A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"Never in the history of mankind have the opportunities for human advancement been greater, and it is probable that never has mankind been threatened by such overwhelming disaster as at the present time. With a civilisation built upon a fundamentally faulty economic structure, it would seem disaster is inevitable in the absence of any attempt to readjust the economic system to modern requirements. Signs of such a fate for our civilisation are not lacking, and, in the face of so serious a challenge, no individual should fail to accept the grave responsibility which rests upon him in regard to the future.*

"Southampton Chamber of Commerce Report of the Economic Crisis Committee",
14 June, 1933.

THE ASIAN MARKET MELT-DOWN SHAKES AUSTRALIA, by David Thompson.

"Although Asia's crisis has manifested itself in regional foreign exchange markets, it is not really a currency crisis at all. Instead, it is something much more dangerous and difficult to deal with - a banking and political crisis." - Alan Wood, economics editor, ***The Weekend Australian***, October 25th, 1997.

Those who have insisted that the future of Australia lies in "Asia", and that Australia is "a part of Asia" sought to deal Australia "in" to what was formerly one of the fastest-growing economic regions of the world. As a consequence, they have also dealt Australia "in" to an unknown period of economic and financial instability that will damage the interests of ordinary Australians who were never consulted about being "a part of Asia". We note that the high-profile businessmen who were scathing of anyone (like the League, Pauline Hanson, Graeme Campbell, etc,) who questioned the new dogma of being Asian, are now a little subdued.

The question now is how badly will Australia suffer from the Asian "melt-down"? Treasurer Costello attempts to minimise the possible damage to our economy, but the reality could be much different. It is claimed that the south-east Asian economies like Thailand, Malaysia, Indonesia, Philippines, etc., have fundamental weaknesses that make them vulnerable, but that the powerful north-east Asian economies like Japan, South Korea, and even China, are much bigger and more stable. Since most of Australia's Asian trade is with the north-east Asian economies, the impact should be minimal here.

Not so, according to some observers. Back in August, the federal Treasury was warning that weak exports and economic growth in some Asian economies over the last two years were masked by "high growth rates, strong investment and high corporate profits". Treasury has always been aware of Japan's recent sharp economic slide, and the fact that, as Australia's largest single trading partner, this could have a serious economic effect here.

South Korea is Australia's second largest export market, and if the Korean currency also collapses (it was under extreme pressure last week) there is a real risk that the Australian dollar could suffer much more. Westpac's chief manager of foreign exchange, Wayne Raven, said last week that our dollar "was now completely at the mercy of international investors who were lumping the dollar in with the troubled south-east Asian currencies, and ignoring Australia's improving economic fundamentals".

The truth is that Australia, having placed itself at the mercy of the 'global market', must now face the reality of economic rationalism. While Malaysia's Dr Mahathir is undoubtedly correct when he accuses foreigners of colluding to manipulate the value of national currencies, the reality is that "The Market" is not rational at all. In many respects it is wildly irrational, and "market values" often have little relationship with reality.

One observer who foresaw a heavy impact on Australia as a result of the Asian connection is Dr Peter Brain, of the National Institute of Economic and Industry Research. Early in October he warned of impending collapse in Asia. He now expects that the Asia crisis will send Australia into recession, with unemployment moving up to 11%. (***The Weekend Australian***, 25/10/97).

Dr Brain expects Asian economies to suffer negative growth for three years. *"It will affect Australia's major export industries - including all of the agricultural sector, as well as our iron ore, gold, gas and steel industries. The implication for Australia is exports will be lower, the current account deficit will be higher, interest rates higher, growth will be lower and jobs will be lost."* He omitted to mention tourism, which will obviously be seriously affected, as large numbers of Asian tourists have previously visited Australia.

One factor common to all the Asian economies shaken by the present crisis is that all had "floated" their currencies. That is, instead of "pegging" the value of the currency to another, more stable currency like the U.S. dollar, governments have permitted The Market to decide the value of their currencies, and therefore surrendered some sovereign control over their economies.

Readers with longer memories will recall that Australia 'floated' the dollar in 1984, under A.L.P. Treasurer Keating. Keating and then Prime Minister Hawke then turned their attention to what remained to be done to completely "internationalise" the Australian economy. An "expert" on the Asian region, Professor Ross Garnaut, was called in to advise the government, and late in 1989 The Garnaut Report was published. The essence of this advice was that since North-East Asia was the fastest-growing economic region in the world, the future of Australia depended upon interlocking the Australian economy with the Asian "tigers". The report was actually called "Australia and the North-East Asian Ascendancy". Ambitious politicians and starry-eyed businessmen from around Australia insisted that the Garnaut Report should be vigorously followed to the letter. It is largely the attempt to implement this report that has led to where we now stand: at the mercy of The Market.

The League has warned for some years that welding ourselves to "Asia" in an economic sense was a highly risky strategy, and was disastrous in a cultural sense in the longer term. We have noted in the past that the Japanese economy, for example, is a fragile economy in the sense that Japan has few natural resources, except for her people. On top of this, the Japanese debt problems, from when financial credit was rapidly expanded upon a base of highly inflated property values in the 1980s, has led to the necessity of writing off ***35 trillion yen*** (US$400 billion) in the last five years. Other Asian economies also have debt problems.

