A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance —

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THOUGHT FOR THE WEEK: "A propagandist must surely have a poor argument if he must rely, as a number of present-day journalists do, for any proof of his opponent's error on the fact that the latter is out of line with world opinion and is pursuing a lonely way. To be sure, the lonely way is the way of the criminal; but it is also the way of prophets and martyrs.

"World opinion has more often been wrong than right. Once it was opposed to science. Once it supported the burning of witches and those who refused to conform to official religious creeds.....It could be wrong again."

- D. Watts in The Dangerous Myth of Racial Equality

THE PROPERTY DIVE: "Many workers and businessmen could go broke this year because of a dramatic slump in the house prices, the shadow treasurer, Dr. Hewson, claimed yesterday."

- The Sun (Melbourne), March 12th

Real estate prices have fallen up to 20% in the last 18 months or so, and are likely to fall more. We are not sure, at this stage, how much more.

We know that "liquidity" (cash) is being drained out of the Western finance-economic system, although very little is being spoken about it, admitted, if you like.

We shall be having something to say about finance-economics, at rather a superficial level, in the "Bulletin" to illustrate a point. These pages are not the place for technicalities.

One chief result of falling liquidity levels in economies is falling asset prices. Is the overall "asset" situation likely to become tighter? Yes, we do think so.

Some companies are "liquefying" company real estate (selling the factory freeholds, etc.) to inject cash into production operations. Some economists are asserting that we are headed for a "soft" landing, and some say the reverse. We think a "hard" landing the more likely, and we have more than one reason for believing this.

It is a matter, largely, of high financial policy. Our Reserve Bank has slammed on the lending brakes, and this means the whole credit creation system in Australia slows down. Also, in the areas of high finance-economic policy (and these decisions may be taken far from Australia), we strongly suspect that a seriously depressed Australian economy is "necessary" to provide the political "climate" to urge Australia into the Multi-Function Polis, and more. The short-sighted politicians and economists will rant and rave (and they'll believe themselves) that Australia can only be "saved" by entry into a giant trading market, such as the Pacific Basin Bloc, with Australia's "amalgamation" with the North Asian powerhouses (Japan, South Korea, Taiwan, Singapore, Hong Kong, at least before 1996!).

The snag is that, for example, Japan, itself, is in real danger of finance-economic instability. A collapse of property market prices in Japan could bring that particular "powerhouse" crashing down. Our economists (most of them, but not all) can't conceive of a fallen Japan (economically). What about the Multi-Function Polis then??? But, also if this should happen, and Tokyo calls her financial "legions" home, as Imperial Rome did with her military legions almost 2,000 years ago, then Australia could be in for possibly the hardest landing it has ever experienced.

MORE ON ASSET DEFLATION: "We have not experienced a full on bout of asset deflation in this country since the Great Depression........Dr. Hewson (Shadow Treasurer) has every right to be concerned about the storm clouds now gathering over the housing market...."

- Maximilian Walsh, in The Age (Melbourne), March 12th

Private residential housing represents some 60% of the private wealth of Australia. The draining of liquidity from Western finance-economic systems are not mentioned here, however, the crashes of the corporate organisations such as Qintex, Hooker, Linter, Girvan, etc., could have an impact on the private property markets.

An interesting point is that the ballooning of private housing prices have sustained the standing of the Hawke Government, despite poor performances in other areas (overseas deficit, inflation). Many voters have had a "windfall" with housing sales; others have been able to take out loans thanks to raised property values and easy credit (in the past, not now).

What Mr. Walsh suggests is that this situation could well spin out of control. A rising unemployment level, a fall in export prices, could set off a debt/deflation spiral which may not know when to stop. Of course, now the housing market belongs to the buyer, and is likely to become more so; we would not advise anyone to buy property now, unless there is an urgent need. There is a sort of a calm before a storm; those with a vested interest are "talking up" the markets, but our gut feeling is that we could be on the edge of a precipice.

