included academics, Cato executives, editors, and even Republican senator Rand Paul. My personal favourites included Tom Palmer, a senior fellow at the Cato Institute, and Robert McDonald, an assistant professor of history at West Point. Over the course of the conference I met other students associated with groups such as the Dalhousie Liberty Society, the Heartland Institute, and Students for Liberty.

Aside from being briefly stranded in New York on the way home, my overall experience was a positive one. Following the conference, I have kept in contact with my friends from Cato University through Facebook and continue to develop my thoughts on libertarian philosophy.

The Economics of Intervention

Annapolis, Maryland, is a small American town on the east coast of the United States and is home to the United States Naval Academy. It holds a special place in American political history as it was the location of the Annapolis Convention of 1786, the forerunner to the Philadelphia Convention of 1787 where the Constitution was signed. The Annapolis Convention's official title was the Meeting of Commissioners to Remedy Defects of the Federal Government, with "defects" meaning barriers to trade.

In this historical setting, and during Cato University's week long series of lectures, I paid special attention to one presentation that specifically related to barriers to trade. Dr Lynne Kiesling is a lecturer in the Department of Economics at Northwestern University and delivered

a lecture on the economics of government intervention. She narrowed the scope of her broad topic to economic regulation, focusing on antitrust/competition policy and the regulation of natural monopolies. An overarching theme of her talk was the importance of innovation through technological change and human creativity.

Dr Kiesling noted non-governmental ways of disciplining monopolies, including consumer demand, which limits prices, and competition and innovation. She explained that monopoly profits are the 'carrot' that induces innovation and entices new firms to enter the market. She reasoned that if barriers to entry were low, firms would continually enter the market and monopolies would be temporary. Joseph Schumpeter's famous catchphrase was cited, as she used the examples of the automobile replacing the horse and buggy or the iPod replacing portable CD players, to explain the 'perennial gale of creative destruction'.

Competition was permitted in the early electricity industry in cities such as New York and Chicago where several firms competed to erect power lines. However, a combination of the legal precedent in *Munn vs Illinois*—which permitted the regulation of a monopoly in order to reduce losses—and the volatile conditions imposed by debt financing in industry consolidations led to the regulation of the industry. She argued



Paul at Cato's headquarters.



Paul with a fellow Cato attendee.

that industry willingly allowed itself to be regulated because it stabilised the financing aspect of business. The government regulation of this natural monopoly attempted to achieve target prices in line with demand and guarantee secure, long-term returns. She called this the regulatory bargain: industry was required to serve all customers within a given geographical service territory but, in return, it was insulated from the entry of other firms into the market.

The policy objectives of widespread electrification and low, stable prices were achieved, but only at the expense of product differentiation, which stifled innovation, and overinvestment, which led to the overbuilding of capacity, also known as too much 'iron in the ground'.

She completed her lecture by quoting Hayek who said '[t]he economic problem of society is thus not merely a problem of how to allocate "given" resources ... it is rather a problem of how to secure the best use of resources known to any of the members of society, for ends whose relative importance only those individuals know'. This sentiment matched her support of bottom-up decision-making by customers in a market free of government regulation.

In Australia, the Commonwealth government is attempting to allocate the resource of high speed internet access through the creation of the National Broadband Network (NBN) under the auspices of the monopoly holding NBN Co. In fact, this initiative is stifling innovation, as industry contributor Telstra has signed an agreement to limit its provision of wireless services and dismantle its copper lines. Meanwhile, Optus has recently signed an agreement not to harshly criticise the NBN while it shuts down its cable network and transfers customers to the high speed alternative. A \$13.7 billion price tag is estimated as the cost of decommissioning existing infrastructure and making

infrastructure payments. Customer choice is being eroded, with the cost of constructing a new system at an estimated price tag of anywhere from \$37 to \$50 billion.

