

Where are our leaders? Where are our heroes?

In the present world, we can see how vitally important history is for the values and self-definition of a family, a movement, a company, an industry or a nation.

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Any movement or industry that has no sense of its own history, that fails to acknowledge its own leaders and heroes, is not going to amount to very much, nor does it deserve a better fate. My conclusion is to ask, "If leadership is not automatically to be found where we most expect it, then where must we look to find it?" Despite our education system - where we are taught that politicians can create prosperity by printing more money and that trade unions are able to raise real wages for everyone - there is only now a slow realisation that Keynesian economic theories of high taxation to fund ever-increasing government expenditure have failed. We are generally unaware of the alternatives to this cruel economic hoax that has been played on us. "Cruel economic hoax" is probably a mild term for policies that have seen Australia downgraded from number 1 position in 1900 to number 17 in the world chart of economically prosperous nations. The massive mining service sector built up in Western Australia (and in Kalgoorlie in particular), sees people flying out every day to all parts of the world to service mining projects, to drill holes, to design pits, to find minerals, to find water and to fly airborne surveys, and every other aspect of minerals discovery and productivity. We are now one of the world's leaders in technology and expertise and our skills are exported all over the globe. It is an achievement of which we can be justifiably proud.

What Is The Problem?

So what's the problem and where is our political leadership? Without change we will get more of the same. It is going to take inspirational political leadership to execute change and reforms in Australia, otherwise any partly-executed reforms will stall. At that point we will be run over by the steamroller called international competition. Already we are being confronted with a vigorous debate between groups who argue for more government involvement, tariff protection, and subsidies to special interest groups i.e., more of exactly what caused the problem. Then there are those who are arguing for less government involvement, a freer economy, economic rationalism and the ability for each of us to adapt and survive. Perhaps more than at any time in the past, our nation cries out for responsible leadership at all levels. Even at the personal level we each have a part to play in getting either more or less government. Our nation's future depends largely on the outcome of this debate, but it is helpful if we reduce this issue to first principles. One of my favourite economists, Milton Friedman (the 1976 Nobel Laureate in economics), is very good at reducing things to first principles I can recall his reply to a question about the cause of unemployment. He said, "If you tax people who work, and pay people who don't work, you get unemployment". Like most employers, I enjoy employing people, but I find that their joint-venture partner (the government) is a heavy on-cost that limits my ability to employ as many people as I would like. For example, if it costs me \$60,000 per year to employ you, you work hard and receive \$38,000. Your joint-venture partner, the government, contributes very little and walks away with \$22,000. Now that's a bad deal for employers, employees and Australia. As an additional disincentive for me to employ anyone, I also get fined in the form of "Payroll Tax" for providing that job. In addition to these disincentives to employment-creation, the myriad of industrial relations laws cause employers to view every new employee as a ticking time-bomb with the potential to bankrupt them.

Is There A Better Answer?

We are only half-way along the road to economic reform, so we must demand that our leaders now complete the journey towards international competitiveness. There is only one winner in this current nightmare and that is the parasite economy; the vast hordes of political middlemen. For those seeking to adapt our governmental institutions to a third industrial revolution, as we must, I hope that all Australians will be sceptical whenever they hear governments speak of "tax reform" (shuffling around these taxes so they fall heaviest on those with less votes), without reference to the necessary other half of the equation - which is a reduction in government spending.

There is only one tax on the people, and that is government spending. On Australia's present course,

government spending never decreases. The rate of growth varies but it never decreases, and it will not without governments who are more accountable to the people. There are many safeguards that devolve power back to the people. Let me mention a simple one called Term Limitations for all elected officials. This increases the emphasis on governing (they only have limited time, so they get on with it) and reduces the emphasis on getting re-elected. The President of Switzerland only has one term and he gets on with it. He has no advertising budget to secure his re-election.

