



ON TARGET

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The price of Freedom is eternal vigilance—

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Thought for the Week: "It is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities."

- Lord Stamp.

SOON THE NEGOTIATIONS?"if the loss of the Falklands forces the collapse of General Galtieri's military Junta, will what replaces it be less threatening to Britain?" - The Age (Melbourne) May 31st. In our issue of On Target (April 23rd) we drew attention to the likelihood that one of the principal motives of the Falklands "war" was to topple the Junta in Buenos Aires, thus creating an unstable political situation in Argentina, and sending ripples of instability right throughout Latin America. We have warned, also, in these pages, that messages of support to the British Government should carry the warning that all care be taken to prevent a Left-wing administration being brought to power in Buenos Aires. The dangers inherent in such an eventuality would almost certainly be evident in Central America (El Salvador, Belize, Costa Rica, etc.) where local forces, trained and armed by Cubans and the Soviets, are straining to win the upper hand over local nationalist armed forces, many trained and armed by Argentina. Our information is that up to two and a half thousand Argentine troops have been so employed in Central America. The Kremlin has had no bother dealing directly with the Argentine Junta with respect to trade, much as it may dislike the "Fascist" regime. The Kremlin power-men will deal with anyone, if it suits them. The Communist dialectic dictates that an objective may be approached by retreating from it! If the Buenos Aires Junta is of use to the Communist world programme to-day, then deal with it. If the Junta is in the way to-morrow, then death to it. Any actions at all can be justified by the use of the dialectic.

The poison from the "intellectual" British "prestige" journals is still seeping out. Over the week-end past we heard some of the poisonous drivel which is being exuded by such British journals as "The Economist", urging negotiations here, rejecting armed force there, subtly advocating the old British Foreign Office "line" of cringe and scuttle. British commentators admit that the "popular" press (which "the people" read, hence can't possibly advance worthwhile views!) keenly supports Mrs.

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Thatcher's hard line, and is buoyed up by evidence of some of the old British grit. Courage and sacrifice; loyalty to Queen and Country, and to one's comrades-in-arms, are now berated by the sick, perverse intellectuals of the media. But we know our politicians; and they are interested in votes: and the votes are where the numbers are. The numbers are for Maggie Thatcher and the British Lion, now roaring. That is what the British people want, after 40 years of austerity, scuttle, treason, pessimism. The British can still do it. Sail 8000 miles and deal out stiff medicine to a tough and brave foe. This may eventually be shown by historians to have been the greatest lesson of the Falklands war.

Some sections of the media, and especially the British "prestige" journals, are already negotiating the British victory away. (At the time of writing Port Stanley has not fallen, although many commentators, who should know, are saying that it must fall soon).

Mrs. Thatcher is right: she won't negotiate away a victory won by the blood of Britain's sons. What will be the outcome?

Should the Argentines still be launching air offensives after the Falklands have been fully recaptured, then, obviously, the war will have to be escalated on to the Argentine mainland. Britain has obviously been careful to prevent this happening thus far: the air bases on the mainland have not been attacked. The best suggestion we have thus far seen is that the Falklands should now be used as a naval base, very probably by the United States, with Britain retaining sovereignty. It is known that the U.S.A. is definitely interested in a naval base in the South Atlantic. This is another outcome of the Falklands war: Britain and the U.S.A. have been "thrown together" more closely. One commentator stated that those with the similar cultures stick together when the chips are down. The English-speaking nations have a natural, common, cultural heritage because of the very language they speak. The same applies to the Spanish-speaking nations of Latin America: almost all are supporting Argentina.

WOULD OUR (SHADOW) ATTORNEY UPHOLD THE RULE OF LAW?

In The Age (Melbourne) May 27th, appeared a letter above the joint names of "Gareth Evans" and "Ted Innes". Senator Evans is the Federal Labor Party's Shadow Attorney-General, and Mr. Innes is the Member for the (Victorian) Legislative Assembly (Lower State House) for the electorate of Melbourne. The signatories complain of an anonymous smear letter which has been (apparently) circulating in political circles in Melbourne, and which associates the Victorian Socialist Left faction of the Victorian Labor Party with various unpopular causes ranging from Colonel Gadaffi to bestiality.

Senator Evans and Mr. Innes express contempt for the anonymous purveyors of the smear-letter, but this is not the point on which we dwell. What we, ourselves, find frankly disturbing is the intemperate, indeed quite vicious tone of language which follows. Readers will form their own conclusions:

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"We have not yet been able to establish whether the letter was prepared by some misguided fool thinking he was helping us, or by some malicious disinformation expert wanting to bring us down.

