

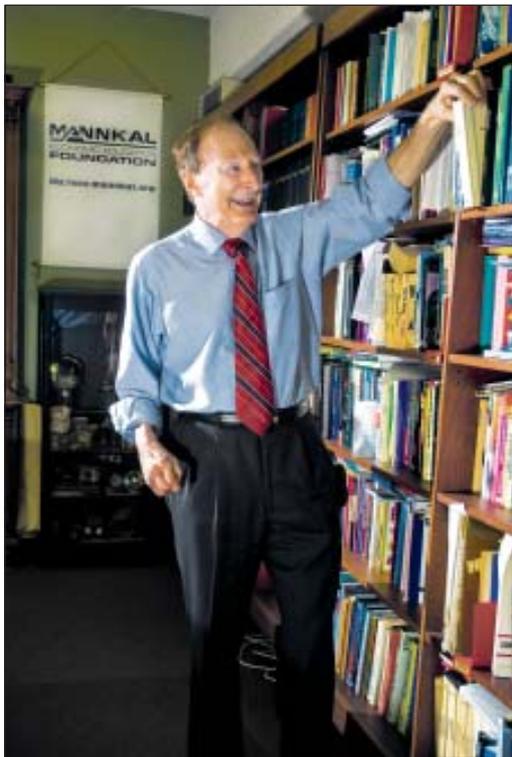
Annual Report

31st July, 2009

FROM THE CHAIRMAN

Yes, we all know that the Wizards of Wall Street successfully exported their dubious financial products to all parts of the world and the resulting Global Financial Crisis has dramatically changed the future outlook for many individuals and organizations.

All this has been written about in great detail and the roots of this Financial Crisis go back many years when misguided legislation decreed that housing loans should be offered to high risk individuals; contrary to good banking practice.



With this ample evidence that economic illiteracy is on the rise, coinciding with a 50% reduction in enrolments for economic courses over the past few years*, this should give free market think tanks, like Mannkal, plenty enough of a challenge.

So what is the Mannkal Foundation doing about this?

We are expanding our team and expect to follow up this past busy year with an even higher level of very focused activity.

Some non-core activities will be discontinued as our project rating process shows us where we have been most effective.

Looking forward to your continuing interest and participation in our activities

Ron Manners,
Chairman

**The subject, History of Economic Thought, even came close to being abolished entirely over the past year, but instead it continues on at only 14 of Australia's total of 44 universities.*

OUR NEW TEAM MEMBERS



Andrew Pickford, as Mannkal Fellow, co-ordinates our main events such as Freedom Factory and a proposed 2010 conference on The Foundation of Western Law and Liberty.



Luke McGrath, as Mannkal Scholar, spent January as an intern at the Lion Rock Institute in Hong Kong. Luke has recently joined Mannkal as a Research Assistant, with a focus on communications.

MANNKAL'S ONGOING TEAM MEMBERS



Melissa Rasmussen	-	Education Co-ordinator
Jessica Pandal	-	Research Assistant
Cassandra Brennan	-	Events Co-ordinator
Board Members	-	John Hyde, John Corser, Ron Manners
Joint Trustee	-	Rob Scales
With accounting and administration assistance from Mannwest Group's Henri Hittie & Judy Carroll		



Report on Inaugural *Freedom Factory* Event

July 13, 2009

Host Institute and Mannkal Partner: Curtin University of Technology



Creating the Tools for the Next Generation

*"...so successful that it was unanimously resolved that **Freedom Factory** becomes an annual event!"*

Nearly one hundred participants (65 scholars from all Western Australian universities and 30 "veteran" business and professional people) enjoyed an afternoon and evening of stimulating discussion, question and answer, and exchange of views on contemporary Australian economic issues.

A similar free-flowing format will be followed for next year's event.

By popular request we present the following summaries and links to the full presentations from the wide range of speakers, brought together for this year's event.

"I often wonder where the economists of the world were when the Global Financial Crisis hit. They appeared to be absent at the time and that's why we were infected with populist political solutions rather than sound economic solutions."