The OECD published a report in 2010 that summarised the foregoing concerns, stating that the network 'entails substantial financial uncertainties'. The study further concluded that removing existing copper networks to establish a monopoly 'may not be optimal for cost efficiency and innovation' and it instead recommended that Australia 'maintain competition between technologies in the broadband sector and, within each technology, between Internet service providers'. It is clear that the NBN is anti-competitive as the NBN Co corporate plan relies on the government's providing 'regulatory protection to prevent market participants entering the FTTP market and cherry-picking the most commercially attractive areas ahead of the NBN build'.

Worse yet, concerns have been expressed by industry players, such as Simon Hackett of Internode, that overhead costs and the NBN pricing structure could restrict smaller retail service providers from accessing the NBN. Finally, construction, funding, and potential return on investment of the NBN is predicated on existing technologies. The cost and scale of the infrastructure is so vast that it is predicted to require unlevered funding until 2032. The timespan for the required investment is risky, as new technologies may emerge which replace broadband fibre optics, act as a less expensive substitute, or render it obsolete. Taking the example of Telstra as the previous telephone monopoly, although Telstra may have been able to rely on a pricing model of 25¢ per local call in the 1990s, this is no longer possible when Skype telephony is currently free between computers. Who knows what technologies may emerge in the near future? If a technology emerges to replace the NBN before it provides an adequate return on investment, taxpayers will be left with the bill.

It is interesting to observe history repeating itself as the current Australian government is repeating the same mistakes that occurred in America when its government established government regulation of natural monopolies. Large-scale infrastructure industries with high fixed costs generally prohibit new market entrants from competing, but the NBN goes further by legislating against competition. Perhaps Australians ought to consider holding their own modern version of a Meeting of Commissioners to Remedy Defects of the Federal Government as the Americans did in 1786.

Student Opportunities

FEE University 2011

Mannkal sponsored Gabriela Wada and Yhana Duffy (both undergraduates at Notre Dame University) to attend the Foundation for Economic Education's premier student event. FEE University: Current Events is a one-week conference that runs in June each year in Atlanta, Georgia. The conference comprises lectures on current public policy issues including healthcare, immigration and issues affecting the promotion of liberty.



Gaby makes her presentation.

I was truly honoured to receive the Mannkal scholarship to attend the Current Events FEE Seminar in Atlanta with Yhana Duffy. It was a great opportunity to further my understanding about free-market ideas and to experience first-hand the troubled economic climate in the US. This scholarship provided me with an ideal place and people with which

to study economics. As the US has historically been the beacon of liberty around the world, it was only fitting that we were there to discuss the current threats to freedom. Discussions about the economic distress in the US became all the more interesting since I was able to directly witness its effects. Also, I gained a great deal from meeting people from all over the world who shared similar concerns about the economic future of their countries.

The similarities among the attendees' concerns about their countries' political situations made me realise the importance and universal characteristic of the ideas of freedom. Being Brazilian, I was surprised and delighted to have met a Brazilian fellow at the conference. As I am confident that free-market ideals would benefit Brazil as a whole, it gave me hope to find out that there are intellectual groups in Brazil who also share my vision.

The memories of my trip to America will be cherished and I will highly recommend the conference to other students.

Thank you to the Mannkal team—and especially to Ron Manners—for this wonderful opportunity.

— Gaby Wada

From the FEE Current Events Seminar I was able to take home a number of key ideas that will stay with me for life. Firstly, freedom from government regulation and interference is an issue faced by almost every society and demographic. As such, the label we use for each form of government, whether socialist or democratic in nature, on balance, will have little real relationship to the problems of government faced by each culture. Societal structures should therefore be judged on their merits, or lack thereof, rather than the arbitrary names affixed to them.

The second major point was driven home by a series of lectures from Matthew Mitchell who spoke about the growth of government and the impacts of regulation and intervention. His lectures highlighted the importance of economics as a discipline and fostered the understanding that free market theory can be applied to an infinite number of social and political issues. Some of the topics covered included environmental protection, teachers unions, health insurance and immigration as a form of foreign intervention.



