

## **HUMILITY**

Australian Mineral Foundation

Conference Dinner

"New Generation Gold Mines; Case Histories of Discovery"

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I'm pleased to be with you at a conference such as this, covering these very exciting times.

These thoughts we will share tonight, were generated from events of the last few days. Three unrelated events being :

- A request from our colleagues in Canada, Eldorado Corporation Ltd, for a joint effort in establishing some systems for communication and information retrieval.
- Spending some time in Perth with a visiting pro-democracy Legislative Councillor from Hong Kong, and grasping the enormity of her challenge to explain to China, the extent to which the economy of a modern, developed city like Hong Kong, is indivisible from a free society, and the damage that could be done by those who fail to understand or respect Hong Kong's particular identity.
- Receiving an invitation to attend an Economics Conference in Mexico. The group sponsoring the economic conference draw attention to the crippling effects of excessive government regulation and the vital but fragile link between economic freedom and personal liberty. Exactly the same challenge faced by Christine Loh, the Hong Kong Legislative Councillor.

Apart from visiting a couple of gold mines in Mexico, I am also interested in Mexico because a recent edition of The Economist magazine, described Australia's economy as "the next Mexico", and went on to say, "Funnily enough this is Australia, sometimes known as the lucky country, whose present stroke of fortune is to combine a Third World economy with a First World standard of living".

These three separate events, (the information technology request, the visitor from Hong Kong and the Mexican invitation) almost occurring on the same day made me realise that similar challenges face economics, politics and exploration.

The problems are similar so I wonder if the solutions are similar?

A possible solution to all, may be to increase the Humility Quotient.

Sounds strange but let's have a go at this in the next 15 minutes. If it's as simple as that, we can win in three ways:

- We can fix the economy
- We can restrain the politicians to a few basic tasks and;

- that will leave us free to find a few more mines.

If we can get this all together in the next 15 minutes; we deserve another drink.

When I look at the 560 of you here tonight, I see key representatives of the elite mine-finders from many countries; motivated by that strange combination of intellectual challenge, adventure, competition, and in the case of many of you, that over-developed Godzilla Gland, that tiny organ that makes male geologists obnoxious, aggressive and loud, especially after a few drinks.

Yes, it's hard to imagine a bunch such as yourselves as having *humility*, but you must have *humility* otherwise you would not be here at this conference, learning from your peers, and from those younger and older than yourselves. Hungrily seizing the vital clues that will complete your own information banks.

*Humility* is a funny thing and I first got interested in it at about the age of 17, when reading the 1823 book of Thomas Moore, *Loves of the Angels*. Probably at the age of 17, I completely misinterpreted it, however I still remember the words.

"*Humility*, that low, sweet root,

from which all heavenly virtues shoot".

Can we have *humility* without being humble?

Yes!

The Oxford's definition of humble is "having a low estimate of one's self". I don't think that any of us wish to be without self-esteem, however *humility* according to Macquarie is "having a modest sense of one's significance". I would like to tamper with that definition by simply adding another sentence "And a realistic sense of everyone's true potential".

How does *humility* relate to our local exploration industry?

I can remember the years leading up to 1965, nothing was happening so we all had plenty of *humility*. Then Western Mining Corporation discovered Kambalda and gave everyone the feeling that a methodical, technically directed exploration effort, logically leads to a discovery. The key individual behind that great discovery, Mr Roy Woodall is with us tonight and I'm proud to be seated at the same table.

About four years later, an unheard of company called Poseidon, with almost no funds and limited expertise appeared to make a similarly significant discovery and that's when we all lost our *humility*.

If they could do it, so could anyone, and for the next few years we saw so much money wasted. It's only in retrospect that we can look back to that Nickel Boom nearly 30 years ago, and reflect that all that activity, only produced two companies who made a profit from mining nickel.

They were, Western Mining Corporation and Metals Exploration NL.

Not a good track record when we consider that based in Kalgoorlie alone, there were 350 Australian and international companies involved in nickel exploration. Kalgoorlie had the highest concentration of geologists in the world at that time. Interestingly enough the second highest population of geologists was in New York City.