DEBT DISASTER: From January 1st to March 7th there were over 10,000 summonses issued for bad debts in the Perth metropolitan area. This figure, quoted in "The West Australian" of March 8th, 1990, deals only with debts of up to $10,000. Figures for larger debts are unavailable. This raises the simple question, "What is the social cost of the inevitable breakdowns of a system built on debt?

BRIEF COMMENTS: The major political parties are at least agreed on one thing: they do not like Independents. In expressing the view that Independents have nothing to contribute to parliaments, the parties reveal their contempt for the traditional British concept of parliament as an institution in which the representatives of the electors act and vote as free men, and do not cower under the whips of the party bosses. Fighting off a major challenge from popular Independent Ted Mack, who believes in major policy issues being decided by referendum, Liberal John Spender says that Mack would be "impotent" in the Federal Parliament. "He will be a shag on a rock." We hope that someone will remind John Spender that his late father, Sir Percy Spender, entered parliament as an Independent and was far from being impotent. We trust that Ted Mack is proved correct with his belief that his election could be the start of Federal Parliament's move away from the party system.

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Maxwell Newton, in the March 1st issue of his Monthly Money Letter For Australians, states that "A most fantastic freeze on the cash base of the Australian Financial system has been imposed by the Reserve Bank". Newton produces charts showing that the growth of currency and coins has collapsed over the two years ending December, 1989, from about 14 percent in late 1988 to 6 percent today. But in spite of the big reduction in the creation of coins and currency, total money growth remains high. This would suggest that every effort is being made to limit the amount of cash available, forcing people to make increased use of various credit instruments. Wherever possible, people should insist upon using cash.

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The Jewish, as well as the general media, is reporting on what is described as a "wave of anti-semitism" throughout Eastern Europe and the Soviet Union. From the Bolshevik Revolution onwards, Jewish influence has been high in all the Communist movements. As David Irving shows in his classic, Uprising, the 1956 Hungarian revolt was primarily against the perceived extensive Jewish influence in the Hungarian Communist Government. The new East German Government, headed by the "moderate" Marxist Hans Modrow, has lost no time in making the decision that East Germans now also accept guilt for the "Holocaust" and has agreed to pay compensation to any persons of Jewish origins who suffered under the Nazis. The transformation of the East German Communist Party into a "liberal democratic" party was the task of the 41 year old Jewish lawyer and president of the East German Lawyers' Federation, Gregor Gysi. Through all the ferment taking place in the Soviet Union and Eastern Europe, the "Jewish Question" is starting to emerge into the open.

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We were not surprised that the radical "greenies" have come out firmly in favour of green candidates allocating their second preferences to Labor. The conservation movement is the new cause around which the One Worlders hope to mobilise a mass international movement. The Soviet master strategist has indicated the shape of things to come. In a key statement on January 14th, Gorbachev said, "We are a world, and as a world, we have an ecological imperative. We are approaching a point of no return in the environment. We are a human society, and we are rational, and we will not let an ecological disaster happen. There is an environmental consciousness that now pervades Europe. In the past it was the nuclear threat, in the nineties it will be an environmental crisis." Every crisis, real or created, is used by the power-lusters to call for more centralisation of power.

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Prime Minister Hawke said that if it were not for the Federal Elections, he would have personally welcomed Mandela following this Marxist's release from prison. But Foreign Minister Gareth Evans lost no time in seeing Mandela and assuring him that the Hawke Government agreed that sanctions against South Africa should be maintained. Mandela further revealed his real colours when he called for a continuation of sanctions against South Africa. These sanctions have affected the blacks much more than the whites. But this does not worry Mandela and fellow members of the African National Congress.

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PLEASE FINALISE BASIC FUND: There is still a small deficit in the League's Basic Fund of $65,000. We KNOW that it will be made good, but can we please finalise the Fund? Again we appeal for that last minute surge which will carry the fund well past the target set. Thank you.

All election comment authorised by
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