Probably the most valuable experience from FEE, however, was the ability to discuss the lectures afterwards with both the lecturers and students from all over the world. It is through discussion, analysis, comparison and a hint of argument that an appreciation and understanding of free markets can be achieved.

— Yhana Duffy

Student Opportunities

HETSA Conference 2011

In July, Mannkal Sponsored Elysia Washer, Clint Nice and Zach Cole to attend the History of Economic Thought Society of Australia's annual conference in Melbourne. The theme for this year's conference was "The Role of the History of Economics within Economics itself".



Zach Cole, Elysia Washer, Dr Steve Kates and Clint Nice at the HESTA Conference 2011.

The range and calibre of the speakers at the conference was remarkable, with scholars coming from all over the world, including Italy, Japan and America, to present their papers. I was lucky enough one morning to have breakfast with Cristina Marcuzzo, the keynote speaker of the conference who had come all the way from Italy to speak. Cristina is a renowned economics scholar and I learnt a lot from her just talking over breakfast. It was one of the highlights of the conference for me and made me realise that a female can be just as successful in an industry dominated by males.

— **Elysia Washer, Curtin University**

The opportunity to be exposed to the pinnacle of history of economic thought scholarship and to meet many interesting people was the highlight of a great conference. I particularly enjoyed the dinner speech from RBA Governor Glenn Stevens who provided a glowing endorsement of the HET's importance to both his personal economic development and decision-making at the RBA, and to economics as a discipline.

My enthusiasm for HET has been further encouraged, and I look forward to furthering my HET scholarship.

— **Zach Cole, University of Western Australia**

On the second last night, a dinner was held at the Hotel to present annual awards to candidates who submitted the best thesis in the relevant categories. I was fortunate enough to meet with the guest of honour, the Governor of the Reserve Bank of Australia, Mr Glenn Stevens, who delivered a speech on the importance of the history of economic thought and how it has assisted him in making decisions about Australia's economy. He believes a thorough understanding of the mistakes of our past will help keep the Australian economy growing strong and that a failure to do so will lead us back to the dark ages... All in all, the overall experience was amazing. Through various conversations and attending the conference, I walked away with a greater knowledge of economics and was inspired to question everything.

— **Clint Nice, Curtin University**

Student Opportunities

The Mises Seminar

The Mises Seminar was held in late November 2011 and aimed to bring together Australians interested in libertarianism and the Austrian School of economics. The seminar fielded a line-up of prominent anti-state, anti-war and pro-market thinkers from around Australia, with special guest Professor Hans-Hermann Hoppe. Mannkal sponsored eight students to attend the conference. Some of their insights appear below.

Grace Stevens

The Mises Seminar has been a truly enlightening experience for me, having been introduced to the diverse school of economic thought that is Austrian economics. Attending the conference has contributed to encouraging my passion for economics. The diverse range of presenters and topics has furthered my understanding in economics and its associated fields. I look forward to continuing my association with the many new people I met at the conference. I would like to express my sincerest gratitude to the Mannkal Foundation and my lecturer Greg Moore for providing me with the wonderful opportunity to travel to Sydney to attend the Mises Seminar.

Krystal Ng

The weekend-long Mises Seminar was a very insightful and interesting experience into libertarianism and its intimate connection with economics and the law.

Despite my own legal and economics background, the wealth of knowledge, diversity of experience and passion that the domestic and international professors, ex-Workers' Party members and businessmen alike demonstrated was incredible. In particular, Austrian School economist Hans-Hermann Hoppe's challenging of the notion that the State itself should even exist and his economic arguments as to why State power should be substituted for a truly free market was both remarkable and certainly provocative.