It is easy now to be critical of the waste and lost opportunities of the Nickel Boom, however in all fairness it should be remembered that the Nickel Boom was a totally unscheduled event, for which no one had received any training. Gold had been our only exploration target and even the visiting Canadian nickel experts brought with them some misconceived geological models.

The dozens of junior companies floated to take advantage of the opportunities of the day, were often run by first-time directors recruited from golfing or fishing mates, or the local doctor or dentist. There was just no technical people to fill all these positions.

All that frantic effort of the Nickel Boom did not generate one geological conference of the stature of this conference of yours. I don't think we had any comprehension of our degree of ignorance and the requirement for such knowledge at that time.

The Nickel Boom then subsided, and the tide stayed out for 20 years, enough time to regain our *humility*.

Yes, I've got *humility* and I had an opportunity last Friday to offer some modest solutions to a bureaucrat in Canberra. One of the interesting challenges of being Executive Chairman is coping all the jobs that no-one else wants, so I get left to deal with all the government forms from the Australian Bureau of Statistics.

I discourage our staff from even reading these forms as it detracts from their productivity.

On Friday I received a phone call from Canberra reminding me of the severe penalties for not completing this particular form and despatching it last month. I humbly asked some questions concerning the form.

They confirmed that the purpose was as stated. They "maintain a list of companies, businesses and other organisations, in order to obtain statistical information from them. The information requested on this form enables the list to be kept up-to-date".

What a remarkable purpose. The information required is simply to keep their list up-to-date.

The next section explains how the Act provides them with the **power** if needed, to direct me to provide the information sought. I'm not sure if the punishment is death by firing squad, but it sounds fairly threatening.

The next one I found fascinating, under the heading of "confidentiality".

They state that "your completed form remains confidential".

How extraordinary when there are 1.6 million people working for the government in this country.

What a strange definition of "confidentiality" when only 1.6 million people have access to this document.

On further study of the form the questions were :

- Is the above business currently operating?

*Well, they should know because we send them money every month.*

- What address?

*They should know because they wrote the address on this form.*

- What is the legal name of your business?

*Again, they wrote it on the form.*

- What is the legal status of your business?

*Of course it's a company, exactly as they described it.*

- Number of persons working for your business?

*They have all of this information as we send it to them with monotonous regularity.*

At this point, with a great degree of *humility* I explained to the bureaucrat that right next door to him in Canberra is housed, the largest computer in the Southern Hemisphere.

Now if he was to go down to the local computer store and buy a computer lead he would be able to plug his computer at the Australian Bureau of Statistics into "Big Brother" and he would be able to get all this information without further bother to the productive sector.

I then asked him how many such forms they mail out and he said "Only 1.4 million of these forms".

All this, when they already have the answers.

It's a wonder that the productive sector manage to get any work done at all!

Now, in case any of you are wondering what this has to do with a geological conference, let us now focus on the key strategy of today's successful exploration company. That strategy being the collection, storing and accessing of "Knowledge".

Dr Richard McKenzie of the University of California at Irvine, relates to the work done in the field of knowledge, by Professor Friedrich Hayek, one of the intellectual geniuses of the 20th Century.

Although Hayek died in 1992, just a few days before his 93rd birthday, his work is only now being appreciated in wider circles.

Hayek spent his career explaining why centrally directed economies are bound to fail. He stated that "the recognition of our ignorance is the beginning of wisdom".. The wisdom of those words was a corner-stone of Hayek's classic work, *the Road To Serfdom*, which, perhaps more than any other volume, explains the collapse of communism. The book was written 51 years ago.

Hayek explained how civilisation as we know it is founded on the use of much more knowledge than one individual is aware of, or even can be aware of. Most of what is done in civilised society requires the employment of far more knowledge than any single person could possibly absorb. The marvel of civilised order has been the co-ordination of the use of total societal knowledge without any one person knowing all there is to know, which means without centralised direction.

Remember that the words "Country" and "Company" are interchangeable in the context of this discussion.

Centralised direction of the economy invariably means reliance on the limited knowledge of those who give the directions.

