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The price of Freedom is eternal vigilance—

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Thought for the Week: "We can easily forgive a child who is afraid of the dark. The real tragedy of life is when men are afraid of the light."

- Plato

VICTORIAN LIBERAL GOVERNMENT SHAKING APART? "The Leader of the Victorian Opposition, Mr. Wilkes, yesterday called on Mr. Hamer to return immediately, sack Mr. Smith, then resign himself and call an election."
- The Australian, May 25th.

All the newspapers are full of the "Victorian drama" as we write these lines. We are not surprised, this had to happen. Readers may recall our comment of some two months ago; the March 20th issue to be precise. Our comment then was -"there is one basic cause for the Victorian Liberal Government's shakiness: it has been in power too long. (emphasis is given in issue of March 20th.) We further commented -"It is stale, and its star has been setting, particularly since the State election of 1979, which it survived by the skin of its teeth."

We see not reason to alter one word of our previous comment, and we don't intend to give a re-run of all the political party bickering which is taking place right now. Let them fight it out themselves. It appears that Mr. Frank Wilkes, the Leader of the Victorian Opposition has it made: all he has to do is to maintain his dignity as a credible alternative to Mr. Hamer and his disintegrating Liberals.

Press reports of large investors placing investment capital interstate, and not in Victoria, won't do Mr. Hamer, and his Government, any good: reasons being touted are -"influence of trade unions, and conservative groups"; "poor Government leadership"; Victoria's policy of reducing railway services", etc., etc. And of course the power mess is the last straw. The crumbling will go on.

THE BANK MERGERS: "Mr. Howard, speaking to a meeting of the Economic

Society of Australia and New Zealand, all but read the relevant sections of the Campbell Report, which will recommend the opening of the Australian finance sector to foreign banks."

-The Australian, May 23rd.

Quite a few supporters have written to us to ask us our opinion of the current spate of Trading Bank mergers. All we can say is that what is taking place is a "copybook" demonstration of an observation once made by C.H. Douglas that Finance is inherently centralising in nature. In the present era of banking practice, national and international, with astronomical volumes of money moving around all over the world for resources development, aid to "developing countries" (the word - "under-developed" is out: shades of discrimination.

All countries of the Third World are now "developing") and other reasons, individual banks must now increase their "strength", What is now going on in the financial world is merely a re-run of what has been taking place in the commercial world, only more so; just further evidence of the inherently centralising nature of Finance. Larger companies gobble up smaller companies as the latter find it increasingly difficult to compete, economically. The smaller companies just do not have the financial strength to re-tool, for example, with very expensive sophisticated machinery which would enable them to compete with the flood of imports which come from Japan, or South Korea, or Taiwan, where labour is cheap, and the machinery (particularly in Japan) highly sophisticated. Added to which these people work like Trojans, with a dedication unknown in the West.

Yet again, the banks prefer to extend overdraft, and general credit facilities to a large, strong, organisation, than to a shaky small show, perhaps a family business. The better financial customer will naturally have the credit preferences.

Why must our private Trading Banks increase their "strength"?

Because they most probably would not be able to compete for business with the large foreign banks which will now move into Australia. It is a matter of survival. Many supporters will remember the words - "get big, or get out". These were the words which were quoted to Australia's small farmers some few years ago; the small farmers didn't have enough financial "strength" to continue operating in the face of escalating costs (machinery, labour) and so "got out". Thousands of them. Well, the principle with the Trading Banks is the same now; they have to "get big or get out". They have to combine their reserves to compete with the "strength" of the foreign banks whose massive reserves will be available for Australia's resources development. That's what it's all about.

But there probably will be quite severe implications: the face of banking in Australia is likely to change. How?

The emphasis in Australian banking is likely to swing over to "whole-

sale" banking, rather than "retail" banking. These are two now "in" words, "Wholesale" banking just means the lending of very large amounts of money to corporations for operating and developmental purposes. "Retail" banking just means the traditional extension of credit facilities to the "little fellow", middle business, etc.; Bankcard in particular.

The future of branch banking could be in doubt, as the banks with the new "strength" will be primarily concerned with "wholesale" banking, and bank branches are not necessary for this: that is, unless the foreign banks are forced to establish their own branch networks. This appears to be unlikely.