From Welcoming Comments, Ron Manners Chairman of Mannkal Foundation

1. “Keynesian economics: How to Ruin Your Economy in One Easy Lesson”

Dr Steven Kates, Senior Lecturer, School of Economics, Finance and Marketing, RMIT University

2. “The Strange Birth (and Death) of NeoLiberalism”

Dr William Coleman, Reader in Economics in the School of Economics, The Australian National University

3. “Commercial Society: Opportunities and Problems from Adam Smith”

Dr Jeremy Shearmur, Reader in Philosophy in the School of Humanities, The Australian National University

4. “Overview of Mannkal Foundation’s Role”

John Corser, Director, Mannkal

5. “Think-tanks in a WA and Australian Context”

Andrew Pickford, former think-tank researcher and administrator and Mannkal Fellow

6. “Business and the Policy Debate: Education As A Case Study”

Nathan Taylor, Economics Policy Manager, Chamber of Commerce and Industry WA

7. “Issues and Agendas in the WA media “

Mark Pownall, Editor at Large, *WA Business News*

8. “Putting ideas into practice and prospects for the future” (no link available)

Dr Mike Nahan MLA, Member for Riverton

9. Question and Answer Sessions (no link available)

Chaired by Melissa Rasmussen, Education Co-ordinator, Mannkal and John Hyde, Director, Mannkal

10. Full biographies of speakers and organisers

11. Background Papers from Pre-Conference Pack

- The Dangerous Return to Keynesian Economics
- In Defence of Tax Havens
- Financial Crisis Explained in Simple Language

**Register your interest for the 2010 Mannkal
Freedom Factory (around mid 2010)**

MANNKAL'S YEAR IN PICTURES



Mannkal Scholars - Jason Pasqua & Neal Kok with Melissa Rasmussen & Ron Manners with Gregory Moore, Business School, Notre Dame University, Fremantle, where the Mannkal Foundation is currently sponsoring Australia's only course in Austrian Economics.

Mannkal sponsored P.J. O'Rourke to Perth in conjunction with The Centre for Independent Studies (CIS)



Mannkal Foundation sponsored noted commentator, P.J. O'Rourke to a sell-out event in Perth April 28, 2009

O'Rourke fears new regulatory nightmare will emerge thanks to global financial crisis

By Mark Fraser

Australia's minerals sector has the sympathy of one of America's greatest living writers.

PJ O'Rourke – the best selling author and political satirist who has the distinction of being the most quoted person in *The Penguin Dictionary of Modern Humorous Quotations* – said miners probably “take the biscuit” when it came to being regulated.

A free market advocate who believes trade is only restrained when some form of coercion is involved, O'Rourke alluded to the strict environmental compliance rules faced by coal mining companies Down Under when he spoke of a friend whose efforts to get a mine up and running were stopped in their tracks when it was discovered there was an “endangered tumbleweed” in the immediate area.

“And (he) asked how the hell can a tumbleweed be endangered? It just tumbles away,” O'Rourke recalled.

“I mean dig a line here and it will tumble to some place else.

“He had to bring in botanists and biologists and so on from universities all over the world to prove that this was just regular tumbleweed ... (that) it tumbled through something unusual and therefore looked odd.

“It had tumbled through some children's paints or something like that.”

Speaking in Western Australia to promote his new book *On The Wealth of Nations*, O'Rourke said he was worried the current global financial crisis would help usher in the wrong kind of regulatory reforms.

“At a time when what we need will be greater transparency, the regulatory changes will lead to greater complexity,” he predicted.

“And what will greater complexity lead to? More opportunities for fraud.

“So we have to make our banks, our financial institutions ... we have to make them obey the KISS rule – keep it simple stupid.

“And we failed to do that, and I'm sure our politicians are not going to fix that problem.”

Self deluded

The outspoken Republican social and political commentator said one of the biggest problems now facing Democrat US President Barack Obama and the “rest of the world's left wingers” was the fact they thought there was “some deeper meaning to all of this”.

Furthermore, he observed, they were a bunch of know-it-alls who believed they could figure out the current financial crisis.

