

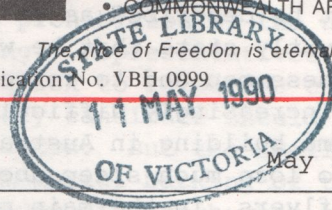


ON TARGET

- NEWS HIGHLIGHTS
- BACKGROUND INFORMATION
- COMMONWEALTH AFFAIRS

The price of Freedom is eternal vigilance —

Registered By Australia Post — Publication No. VBH 0999



Vol.26, No.17

May 11th, 1990

THOUGHT FOR THE WEEK: "Consumer control of production is the only possible basis of freedom; and no method of obtaining consumer control has ever been tried with success which did not ban state control of money and credit and include decentralised individual credit power."

— C.H. Douglas

WHEN IS A RECESSION NOT A RECESSION? In spite of a record balance of trade deficit and a continuing high inflation rate, Treasurer Paul Keating continues to insist that his economic strategy is "on course" and that there is no recession.

According to "the world's greatest Treasurer", a recession is only a reality when there are two successive quarters of negative growth, rapidly increasing unemployment and increasing bankruptcies. But the reality is that if the Hawke-Keating duo continue with their present policies, including high interest rates, it is certain that the present sick plight of the nation will get worse. Our regular readers will recall that the Hawke-Keating strategy was to gradually reduce the standard of living of the great majority of the Australian people, as part of a "restructuring" programme designed to internationalise the Australian economy. High interest rates were a major feature of the Hawke-Keating strategy, an indirect method of imposing a credit squeeze, a term no longer used to curtail economic activities.

Mr. Keating lost no time in telling Australians that the latest balance of payment figures made it impossible to reduce interest rates. He did not explain why farmers, home buyers and businesses had to be severely penalised because there is a trade balance deficit. If it is regarded as disastrous that the nation is importing more than it is exporting, it is elementary that one of the first steps towards establishing some type of balance would be to restrict the importing of goods which Australia readily produces. Why must hundreds of millions be spent on importing a wide range of primary products? The average Australian is not responsible for the balance of trade deficit anymore

than he is responsible for the massive foreign debt. It now appears that the de-regulated banks are responsible for the biggest part of the foreign debt.

In his own words, Treasurer Paul Keating deliberately set out to "cool" what he described as an "overheated" economy. He didn't, of course, bluntly state that he was setting out to bankrupt farmers, the small business man and to force some people out of their homes, while making it increasingly difficult for young married couples to buy homes. Home building in Australia has been seriously reduced. No one is going to lose much sleep about the growing problems of the corporate high flyers, in the main paper shufflers, not creators, who are being brought back to earth. Even John Elliott is at risk. Most of these people will be suffering little, except for their deflated egos. But the great majority are not in this category.

It is a sign of the times that the debt-collector agencies are now one of the relatively few growth industries. Victorian companies are going bankrupt at a rate of 42 percent higher than a year ago. Corporate affairs statistics show that 787 companies were placed in receivership or some other form of administration in the nine months to March, compared with 554 in the same period last year. Closing down and liquidation sales can be seen right throughout Australia. The rural crisis is worse than when the big farmers' protest marches were taking place. According to the Keating thesis, all this and more is evidence of success.

As pointed out by Mr. Eric Butler in his address to the Melbourne Conservative Club last Monday, a number of steps are essential if Australia is to survive as a free nation. The first step was to halt all overseas borrowing. As Mr. Butler said, "The first step towards overcoming alcoholism is to stop drinking completely. The second step should be the restoration of the regulation of the banking system." "Banks are a very privileged group", he said, being granted a licence to create money, and therefore must be responsible to the elected representatives of the people. It is the responsibility of government to direct financial policy.

Irrespective of what terminology Treasurer Keating uses, his policies have produced recession conditions, rapidly getting worse. Those policies must be replaced with more realistic ones. A drastic **REDUCTION** in interest rates would be a first step in the right direction.

BRIEF COMMENTS: We have long advocated that the use of the electronic media should at least be drastically curtailed for electioneering purposes. Responsible voting is impossible when elections are presented

on television as contests between two highly-programmed major party leaders. Television can be used, and is used, for advertising which bears little relationship to reality.