"But we may assure your readers that if and when we do find out those responsible, we shall be tempted to administer a form of summary justice that will have the Ayatollah Khomeiny blushing with envy."

(Our emphasis).

THE 'PROPHET OF DOOM' IS WITH US: "American economist, Raymond Dalio, flew into Sydney narrowly ahead of what he predicts will be an economic holocaust." - The Australian, May 31st.

We, ourselves, are convinced that the finance-economic systems of the West are disintegrating, and that there will be an economic collapse: we cannot and do not set any date upon this. The escalating inflation spun off by the "normal" working of the modern finance-economic system, must continue to rise over a period, even if, by such drastic measures as severe credit restrictions and high taxation, some governments can temporarily slow their rates of inflation. The price they pay is high unemployment and various social frictions and these (social frictions) in turn push up the cost of government by way of more expensive community services, e.g. more police, more ambulances, more fire brigades, more security systems, and so on and on.

What Raymond Dalio says, is, we believe, largely correct. He seems to be a keen observer of what is taking place, but doesn't appear to have any basic understanding of the causes. He sees the U.S. (and Western) economy passing through 4 phases as it approaches collapse.

1). Increasing debt and tight liquidity. (Our comment) The debt is a "natural" outcome of the basic fallacies in the modern finance-economic system; and this was demonstrated with crystal clarity some sixty-odd years ago. The tight liquidity is the policy of High Finance. It is quite deliberate.

2). Interest rates rise as inflation falls. (Our comment). The rate of inflation can be made to fall (temporarily) by the drastic fiscal and monetary measures mentioned above. Interest rates remain high due to the already mentioned liquidity crisis (paying more for a scarce "commodity"; which money is not, incidentally). Mr. Dalio is probably quite right when he talks about "the sell-off" (the scramble for liquidity) coming "not so much in the stockmarket, but in the property market". (our emphasis) We think this is already beginning to occur in Australia, with the bottom starting to fall out of the high-rise units market on the Gold Coast. We can well envisage a general property collapse.

Mr. Dalio doesn't foresee the banks closed for business, now the governments are becoming committed to "intervening" to guarantee loans.

3). Mass business failures. (Our comment) This is already beginning to happen. Bankruptcies are on the rise.

4). Is the slow and painful path back to recovery. Our comment here

is that Mr. Dalio, himself, could not correctly envisage the political climate throughout the West when his "picture" is forming. We see his "picture" as being one of revolution, and this being exploited to the full by political revolutionary movements. It is a very bad picture indeed. Mr. Dalio reads the cards pretty well, but he doesn't know who is shuffling them.

BRIEF COMMENTS: Jonathan Huntingdon sees three clear lessons emerging from the Falklands war,

- 1). Supremacy of defensive air power. (missiles.)
- 2). Cost effectiveness of air power over naval power. (a Super Etendard, armed with an Exocet can sink a naval vessel costing many, many, times more).
- 3). Supremacy of quantity over quality. Enough "cheapie" planes, armed with enough "cheapie" missiles, will overwhelm a smaller quality task force. The Argies didn't have enough hardware, but have done awesome damage with what they did have.

Jonathan Huntingdon has undertaken to write a full-scale appraisal of the Falklands war, with its lessons for Australia, in due course. It will be published in our monthly Intelligence Survey, when ready.

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Mr. John Howard will have plenty of room to manoeuvre when the matter of tax cuts comes up before the next Budget. Geoffrey Barker, writing in The Age (May 29th) observes - "Mr. Fraser is aware that there will be substantial room for income tax cuts because the effects of inflation on earnings will produce an increase of \$5200 million - or 26 per cent - in revenue from personal tax this year...."

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Mr. Robert Muldoon, Prime Minister of New Zealand, has offered Britain the use of a frigate, which Britain will deploy in the Indian Ocean, so that a Royal Navy warship may be released for service in the Falklands, if needed. Mr. Muldoon, in rebuking a trendy journalist, said that as far as he's concerned, times and people haven't changed, and he believes that most New Zealanders are as loyal to Queen and country as they ever were.

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The National Director reports from Toowoomba that the Annual Dinner/Seminar week-end just past, was a stirring success. All copies of Geoff McDonald's startling new book about the Aboriginal Land Rights issue, viz. Red Over Black sold out. Fresh stocks are being rushed from the West (where they are printed), and already a second edition appears to be needed.

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