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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"On March 20, 1947, the International Monetary Agreements Bill, formally ratifying the Bretton Woods Agreement, was passed by the House of Representatives, and five days later by the Senate. Australia's constitutional sovereignty over money and banking had been surrendered. Only five Members voted against the Bill in the House of Representatives, and twelve in the Senate. The name of John Curtin, Australia's great wartime Prime Minister, does not appear in the relevant Hansard. He had died only a short time earlier. Montagu Norman's dream of a world-wide system of Central Banks, all working under international direction was well under way."*

"What Will We Tell Our Children?" by Jeremy Lee.

KERNOT'S TREACHERY IS NO ANSWER by David Thompson.

Sometimes it requires the occasional dramatic political event, like the Kernot defection to the ALP, to demonstrate anew the moral bankruptcy of party politics. While the press and some political gurus are hailing this as a political earthquake, and a magnificent coup by the ALP, the fact is that over the long term Mrs Kernot's membership of the Labor Party does not threaten the centralist political agenda that has dominated post-war politics. Cheryl Kernot is a centralist, and while she may disagree with some ALP policy, she will not move the ALP from their long-term centrist policies.

Why did Senator Kernot resign from the leadership of the Democrats, and her seat in the Senate, to join the ALP? Her stated reasons are unconvincing. She said her decision was based on *"a growing sense of outrage at the damage being done to Australia by the Howard government, and my concern that from my position in the Senate, I had a limited capacity to minimise the damage"*.

This piece of political cant becomes transparent when considering Kernot's former position. As leader of the Democrats, she was in a position of political power by being, together with her colleagues, able to veto, amend or initiate legislation which could change the direction of Australian politics. Having resigned, she (temporarily) leaves the government she professes to hate with the numbers to ram through Mr. Howard's Wik legislation, which Kernot also professes to reject. At present, she can have little influence on the Howard government, and there is no guarantee that by joining the ALP she will assist in the defeat of Mr Howard at the next election, due at the end of 1988.

The truth of the matter, unadorned by the Kernot self-righteousness, is that Mrs. Kernot is prepared to trade her influence in the Senate for the promise of real power in the future. Rather than "keeping the bastards honest" she has betrayed her political colleagues and her personal staff in order to become one herself. As Democrat founder Don Chipp commented in his *Sunday Telegraph* (19/10/97) column, "*What a bastard of a thing to do!*"

Don Chipp now professes never to have really liked Kernot, despite his admiration for her ability. It is now clear that Kernot became uncomfortable as a Democrat because the watch-dog role that Chipp had defined for the party restricted her ambitions. She wants her hands on what Paul Keating once described as "the levers of power". Merely "minimising the damage" done by the Coalition is not enough for the power-hungry, and Kernot clearly has her eyes on The Lodge. It is notable that Mrs. Kernot chose not to canvass the damage done by the ALP under Mr. Keating, which she either refused or failed to minimise.

Don Chipp also used his column to remark that "*I always maintained - and still do, with as much passion as ever - that no person can aspire for, win and retain a seat in an Australian parliamentary lower house without compromising their integrity*". As a generalisation, this is true. But as with all generalisations, there are exceptions, such as former independent Ted Mack, who served in both NSW and Commonwealth lower houses, and remains with his integrity intact, having refused to accept the perks of superannuation as immoral. Graeme Campbell, expelled by the ALP, and winning his seat back as an Independent, is perhaps another exception. But Cheryl Kernot is a living demonstration of the truth of Chipp's generalisation by the way she departed her old party.

What can Kernot now hope to achieve by joining the ALP? First, as journalist Brian Toohey points out, she has to win an election campaign in Dickson, which may not be as easy as it sounds. She will need a 4% swing away from the Coalition, which the recent South Australian election demonstrated is not impossible. But the Liberal candidate is as yet unknown. It is unlikely that the Liberals will permit sitting member Tony Smith to remain, given that his main distinction in his job so far is to promise to stop patronising prostitutes.

The last high-profile woman to attempt the move from Senate to House of Representatives was Bronwyn Bishop. Even though Bishop retained her party loyalties, she subsequently almost disappeared from political sight.

If she does contest Dickson, as is generally assumed, Kernot will first be required to sign the ALP pledge that she will be **completely bound** by ALP policy. The penalty for ignoring this pledge is **instant and automatic expulsion** from the party. Graeme Campbell found that his own profound disagreements with ALP policy led to his expulsion, even if it was not instant.

Kernot's own track record shows that she does disagree with the ALP on a number of fundamentals.

- Kernot co-operated with Industrial Relations Minister Reith on his work-place relations reforms, demonstrating that she is against the ALP policy of compulsory unionism.
- Kernot opposes uranium mining absolutely, while the ALP have a three-mine policy.