“The leftists are so smart they think they understand default credit swaps, hedge fund derivatives and collateral debt obligations,” O'Rourke observed.

“No they don't – nobody understands that stuff.

“The thing about right wingers is that we are dumb enough to know we don't understand.

“Joe Jerk lives down the road from me, with all the cars up on blocks in his front yard, he falls behind on his mortgage payments and the economy of Iceland explodes!

“I'm missing a few pieces of the puzzle. Nobody understands something like that.

“Fortunately we don't have to understand it, because if we try to think that through the top of our heads will come off.”

O'Rourke, whose latest book looks closely at *The Wealth of Nations* by “the guy who



PJ O'Rourke in WA.

pretty much invented economics” – the 18th Century Scottish moral philosopher Adam Smith – said the original work was not about capitalism, but rather: “It's about not being a know it all”.

Smith, he noted, didn't even like capitalists.

“He said that whenever business people got together, even socially, they were up to something, trying to cheat somebody – and he hadn't even met you lot!” O'Rourke joked.

Under pressure

In *The Wealth of Nations*, he said, Smith had set out the three ways to create national wealth. They were through the division of labour, the freedom of trade and providing individual self interest, thus “giving people a chance to make a buck”.

“And then you leave people alone – you don't go bossing them around,” O'Rourke explained.

Unsurprisingly, he indicated this had not been the case for the mining sector.

“You talk about regulated industries – you probably take the biscuit on regulated industries,” O'Rourke told his WA audience.

“And you must know from your own experience that regulatory complexity does not lead to less fraud.”

2009 Harold Clough Lecture

The **2009 Harold Clough Lecture** on July 9, 2009 was a joint Mannkal / IPA 'sell-out' event featuring Professor Ian Plimer, whose recent book *Heaven + Earth*, exposed many of the dubious claims made by the climate alarmists.



Some attendees at the Harold Clough Lecture, from L - R: Harold Clough, Prof. Ian Plimer, Tim Wilson (IPA), The Hon. Peter Walsh (former Federal Finance Minister), Ron Manners, The Hon Alannah McTiernan (former State Minister), Graeme Rowley (Fortescue Metals Group)

There was a great level of support from several sources that facilitated the successful visit to W.A. of Professor Ian Plimer. This resulted in 'packed house' events in Kalgoorlie and at Perth's Gloucester Park venue, well reported as follows:-

OPINION

Climate debate has long way to run

Last month the WA branch of the Australian Institute of Geoscientists (CHECK) hosted a climate change debate in Perth.

Moderated by Thomas Murrell, the debate pitted *Heaven and Earth* author and anthropogenic global warming sceptic Professor Ian Plimer against Perth geologist and Al Gore convert Gary Warden.

I will set out my stall early and declare that I am a climate change neutral. I'm worried about it, in a 'back of my mind', nagging kind of way, but I don't know enough to be confident about taking a stance.

Plimer's book has raised some interesting questions, but it has also been pilloried by many in the scientific community so I went along to the debate ready to hear both sides of the issue and, in particular, to hear Warden address Plimer's theories and put them to bed.

The evening was a triumph for the AIG, who expected an audience of 200, hoped for 300 and ran out of chairs long before the estimated 600-700 crammed into the venue.

Unfortunately, I'm not entirely sure it was a triumph for scientific debate, with at least one member of the audience uncertain as to whether he was attending a scientific debate or an evangelical ho-down.

I have never been entirely comfortable with Al Gore's message. Too often, to me at least, conviction in self has been traded for condemnation of others, facts for fervour, debate for denunciation.

Warden, apparently trained by Gore himself, has delivered the "An Inconvenient Truth" lecture many times since he saw the Warmist light in 2007. It showed.

Alas, the longer he went the less he seemed a scientist presenting evidence and more of an archetypal southern Baptist minister imploring his flock to repent now or, well, or else.

A presentation replete with phrases such as "complete misconception", "complete mistruth", "complete lie", "wake up call we had to have", "morally corrupt", "catastrophic consequences" and "kids and grand-kids to clean up the mess" was not a presentation likely to sway this neutral through force of evidence.