Patrick Jeffree

The Mises Seminar was very persuasive in challenging, and successfully debunking, some of the mainstream Neoclassical and Keynesian ideas that formed the basis of my undergraduate degree in Commerce (Major in Economics). The main driving forces for such persuasion were two speeches by Professor Hans-Hermann Hoppe. He outlined with quite rigorous logic how the laws of private property, which underpin libertarian ideas associated with free markets, are able to solve all social and economic problems. The thrust of these speeches was reinforced by speakers from a range of disciplines and backgrounds. I thank the Mannkal Foundation for this invaluable experience.

Sebastian Hyde

The seminar was an excellent explanation of libertarian concepts and Austrian Economics. The presentations ranged from a notable address on 'The Errors of Classical Liberalism' by Hans-Hermann





Professor Hans-Hermann Hoppe addresses the seminar.

Hoppe, through to equally engaging discussions of the constitutional legitimacy of fiat paper money and the alignment of natural law and liberty. However, in my view the most enlightening presentation was Chris Leithner's discussion of the linkages between wildly misinformed RBA decisions and the 2008 financial crisis. My tweet on the final day of the seminar sums up the event perfectly: "My understanding of economics will never be the same again!" I am very grateful for this fantastic experience.

Surina Maharaj

The Mises Seminar in Sydney was a wonderful opportunity in which to have been involved as I was able to immerse myself in academic and practical thought to which I would not ordinarily be exposed. Having only recently gained a fervent interest in libertarianism, I was most impressed with the variety of speakers, and the warmth with which those fellow participants embraced new members. Having come from a philosophical and legal background, this conference allowed me to engage with my pre-established learning on a new, profound and insightful level.

James Ball

The Mises Seminar was a life-changing seminar. The topics discussed were so fundamental to society that it is a shame every person could not attend. I had previously

been unaware of the libertarian movement and had been ignorant about the possibilities of a different kind of societal structure: A structure that would change our country completely, and change the world. I was inspired to learn and participate more, to be more active, and to not conform based solely on the acts of others.

Matthew Brennan

The inaugural Mises Seminar in Australia was held in Sydney on the 25th-26th of November, which saw a congregation of like-minded individuals engage in intellectual, intriguing and often entertaining discussions on libertarian philosophy. Keynote Presenter, Professor Hans-Hermann Hoppe, was the highlight of the event, fuelling the creative flame of ideas that burned throughout the entire conference, regularly sparking moments of clarity and profound insight. Given my readings of libertarian philosophy I was initially sceptical as it sounded like modern-day anarchy. I came away with an understanding that it abides by two fundamental principles—that everything has a price, and that the free will of every individual should be maximised, and this is the purest way to an increase in living standards. These simple principles I wholeheartedly agree with. It was Hoppe's presentation, with humour and insight, and the eloquent way he shed light on the performance gap and deficiencies of historical and current regimes, that has given me an acute awareness and a fresh perspective on the economic and political climate we live in.



Chairman Ron with the eight Mannkal scholars from WA.

Student Opportunities

ECOMS Essay Competition

Mannkal once again held its annual essay competition in conjunction with the Economics and Commerce Society of the University of Western Australia. Some of the essays Mannkal received answered such questions as:



- Should governments be able to access personal information from social media websites such as Twitter and Facebook?
- Which is worse for reducing the economic potential of Australia: middle-class welfare or high-taxing central governments?
- Is it necessary for taxpayers to underwrite the building of the National Broadband Network? Aren't there better private competitive alternatives?
- Is it ever appropriate for governments to close the internet and mobile phone networks if it will prevent civil unrest?

This year's winner was Giuseppe Zagari, who wrote on whether the next major Western Australian hospital should be entirely financed, built and managed by the private sector. The three runners up were Nick Holt, James Soresi and Ganesh Natraj. Giuseppe's winning entry appears below.