Hayek explains "If we are to understand how society works, we must attempt to define the general nature and range of our ignorance concerning it. Though we cannot see in the dark, we must be able to trace the limits of the dark area".

The content of the "dark area" is what the multitude of other people will do with their knowledge and how we and they will react to one another in a succession of evolving rounds of adjustments to our plans, given that we learn as we proceed into the future.

Instead of acknowledging the vastness of the "dark area," which can only be known as people freely interact, too many modern political leaders, as we know, start with a radically different premise. They presume that, with a few bright colleagues and a large public relations budget, they can impose their acquired wisdom on the rest of the country, to create benefits for their chosen followers, at the great expense of everyone else.

They do not understand that it is their own ignorance that forms the foundation for political disarray.

There we have a description of Australia today.

These activist politicians ultimately acknowledge that government has worked poorly in the past for the relief of social ills. Their solution, is to extend the reach of government in virtually all possible directions. Their directives will simply replace, because of the taxes and mandates involved, the innumerable directives given by others.

Hayek described these people's "pretence of knowledge" as "the fatal conceit".

Until enough of us actually act, to severely restrict the role of government to the few specific tasks that are legitimately theirs, then nothing much will change.

Back to the subject of knowledge, Hayek says "The more men know, the smaller share of all that knowledge becomes, that any one mind can absorb. The more civilised we become, the more relatively ignorant must each individual be of the facts on which the workings of civilisation depends. The very division of knowledge increases the necessary ignorance of the individual of most of this knowledge."

Simply stated, it is humanly impossible for any mortal, even the brightest leader with the best intentions and clearest of visions, to know how to accomplish what he has set as his agenda.

These fundamental points are applicable to all mortals, countries and companies. We all see politicians and company executives thrusting about in virtual administrative chaos, flitting from one policy agenda to the next, setting then reversing one strategy after another, always covering their efforts with this "pretence of knowledge" about what their voters or shareholders need or want.

Contrary to widely held belief, the case for giving power to private individuals through free-markets (as distinct from giving political power to their leaders) is not founded in a disdain for "government" per se. Governments can do some very important things well, but only if they restrict themselves in the range of what they are allowed to do.

Recognition of that fact would be, as it has always been, the first step of wisdom for our political leaders and our corporate leaders.

It is all a matter of knowledge and humility.

Our respective companies are all at different stages in this knowledge retrieval business and I'm told that by the year 2000, there will be sixty times the amount of information in this world, all requiring storage and retrieval.

I am too over-whelmed by all this to know the answers, but the thing I do know is that if we don't get some answers quickly in this highly competitive field, we will lose our way.

On the other hand if we get the answers faster than our competitors, we will be light-years ahead.

We all recruit people, and even with the best of desires to keep them over a long period, we all lose some.

In just five years, a company with just 10% annual turnover will have lost half of its experienced team members.

Every one of the departed, will take with them, knowledge worth sharing, but the important thing for our companies is to capture this knowledge.

Without a culture of teamwork, and compensation and rewards that support it, we may as well be cultivating a garden of weeds.

Of all our priorities, paramount should be to develop a professional discipline of knowledge storage and retrieval.

If we can stay ahead we will earn a place in history, if we fail, the wheel that we re-invent will have a flat tyre.

In some ways we will be judged by the way we develop these repositories of brain-power, with everyone benefiting.

The President of Harvard University was once asked how he managed to accumulate so much priceless knowledge at Harvard.

He replied "Every year we admit the brightest young men to the college. Four years later, when they leave, they are entirely ignorant. So they must have left their knowledge here".

In conclusion, let me mention the key to this information business.

First of all, we all must be given the freedom to think and develop our knowledge.

On this topic I will leave you with another comment from Professor Hayek, who in saying this, was referring to liberating people from communism and socialism, but it is actually a good management tip, if we wish to free our people from oppressive management.

Hayek said;

"The benefits I derive from freedom are...largely the result of the uses of freedom by others.

What is important is not what freedom I personally would like to exercise but what freedom some person may need in order to do things beneficial to society.

This freedom we can assure to that unknown person, only by giving it to all".