- Kernot does not support the ALP "privatisation" policies as a matter of course. She opposes the partial sale of Telstra, and opposed the sale of the Commonwealth Bank, which are taking place under Keating's national competition policy Hilmer reforms.
- Kernot insisted that *"foreign investment and ownership is really about the sale of Australia. ."* with which the ALP is entirely comfortable.
- Kernot opposed the "work-for-the-dole" scheme which Labor allowed to pass in the Senate without a vote. She is also highly critical of the ALP's weakness on limiting greenhouse gases, woodchipping, Port Hinchinbrook development, and media ownership.

How can Mrs Kernot toe the ALP 'line', and still retain what shreds of integrity remain? Her best - perhaps her only chance - of changing ALP policy, is to capture the leadership of the party. This she cannot do before the next election. In fact, Cheryl Kernot cannot hope to command a high media profile until the next election without making policy statements which clash with those of the ALP and Mr Beazley. This is clearly not what the ALP have in mind.

A long-term assessment of the Kernot defection to the ALP may result in Kernot's betrayal of the Democrats being seen as more destructive than constructive. Cheryl Kernot will be incapable of shifting the ALP off its centralist course. On the other hand, she may have mortally wounded the Democrats by confirming what many allege; that the Democrats are only Labor in disguise, leaving the Democrats incapable of preventing the abuse of power.

If Kernot's defection is to achieve something constructive, it could be that a weakened Democrats may give way to a new "third force" in politics - a force that *really would* represent a genuine change in policy direction. If a new group emerges, perhaps under the influence of Pauline Hanson, Graeme Campbell and others, there is still a chance that such a group could dominate the Senate, and begin to force the decentralisation of political power.

PENSIONERS TO LOSE THEIR HOMES FOR NURSING CARE: On October 1st, regulations concerning access to nursing homes for the elderly changed, with single people now being required to pay fees of at least \$26,000 if they have assets of more than \$22,500, including their home. Soon after the changes were announced, two elderly people on opposite sides of Australia committed suicide, leaving statements blaming the new regulations.

The stated reason for the new regulations include the principle that the community should not be expected to bear the burden of aged care while assets could be used to assist in this. But the same is not the case for other welfare beneficiaries, like the unemployed. The "user pays" principle has not yet extended this far.

It has been suggested that the low inflation rates have eased the pressure on pensioner, but this is deceptive. The increase in pensions is indexed to the consumer price index, meaning that pensions do not rise at all. One of the main reasons for the small fall in the consumer price index is the fall in interest rates, reducing mortgage burdens. But mortgages don't affect most age pensioners, who are still subject to the other (often hidden) increases in the cost of living.

The gradual fall in the value of pensions and imposts like medical prescriptions and bank charges leave pensioners disillusioned.

Those more closely in touch with grocery prices *know* that small regular rises take place, and by observation, know that grocery bills have increased by about 17% in the last six months, while inflation is said to have been "beaten".

Mr Howard's administration faces an increasingly acute problem with the aged. Either their families will be required to contribute more to the maintenance of the elderly under the "user-pays" principle, or the tax net must be cast wider to finance the facilities required. Under conventional economic wisdom, no other alternative is considered. That many of the aged would be natural constituents of the Liberals, and are likely to vote in a bloc, only intensifies the electoral pressure on Howard.

To suggest that new credits could be used to alleviate hardship for the aged, at the cost of administration, is treated as a form of heresy. But surely it is no more heretical than applying such pressure to our elders that they suicide in order to relieve the anxiety ?

Recommended reading: *"Economic Rationalism: A Disaster for Australia"* by Graham Strachan. New stocks now available: \$12.00, or \$14.00 posted from all League bookservices.

ASIAN TIGERS TRAPPED BY IMF: Increasingly punitive demands by the International Monetary Fund on the South-East Asian economies hit by currency instability threatens to produce increasing political instability as well. The IMF required the Thais to implement a number of measures, including a petrol tax, to qualify for the IMF sponsored salvage job on the Thai currency. Australia contributed US\$1 billion to the salvage effort. But when Thailand refused to implement the unpopular petrol tax, the IMF demanded "urgent talks", calling for an explanation of how the 24 billion budget hole would be filled.

The IMF applied a strict regime of austerity measures on two other Asian economies as well; the Philippines and Indonesia. The measures will cause the same resentment as the austerity measures demanded of Mexico when the IMF propped up the currency in 1992 in the largest ever "bail-out package": \$US17.8 billion. The result was a revolution in one of the Mexican provinces where rural poverty boiled over into violence. The insurrection had to be countered with military action before it threatened the Mexican state.

It is clear that the Asian economies in trouble are the victims of the new 'globalism' sweeping the world. This has been driven by banking policy more than anything else. It is the banks that have applied the pressure for measures such as reductions in current account deficits, reduction in inflation and "restructuring" of finance sectors. The IMF has wielded the stick of financial survival in the global market in order to force nations to comply. But it is banking policy that deprived the Asian nations of their sovereignty, and threatens to deprive Australians of theirs.