Should the next major Western Australian hospital be entirely financed, built and managed by the private sector?

by Giuseppe Zagari

In the world of economics it is often argued that the private sector should run all of the companies and corporations that deliver the essential services to our state's citizens. Behind such an argument is the assumption that the market forces of demand and supply will always result in the most efficient allocation of society's resources, meaning that there is no waste in our economy. Another assumption is the fact that private firms are driven by the incentive to make a profit, which forces these firms to deliver services in the most inexpensive way possible. Furthermore, this profit incentive causes firms to ensure that the services they deliver have been tailored to meet consumer demand. If these ideas of the free market are applied to the context our state's next and upcoming hospital, it will become obvious that the private sector is the best candidate to finance, build and manage it.

Firstly, the private sector will deliver a new hospital only if there is sufficient consumer demand for there to have a new hospital built. In other words, if the state's current hospitals start to become overcrowded and unable to receive any more patients, then eventually all of these patients who have been left untreated will begin to generate demand for a new hospital. The private sector will then respond by supplying one. As you can see, the private sector will only build a new hospital when our society wants one. Contrast this scenario



with the one where the government decides to build a new hospital just so it can stay politically favourable for the next election, even if our current hospitals are not overcrowded and can manage all of their patients without any problems.

Secondly, a hospital that is being managed by the private sector will help generate competition for the other hospitals in our state. Competition is when firms begin to compete with one another for the share of consumers (i.e. patients) in the market by developing better services. To put this into context, our privately managed hospital may decide to provide much more comfortable beds, better meals and much less delay and waiting times for its patients. This will cause the other private and even publicly run hospitals to begin to “up their game” by improving their bedding, meals and delay times. These hospitals may even go one step further by investing in new research and technology that will result in patients being treated more quickly and painlessly, which will cause the new private hospital to do the same. As you can see, this competitive cycle will cause all of the hospitals in the state to “outdo” each other by innovating and developing new ways of dealing with their patients much more effectively and efficiently. The ultimate winners in all of this are the patients, because they will benefit from the improved quality in the services that they’ll receive.

Thirdly, the alternative of Western Australia’s new hospital being privately run is the scenario where the hospital is run by the government. This poses

many dangers that need to be assessed. The first is the fact that the government would have to use taxpayers’ money to build it. This means that there may be an increase in the state’s tax rates and that the government may have less money to finance other crucial services and projects, such as better education and infrastructure. The second danger is the favourable and special treatment that the hospital may receive, for example, it may be exempt from paying all of its tax obligations that other hospitals in the state have to pay. This will only discourage competition amongst the other private and public hospitals in the state, which results in sloppy services to patients. Another danger is the fact that the state government is nowhere near as specialised and experienced in the field of health care as a private firm. Remember, private firms are forced to compete to become the leaders in the market by constantly researching, innovating and developing. If a private firm doesn’t do this, then it’ll go out of business. The government, on the other hand, has no equal force that will push it to deliver first-class services – the government will never go out of business!

In summary, the ideas of a free market are just as favourable in the context of a new hospital as they are in any other sector of the economy. A privately run hospital will result in more satisfied patients at a much lower cost for everyone in our society. As you can see, there are no reasons against a privately run hospital and every reason for it. So the next time when you’re invited to give your opinion on WA’s next and upcoming hospital, advocate for a free market!

Notre Dame Scholarship

Each year, Mannkal sponsors two students enrolled at the Fremantle Campus of the University of Notre Dame to undertake a directed research project. In 2011, Yhana Duffy and Duncan Dias were awarded the scholarship and wrote a 10,000 word paper on the debt and housing situation in Australia. A synopsis appears below.

Our paper looked at trends in the Australian housing market over the past decades and explored the impact of various social and economic factors on household’s

debt preferences. We explored the rationality of households in relation to the demand for luxury housing, the impact of young adults staying at home



Duncan Dias, Greg Moore (Notre Dame lecturer) and Yhana Duffy.

longer and whether individuals make judgement errors when pricing housing through class, familiarity and distance biases.