The increasingly uncomfortable impression was that to be a climate change neutral was not simply to be someone who wasn't quite convinced and wanted to know more. It was to be a confirmed heretic. A non-believer who's inaction would cause untold suffering.

If Warden seemed all fire and brimstone, Plimer in contrast was more fireside chat.

Undoubtedly on this stage, Plimer had the advantage, honed by semester after semester in the lecture theatre, but even taking those advantages into account, he was believable.

While Warden made more than one reference to "submit for peer review" – a clear attempt to denigrate Plimer's book as little more than populist pap – Plimer for the most part refrained from trashing the other side in favour of presenting his own arguments.

(Though he did finally have a crack, after



Gary Warden

Ian Plimer

an evening of hearing "not peer reviewed", "a novel, not a scientific paper", "irresponsible to put a book out without a whole lot of people to back it up" from both Warden and some in the audience.

"Al Gore's movie was not peer reviewed and since that movie came out global temperatures have gone down 0.4C. His book was not peer reviewed and all of the 2,311 footnotes in my book are from the peer reviewed literature. The normal process in writing a book for the punter, which is what this book was, is to use validated inter-related, interdisciplinary science, which I have done ...," Plimer said.)

If Warden wanted to set about demolishing Plimer's argument, it would have been heartening had he made more of an effort to convince us that he had actually read the book.

Plimer referred to, among other things, volcanoes, both ancient and currently active beneath the Antarctic ice, the role of the oceans themselves, cosmic and solar activity, recorded examples of sea level rises and falls, cooling and warming periods and the correlation between these periods and solar, volcanic or tectonic activity.

Here was an opportunity in a public forum to take each of Plimer's scientific theories and demolish them one by one, but apart from a summary dismissal of the notion that solar and cosmic activity had any relation to global warming, Warden made few references to the contents of the book, preferring instead to stick to the Gore script.

Warden responded to a question from the audience about the validity of the Intergovernmental Panel on Climate Change (IPCC) science with: "I am not a person who is going to call that into question and I am not the person to be asking about calling it into question either."

It left you wondering, justifiably or not, whether you could trust a man with a degree in a science discipline who committed himself to a cause without really troubling himself to find out if the cause was worthy.

Young journalists are taught that each story should contain the five Ws of who, what, when, where and why. Ironically, given his almost con-

temptuous dismissal of the media's role in the climate change debate thus far, Plimer carefully laid out his five Ws to explain his case.

He put it quietly, concisely and succinctly, offering his wares for the audience to make a choice. Warden offered one product and said: take it or leave it.

Plimer remained consistent in his stance, leaving you feeling that here was a man who believed what he was saying. "The science is not settled", he said. "Let the debate begin".

Warden told the audience they should follow the Warmist agenda, even if the science was wrong, because the world would be a better place anyway. It sounded rather like having fifty cents each way, just in case you had backed the wrong horse.

"The science is settled", he said. "The only question we face is what to do about it".

Plimer may be wrong, but I'm now further away from being convinced of that than I was before, for two reasons.

One is that teams who play the man and not the ball usually do so because they don't want to put their own game to the test, which immediately makes you wonder just how good their game really is.

The other is the fate of 17th century astronomer and scientist Galileo, which serves to remind us that the prevailing dogma is not always infallible.

In 1633, Galileo, now feted by many as the father of the modern scientific method, was sentenced to life imprisonment, later commuted to a life of house arrest, by the Holy Roman Church's Inquisition, then the most powerful political body in Europe.

His crime?

He was "vehemently suspect of heresy" because he espoused a theory, basically, that the earth revolved around the sun.

Among the many quotes attributed to Galileo, the following surely should still be relevant – to both sides of the debate:

"In questions of science, the authority of a thousand is not worth the humble reasoning of a single individual."