Technology will continue apace, and this will mean less and less staff in the banking world. A loan for, say, home finance, is likely to be more expensive, and/or more difficult.

There will be political implications in the "new" banking. For example, many country towns could be hit hard as bank branches close up. Farmers will find it more difficult, if this happens, to nose around from one bank to another, for operating overdrafts. Small businessmen in the Country towns also. The National Country Party is worried about this, and the likely further erosion of its political bases.

And what about the selling of the Australian farm? The foreign banks are not interested, it seems, in equity development in Australian foreign resources company giants. Mr. Howard has said that investment capital supplied by the foreign banking mammoths is likely to be in the form of foreign debt rather than equity. Our final comment is that all this enormous movement of capital into Australia; all the enormous resources development, will not benefit the man in the street at all. Unemployment will not lessen, continually improving technology will see to that. By and large the profits from Australia's resources "boom" (boom for whom?) will go to the huge resourcers developers, and towards servicing the enormous debts to be provided by the foreign and local banks.

BRIEF COMMENTS: Mr. Lionel Bowen, Deputy Leader of the Federal Opposition, had a letter published in the Age (Melbourne) on May 23rd. It was probably also published in dailies in other States. In it, he refutes the purpose of the Fraser Government to send Australian troops to Sinai (Middle East) to "help to progress the Camp David accords". His letter takes a highly legalistic approach that one should expect from a lawyer; but nevertheless he comes up with the right answers: viz. we should NOT become militarily involved in the Middle East. It should be obvious to "blind Freddie" that the Arab world is far more important to Australia than Israel, and we must avoid situations provocative to the Arab world.

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Malcolm Fraser is sailing into heavy weather (and quite understandably) with his ridiculously expensive preparations for the Commonwealth Heads of Government Meeting to commence at the end of this coming September. One dozen parliamentarians (Ministers and back-benchers) are to be shuttled around the globe to toady to heads of some 44 Commonwealth countries. The "envoys" will take their wives: all very cosy; a nice trip, with all found, at the expense of the taxpayers. The Federal Labor Opposition shouldn't have any trouble making some political capital from all this; and the National Country Party's nose is out of joint, not because of the ridiculous venture, but because they can't get into the act. They want to go too: Malcolm Fraser wants his "envoys" to persuade the heads of, particularly Third World countries, to cool it over the Springbok tour of New Zealand come September. They won't cool it because of any envoys: more likely they'll take the "mission impossible" as a Great Australian Crawl. We think this one could blow up in Malcolm Fraser's face.

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The Australian Jewish News (May 22nd.) is being generous in featuring a report of an address by Dr. Alfred Lilienthal to Iowa State University recently.

Dr. Lilienthal, author of many penetrating books on the Middle East, and one of THE world's authorities on that part of the world, said that the Reagan administration should recognise the Palestine Liberation Organisation, and that Israel should enter into direct negotiations with the P.L.O. to avoid disaster.

Said Dr. Lilienthal: "We must realise that the Palestine accord of the Camp David agreement is dead and should assist in the establishment of a Palestine State on the West Bank and in Gaza". He further stated that the recent visit to the Middle East by the U.S. Secretary of State, Alexander Haig, was a "disaster" because it reflected more of Washington's "Israel-First" ideology.

We are becoming inundated with requests for more copies of Dr. Alfred Lilienthal's latest block-buster, "The Zionist Connection". We are making every effort to obtain a further consignment of this book, and shall give notification in On Target when we are successful. The price will be \$30.00 plus postage.

BASIC FUND: There are still some donations/pledges in the pipeline from other states. We can say now, however, that the Fund is approaching its goal: we are comfortably over the \$50,000 mark, It will probably be approximately two weeks before we can give a final figure. Late donations will certainly be welcome.

W.A. donations to P.O. Box 16, Inglewood, W.A., 6052. Queensland and Northern N.S.W. donations to Mr. Jeremy Lee, P.O. Ravensbourne, Qld, 4352. Others to G.P.O., Box 1052-J, Melbourne, Vic. 3001.

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