The astronomical debts incurred by the Labor Party has forced it to move towards the advocacy of a complete prohibition of the use of the electronic media for election advertising. Representatives of the electronic media have, of course, been quick to raise the charge of freedom of speech being threatened. Every candidate should have complete freedom of speech to approach electors. But the smaller groups and Independents, lacking the massive financial backing of the major parties, can hardly be said to have freedom of speech when they find it almost impossible to reach electors through the electronic media.

There is much to be said for the old-fashioned type of election campaigning, when candidates had to rely upon public meetings to reach the electors. Candidates could then be much better assessed.

* * * * *

Generally unreported in the Australian media is the recent granting of a \$10 million interest-free loan to Fiji by Communist China. The Fiji Times of April 20th reports that the loan agreement was signed in Beijing during a five-day tour of China by Fijian Prime Minister Ratu Sir Kanisese Mara. In addition to the interest-free loan, China has also provided a \$1.3 million grant which will be used to build a technical training centre. When Australia, along with other Commonwealth countries, snubbed the Fijians when they insisted that the indigenous Fijians were not going to sacrifice their culture, they pushed the Fijians towards seeking other countries for support. The Chinese Marxists have not been slow to take advantage of the situation.

* * * * *

With Latvia now joining with Lithuania and Estonia in a declaration of independence from Moscow, Mikhail Gorbachev is now faced with a united front from the three Baltic States. In spite of the Gorbachev "reforms", the Soviet economy continues to deteriorate, and there is growing unrest which is certain to result in more ethnic groups within the Soviet Union attempting to follow the Baltic lead. The situation is extremely explosive and no one can predict with certainty what is going to happen. A military takeover is possible if anarchy threatens.

* * * * *

What is taking place in South Africa will eventually be seen as the greatest hoax in South African history. Prime Minister de Clerk is being pushed backwards by a Marxist-dominated African National Congress, which does not even represent the great majority of South African blacks. Inter-tribal fighting, with many killed, continued while the much-publicised "peace" conference was taking place. The one-man-one-vote-one-value dogma is a certain prescription for eventual civil war in South Africa. And just as the white liberals in

South Africa, who played a major role in weakening the will of the South African Government to stand firm against the revolutionary forces threatening the country, are now taking fright at what is happening and seeking to leave South Africa, so will liberals around the world wring their hands if South Africa is reduced to the same level as the rest of "liberated" Africa?

* * * * *

The new leader of the Federal Nationals, Mr. Tim Fischer, continues to talk much more sense than did his predecessors. Mr. Fischer says that the Nationals must go back to their roots, "in the bush". If he can carry out his promise to travel Australia to learn where the Nationals went wrong, and to find out what people want and how best to serve them, he may help not only his own party, but the whole nation.

* * * * *

The Australian Bureau of Statistics has reported that 76% of the growth in borrowings in Australia's foreign debt are attributable to borrowing by Australia's banks.

Published statistics show that our foreign debt has initially been due in the main to public-sector enterprises such as the S.E.C. (State Electricity Commission of Victoria), followed by large corporate borrowers such as News Corp (Rupert Murdoch) and Elders (John Elliott) - Australia's foreign debt is now mainly made up of bank borrowings. Why?

Interest rates are cheaper overseas, obviously reducing borrowing costs - but an economic consultant in Melbourne said the key reason (for the Australian banks' borrowings overseas) is that various individual companies had stopped borrowing overseas, either because their debt levels are too high, or foreign lenders had ceased lending to Australian companies because of the Big Crashes out here (Rockwell, Skase, Parry, etc.).

The situation now is that of some 30-40 Australian companies which once regularly borrowed overseas, only around 10 of these are considered credit-worthy by the lenders. Overseas capital must now come in via the foreign banks, and our companies borrow from them. Private and Government Australian banks are both borrowers.

Foreign investment in Australia at the close of 1989 stood at \$246 Billion.

* * * * *

Senator Gareth Evans has been named Humanist of the Year by the Council of Humanist Societies. Humanists are atheists, who regard Man as the pinnacle of creation, and the possessor of the greatest wisdom. Previous Top Humanists include the late Justice Lionel Murphy, of Family Court fame, and Mr. Phillip Adams, professional League of Rights hater. Gareth Evans has been a "tireless" promoter of humanism.