What has unfolded in Asia, and is spreading elsewhere, is the result of ***deliberate policy***; the policy of centralisation, with banking used as a tool in the service of this policy. Currency chaos is ***the visible effect*** of the deliberate policy. Once Australian sovereignty was submitted to 'market' forces, as it was by Hawke and Keating in the 1980s, we were obliged to suffer the results. In the years to come, the Asian currency melt-down will be used as the reason why an Asia-Pacific Economic Community, with a single common currency, is essential for stability. If we are determined to be "a part of Asia", Australia will be included in this new economic, and ultimately ***political*** grouping.

What are the alternatives for Australia? The realities of culture, and of ***true economics*** (as distinct from finance) must first be observed. Australia is (was) a sovereign nation with a common racial and cultural identity. As an immensely wealthy nation, Australia can produce huge surpluses of production, and could be almost completely self-sufficient in ***economic*** terms. This should be a primary national objective. Foreign trade must be placed in its proper place - the exchange of surplus production for those things which we are unable to produce (or do) here. Such exchanges should primarily focus on our cultural and political kin in an historical sense, since this is where strengths lie in times of crisis.

If unorthodox financial arrangements are necessary to achieve the above, then they should be used. Finance must be ***made to serve*** the interests of the nation, not enslave it. The Asian banking crisis has demonstrated that Australia is seriously vulnerable to The Market while ever the policy of centralisation is pursued.

MR HOWARD AND THE CHOGM CIRCUS: Some third world nations and green groups are scathing about Prime Minister Howard's diplomatic victory at the Commonwealth Heads of Government Meeting (CHOGM) in Scotland last week. Mr Howard managed to convince other leaders that no specific targets for restricting "greenhouse gases" should be set as yet, pointing out that emission controls would be funded out of taxes. But Australians should begin to brace themselves for measures in the next budget to finance the reduction of greenhouse gases.

As yet, the evidence for global warming being a direct result of mankind's industrial activity is far from compelling. But it is the ideal excuse to further centralise political power. While the West is accused of ignoring the interests of the third world, it should be noted that third-world economies contribute heavily to the production of carbon dioxide.

Researchers have revealed that the Indonesian bushfires have set alight peat bogs that could release more carbon dioxide than all the power stations and cars in western Europe emit in a year. If the fires only burn for six months, they will produce a billion tonnes of carbon, while Western Europe produces less than 900 million tonnes per year.

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MANDELA'S OFFER: Mr Howard also rejected an extraordinary offer by President Mandela for South Africa to assist in negotiating a settlement in Australia's Native Title/Wik conflict with aborigines. Coming from a former terrorist with a revolutionary background, this helps to clarify the issue of the demands being made by some 'aboriginal' groups. It is obvious that Mandela sees an opportunity to "assist" Australia towards a similar situation as that in South Africa. In view of the fact that South Africa's warring tribal groups regularly chop each other up, and that the crime rate has exploded since majority rule, perhaps Mr Mandela could use some assistance?

DAVID IRVING CONFRONTS HOWARD: At a meeting in London on his way to the CHOGM conference in Scotland, Mr Howard was surprised to discover himself confronted by British historian David Irving in the audience. Irving asked Howard, with whom he is engaged in legal action for defamation, whether Australia was suppressing free speech by refusing hiM a visa.

Howard's evasive reply was, nevertheless, instructive: "The reasons relate to, in part, as you know, some of the views expressed on matters which we believe if propagated in Australia would not be in the Australian national interest". Does Mr Howard now concede that Irving was banned because some Australians might not like what he might say? That is, on a matter of freedom of speech? Some newspapers, including Melbourne's ***Herald Sun*** (27/10/97) are highly critical of Mr Howard's position. Irving continues to demonstrate that he has not gone away.

TELSTRA SHARE FLOAT: The massive operation to offer one third of Telstra to the Australian public and institutional investors has been enthusiastically embraced by "The Market", even before the float takes place. Some, however, raise moral issues about the federal Telstra fund-raiser. For example, how can the Commonwealth Government sell off something that does not belong to it? Was not Telstra once Telecom, which was once a part of the old Post Master General's Department (P.M.G.)? Was this huge institution not built with (generous) tax-payer's funds, and could it not be regarded as ***already*** belonging to Australian tax-payers? Why should tax-payers be invited to pay for shares of one-third of an institution of which tax-payers ***already own 100%?*** Perhaps such questions should be directed to Treasurer Costello, or Prime Minister Howard. Perhaps Mr Howard and Mr Costello intend to do the right thing, and pay the expected $14 billion Telstra windfall to all Australians, rather than squander it on projects deemed politically correct by noisy pressure groups, in order to buy votes? Can we expect a cheque in the mail each?

IRELAND'S PRESIDENTIAL ELECTION: Monarchists should note that one of the republics touted as a model for a future Australian republic, Ireland, is presently enduring a campaign to elect the next president. As a symbolic presidency, with little real political power (but considerable influence) Ireland's president is often held up as a unifying factor to Australians. But the present campaign is turning a little nasty, with allegations that one of the candidates ***representing a major political party*** might have closer links with the I.R.A. than previously revealed. Not even the Irish president can be a unifying influence if he/she has to be elected. And the fact that the high-profile candidates are standing on party platforms should send a message to Australians. An elected president cannot be above the party political power game.

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