We submitted that one of the primary factors leading to increased debt levels in Australia was the changing role of women in society. As a greater number of women pursue tertiary and vocational education, the disposable income of households, or alternatively the potential income of households, increases. As debt is accumulated as a ratio of income, dual income households will take on more debt than the single-income households of the 1950s and 1960s. We argued that this occurs even where the household is currently single income if the belief exists that an additional income stream could be added if there is financial strain.

The interest rate in Australia has also decreased significantly since the 1960s. This has had a real impact on debt preferences, as lower interest rates have the direct result of increasing disposable income. When the disposable income is higher, consumers are more willing to bring forward their housing consumption. This means that they will enter into debt earlier in life, and have debt for a longer period of time in total.

In our modelling we also considered the impatience

of Australian consumers with respect to housing. This involved analysing what makes the consumption of housing in the current period more attractive to the consumer. One driver considered was the concept of luxury housing. This included not only the location of the dwelling in so called "luxury suburbs", but also the preferred style of housing. Increasingly, consumer preferences are driven by the need for "conspicuous consumption" whereby the number of rooms in a house

dictates the relative affluence of a person when compared with their neighbours. This is opposed to previous generations where the houses themselves were smaller, with fewer rooms, more garden and priced at a lower cost.

The concluding portion of the paper focused on the rationality of the individual from a legal perspective. Throughout the last few decades in Australia there has been a significant movement towards ensuring that consumers are protected from unfair credit lending practices. The previous legislative scheme operated under a uniform template and achieved this in part. However, the recent amendments made to consumer credit laws have had the primary effect of placing stricter constraints on the credit provider. We argued that the primary operation of these amendments will have no material effect on the rationality of the consumer. The overall impact is to maintain an equal bargaining power between the consumer and the credit lender.

The accumulation of debt is well entrenched into our way of life. However, it is unreasonable to immediately conclude that excessive levels of debt are an indication of irrationality. Rather, it is reasonable to argue that an individual's subjective preferences warrant borrowing more to consume what they desire, when they desire.

Arkaroola Camp

A Remarkable High School Learning Experience

by Ron Manners

Each year, Professor Ian Plimer, Professor of Mining Geology at University of Adelaide, donates a week of his time to spend it with 40 high school students at Arkaroola, located in the ruggedly spectacular North Flinders Ranges, 600 km north of Adelaide.

There he opens these young students' eyes to "how this earth was created and how it yields its secrets through scientific discovery".

This year, along with several scientifically minded individuals, Professor Plimer invited me as a speaker and suggested that the Mannkal Foundation could sponsor this 'week with nature' for these 40 young people.

For me, this was a remarkable learning experience as I tried to match the high benchmark set by the previous year's speaker/sponsor, the well known aviator/ businessman, Dick Smith.

Our Mannkal Foundation would like to participate in a similar 'expedition' for 40 high school students, but in Western Australia, where several suitable facilities have now been identified.

We are happy to provide sponsorship and a speaker but the logistics and detailed organisation would have to be done by other volunteers. Please contact us if you are interested in organising this project.

For more photos from Arkaroola click [here](http://tinyurl.com/arkaroolaphotos). [<http://tinyurl.com/arkaroolaphotos>]



Mannkal's Library Opening

In late November, Mannkal officially opened its library. Many of our scholars and supporters were able to attend and some even donated books from their own library to be included in the growing collection. The event was a great end to Mannkal's year.



‘We must make the building of a free society once more an intellectual adventure, a deed of courage ... We need intellectual leaders who are willing to work for an ideal, however small may be the prospects of its early realization. They must be people who are willing to stick to principles and to fight for their full realization’

— F.A. Hayek

Mannkal finances and organises:

Events that allow individuals to exchange ideas defending free markets.

Seminars and student scholarships to promote the greater understanding of the concepts that underpin free societies.

Policy papers on relevant topics pertaining to Western Australia.

An **alternative book store** for economic and Australian history books.