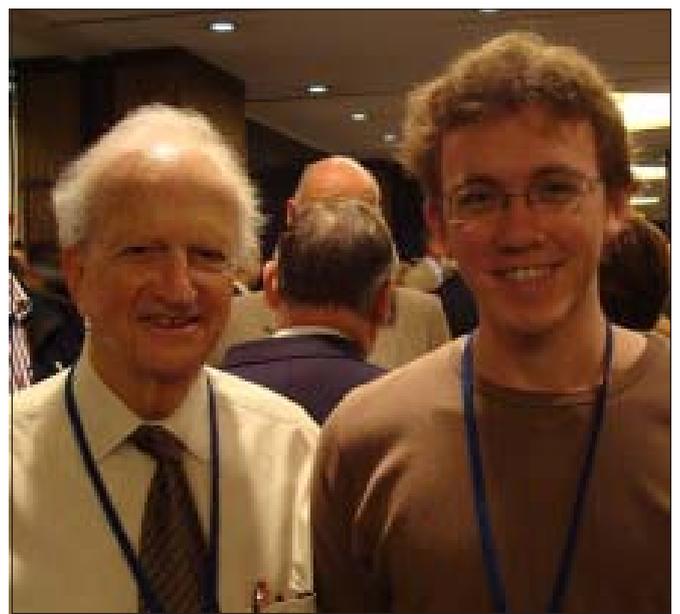
– Jason Alexander



Mannkal Foundation was one of the 59 sponsors for the 2nd **International Conference on Climate Change** (www.heartland.org) held in New York - March 8 - 10, 2009. Notable speakers included the Hon. Vaclav Klaus, PhD, President of the European Union and President of the Czech Republic.



President Vaclav & Chairman Ron.



Gary Becker, Nobel Prize winning economist, meets Callum Jones, Mannkal Scholar, at the Mont Pelerin Society General Meeting in New York, March, 2009.

During the year three more papers were released
as part of Mannkal's Joint Venture with IPA:
"PROJECT WA"

A reform agenda for West Australia

Launched in Perth
on August 27

MANNKAL
ECONOMIC EDUCATION
FOUNDATION **IPA**

Taking the Pulse

Reform Initiatives for the WA Health System

Ross Fox

The following policy papers can be downloaded at:

<http://www.mannkal.org/projectwa.php>

- [Reshaping the Landscape](#) (property rights)
- [Creating a Liveable City](#)
- [Moving in the Right Direction](#) (transport)
- [Top of the Class](#) (education)
- [Taking the Pulse](#) (health)
- [A Reform Agenda for Western Australia](#)
- [Over-ruled](#) (regulation and legislation)

Over-ruled

How excessive regulation
and legislation is holding
back Western Australia

Chris Berg &
Christopher Murn

June 2009

MANNKAL
ECONOMIC EDUCATION
FOUNDATION

IPA Public
Institute
Free people, free so

Institute of Public Affairs &
Mannkal Economic Education Foundation
Project Western Australia Discussion Paper

Mannkal was the major sponsor for the 2009 annual conference for the
**History of Economic Thought Society of Australia
(HETSA)**



Above photos show Dr. Jerney Shearmur addressing the dinner group.

Mannkal sponsored nine scholars to attend. They were Abigail Ong, Berkay Erkan, Marshall Broadbent, Thomas Carter, Holly Ransom, Louise Burns, Garth Jeffrey, Marcus Suresh and Jess McColl.

Maria Coate (*RHS*), the President of the Economic Teachers' Association of W.A. (ETAWA), has just received a Mannkal Scholarship Grant to visit Washington, D.C. as a delegate to the **Council for Economics Education Conference**, October 7 - 10th, 2009. Maria is concerned at the diminishing level of economic enrolments and in her words:

“The importance of economic literacy (and political & legal understanding) cannot be over stated - even more so in the current economic climate.”



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 and responsibilities, limited government, and resourcefulness of individuals.

Mannkal finances and organizes:-

- 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 extensive research base for the study of the Global Financial Crisis and Climate Change: and
- An alternative book store for economic and Australian history books.

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.

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 freedom.

Or, as Nobel Laureate, F.A. Hayek said, "We must make the building of a free society once more an intellectual adventure, a deed of courage."



Ron Manners
Chairman

For details of Scholarship opportunities and our future events:-
Visit us at - www.mannkal.org