We Won't Always Find Leadership Where We Expect It

Mark Tredinnick, Teacher in Leadership at the Department of Government at the University Sydney, explains: "Leadership does not have to come from the people we put in positions in power, of course, although we do tend to look for it there. Leadership is not politics, and it is not management. Those are arts of the possible. They entail compromise, they produce outcomes from limited resources and a contest of interests. "Leadership is about allowing the enterprise, or the nation to understand itself, and to make itself new. It requires patience and imagination." There is as much difference between leadership and politics as there is between teaching and training and as there is between leadership and management, I don't think we are doing enough to separate the two. With Term Limitations, politicians, after having served their electorate, their State and their country should have no hesitation to go back to their careers as private citizens... Benjamin Franklin once said, "In free governments, the rulers are the servants, and the people their superiors. "... For the politicians to return among the people, does not degrade them, but promotes them." In 1996 it was my pleasure to be part of the Foundation for Economic Education's team which hosted Lady Thatcher at a dinner in New York to mark the Foundation's 25th Anniversary. The ageless (at the time, in her 71st year) Lady Thatcher came directly from her London flight to the pre-dinner reception and she was about the last to leave. Among her achievements are the actions she took to bring about the "second industrial revolution" in the United Kingdom. Their continuing prosperity is a tribute to her vision. It takes courage to be a leader and Lady Thatcher puts it this way: "Of the four cardinal virtues - courage, temperance, justice and prudence, it is the last; prudence, or what I would prefer to call a good, hearty helping of common sense, shows the way. But in my political lifetime I believe that it is fortitude or courage that we've most needed and often, I fear, most lacked." It often takes a leader to recognise a leader and Lady Thatcher speaks of Ronald Reagan in the following words: "Right from the beginning, Ronald Reagan set out to challenge everything that the liberal political elite of America accepted and sought to propagate. They believed that America was doomed to decline: He believed it was destined for further greatness. They imagined that sooner or later there would be convergence between the free Western system and the socialist Eastern system, and that some kind of social democratic outcome was inevitable. "He, by contrast, considered that socialism was a patent failure which should be cast onto the trash heap of history. They thought that the problem with America was the American people, though they didn't quite put it like that. He thought that the problem with America was the American government, and he did put it just like that. Ronald Reagan changed America and the world, but the changes he made were to restore historic conservative values, not to impose artificially constructed ones. Take his economic policy, for example. It was certainly a very radical thing to do when he removed regulations and cut taxes and left the Fed to squeeze out inflation by monetary means. "Supply side economics", "Reaganomics", "Voodoo economics", all of these descriptions and mis-descriptions testified to the perception of what was proposed as something outlandish. But it really wasn't, and Ronald Reagan knew it wasn't."

In Business

Why we shouldn't expect too much leadership from the business community was clearly explained in one of the most influential books of this century which was published 40 years ago. Atlas Shrugged by Ayn Rand was a massive best-seller that continues to sell hundreds of thousands of copies yearly. To observers of events, the general outline of Rand's novel is familiar even to those who never read it. It is the story of how government harassed and persecuted the industrialists and businessmen in the name of "equality and justice of the oppressed". As the weight of government grew, the businessmen began producing less and less, leading to impoverishment for the whole society. Finally, the businessmen, under the leadership of John Galt, the lead character in "Atlas", revolt and overthrow the government's shackles, bringing forth a new era of economic freedom and prosperity. At the time of Rand's writing, the governments of the world were nationalising industries left and right, labor unions were at the pinnacle of their power, the success of Sputnik gave communism enormous worldwide respect, and enterprise was just about the dirtiest of all words. A generation later, communism is kaput, privatisation has replaced nationalisation almost everywhere, and the power of the labor unions is but a shadow of what it once was. Today, there are well-financed, increasingly influential think-tanks dedicated to supporting and defending capitalism and economic freedom.

My Personal View on Leadership

I've been fascinated at the wide spectrum of styles of physical and intellectual leadership that I admire. They range from Lao-Tzu, the sixth Century Chinese Philosopher, who said: "A leader is best when people barely know he exists, not so good when people obey and acclaim him, worse when they despise him. But of a good leader, who talks little, when his work is done, his aim fulfilled, they will say: We did it ourselves." It was Thoreau who in turn greatly influenced the thought processes of Mahatma Gandhi, that quiet man who taught the world that ideas could be more powerful than weapons. That passive resistance could defeat violence. With his different thinking alone, Gandhi forever changed the course of human interaction. In my personal view, my leaders are people who have influenced me to the point of making a change in my life or my behaviour patterns. Perhaps the one person who influenced me the most was Leonard E. Read. One day I received a letter from Leonard E. Read explaining why my articles were not being published by the Foundation for Economic Education, in New York. "You only have a license to change yourself, not others. All you can do is to bring an idea to the threshold of someone's consciousness, and then it is up to them to accept it or reject that idea after due consideration. If they accept that idea, it will be with them for life." On another occasion he explained, again in his own words: "As one acquires an awareness of how little he knows, humility replaces arrogance; this tends to improve a person's nature and sense of humour." Not earth-shattering stuff, but I never forgot his quiet reasoning. It has modified my approach. It's also helped my strike rate for having articles published. So what did Leonard do to make him a leader to me? He simply took the time to write me a letter. In this investigation of what type of leaders I admire, I find that I can only admire leaders who have managed to fully integrate their ethics totally throughout their business, personal and family lives and dealings. Living a double set of standards only brings people undone, as we have witnessed with our crop of failed leaders of the 80s now spending time in jail. Flowing from my personal view of leadership, I tend to use the same definitions again in measuring leadership in industry and politics. Did they make a difference? Or were they just good technicians? Two leaders and heroes of the 19th Century were Cobden and Bright. You might say who the hell were they? Why are we not taught about them in our schools? Richard Cobden and John Bright were two small businessmen who led England, devastated by depression, to try out freedom of trade. These two great fighters for economic freedom triumphed on June 6, 1846, when the British Parliament finally, and decisively, abandoned protection. To prevail, they had to overcome what Churchill later called the most powerful monopolists in the world. When all else fails, politicians will resort to freedom.

Conclusions

My concern is that though we are among the most literate of nations, our education system has failed to educate citizens in basic economic reasoning. Because our people are largely ignorant of how our economic system works, they fail to connect their affluence with the way in which that system is organised. Many Australians have not been able to grasp the total impact of incremental changes that have given government an ever-increasing role in economic affairs.

Our Responsibility

Until voters and, especially, opinion-makers and policy-makers understand how an economic system works, until they see the connection between the system's organisation and individual welfare, and until they understand that the strength and vitality of our economy depend so importantly upon individual freedom, the free enterprise system will remain in jeopardy. Responsibility for action rests with those who perceive the benefits of the enterprise system and who see clearly the threat to individual freedom resulting from erosion of public confidence in the system. I've explained why we won't find leadership where we expect it, so it really leaves that challenge with you; to bring about change for the better within your chosen fields. Let me ask you if you have integrated your own philosophies and ethics throughout your business and personal life? If so, what road have you chosen in which to pursue your leadership roles? It is a very personal decision; I leave that with you.

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Croesus Mining NL

Croesus Mining is a public company, originally set up in 1986 to absorb my private mineral prospecting activities. From the mining industry's point of view, having to pay 50 separate taxes for the privilege of producing and

providing jobs is challenging enough, but being robbed of our land title and rights to produce, are impediments that even the best management and leadership are finding insurmountable. The unworkable Native Title Act is a classic example of political intention achieving the exact opposite. The intention may have been to help the 2 per cent of Australians who are Aboriginal, but the result is the destruction of \$30 billion of wealth that once existed for the benefit of all Australians. The effect on our company was the equivalent to a company's factory burning down simultaneously with its insurance company going into liquidation! On a national basis, mining and petroleum account for 31 per cent of exports for the whole of Australia and, incidentally, gold has become Australia's second-largest commodity export after coal. Politicians from most of the indistinguishable parties see the mining and exploration industry as simply another cash cow to "milk" for some more taxes that can be spent in the leafy coastal suburbs where the voters huddle. Should we be surprised that getting themselves re-elected rates higher in their priorities than leading our nation toward economic growth and the creation of proper jobs?