A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"The future brings us nothing, giving nothing; we who in order to build it have to give everything, our very life. But to be able to give one has to possess; and we possess no other life, no other living sap, other than all that stored up from the past and digested, assimilated and created afresh by us. Of all the human soul's needs, none is more vital."*

Simmon Weil in ***The Need for Roots***

CAN WE BANK ON THE BANKS? by Eric D. Butler:

As more information comes to hand concerning what has happened in Indonesia, the destructive role of the International Monetary Fund becomes clearer. The IMF is clearly a law unto itself, although there are some encouraging signs that some American Congressmen are starting to challenge the policies and activities of the international organisation. A product of the Bretton Woods agreement during the latter part of the Second World War, the purpose of the IMF was allegedly for the purpose of providing countries with bridging finance to cover temporary balance of payments crisises. Even some advocates of credit reforms felt that there was nothing sinister about what was proposed, it appeared to be a commonsense proposal which would enable the international banking system to operate more smoothly. Similar arguments were used during the Great Depression to establish the Bank of International Settlements in Switzerland. The Bank of International Settlements was the first attempt to establish a type of world central banking system. The Bank of International Settlements continued to operate right throughout the Second World War, operated by representives of both the Western Allies and Germany and its Allies.

What has been described as the "strengthening of the banking system" required a crisis. No objective student of economics disputes that the Great Depression of the 'thirties was triggered by the action of the Wall Street international banks in imposing a restrictive credit policy. Several courageous American Congressmen bluntly charged that the International Banks had deliberately created a world-wide crisis in order to pave the way for a world tyranny.

Australians soon felt the lash of the Wall Street debt merchants and their agents like the Bank of England. In 1930, the head of the Commonwealth Bank, which at the time acted as a Reserve Bank, issued an ultimatum to the Scullin Labor Government, which in desperation was heading the rather radical views of "Red Ted" Theodore, a Treasurer who was advocating an expansion of the money supply to deal with the Depression. Sir Robert Gibson, Chairman of the Commonwealth Bank, said that the bank strongly disapproved of what was being advocated. Sir Robert was supported by a visitor from the United Kingdom, Sir Otto Niemeyer, representing the Bank of England. Sir Otto's travelling companion, Professor Guggenheimer Gregory of the Fabian Socialist London School of Economics, strongly endorsed what Sir Otto was saying. "Australians had lived beyond their means and policies of restraint had to be implemented." Thus was born what was known as "The Premiers' Plan". All State Governments agreed, except the NSW Government headed by Premier Jack Lang. Lang said that if sacrifices were necessary, then the lead should be given by the the debt merchants in London. Jack Lang was demonised and eventually destroyed by an organised run on the NSW Savings Banks, which Lang was using to try to offset the depression conditions.

History is repeating itself. The IMF and its representatives arrived in Indonesia to give instructions as to what was required by the International Debt Merchants. Upon arriving in Indonesia, IMF Director Condesssus recommended that the weakest of the trading banks close their doors. Those who understand how the banking system operates, were not surprised when the IMF instruction resulted in a run on the banks and a fall in the value of the rupiah, which the IMF recommendations were allegedly designed to overcome. Along with the demand that consumer subsidies on basic items in the economy should be removed, the IMF set in motion a revolutionary movement which eventually swept Suharto from office. The new regime has been told that, in essence, if they wish to survive, and regain the confidence of the International Debt Merchants, they must "reform" their economy, including the banking system. That's what the Australian people were told during the Great Depression. The "strengthening" of the banking system required the establishment of a "strong" central bank, linked to the Bank of International Settlements in Switzerland.

When Sir Robert Menzies came to office in 1949, primarily bcause of the follies of Labor leader Chifley, one of the worst being the abolition of consumer subsidies, he retained as his chief economic adviser Dr. H.C. Coombs, a Fabian from way back. Coombs and his fellow planners showed the Menzies Government how they could tame the banks without trying to nationalise them. Which now brings Australia to a situation similar to that of the Great Depression years. And the solution is to start liquidating debt by selling off basic community assets like power and water supplies. The same type of "medicine" is being pressed upon the "Asian tigers", reducing them to being little more than tame pussy cats. The Grand Design is to centralise control of the basic resources of the world in order to establish the much publicised New World Order. The IMF is playing a key role in this. But, as the old saying goes, "Can you bank on the banks". And the short answer is NO. What is happening in Indonesia and other parts of Asia may be the trigger for a revolt against the International Debt Merchants. Australia could lead the way. But a different breed of politicians is required.

HANSON AND THE QUEENSLAND ELECTION by David Thompson.

To describe the Queensland election as a turning-point for Australian politics is something of an under-statement. Only a month ago the political gurus were pronouncing Hanson politically dead, pointing to opinion polling that rated One Nation at about 4%. What was routinely ignored was the same opinion polling showing up to 45% of those polled being "undecided" about how they would vote. What appears to have happened in Queensland is that the "undecided" have now "decided" - and many of them have decided for One Nation. Thus the big-party fear of a voting boil-over.

In order to shore up the big-party vote, the who's who of Liberal Party leaders (and even ex-leaders) have now been wheeled out to condemn Pauline Hanson and One Nation. Prime Minister Howard is quoted as saying that a vote for One Nation is against the national interest, and that discontented electors voting against the mainstream parties "might get burned by the myth" that One Nation has easy solutions. The instinctive, grass-roots response is to compare available One Nation policies favourably against recent government policies on the test of "national interest".

Jeff Kennett has also intervened, imploring Queenslanders not to support Hanson, arguing that her views are "a risk to our democracy and harmony". He claims to be disturbed that the views of One Nation were the views of an increasing number of Australians. This election has shown that Kennett's reservations are more than just a "perception". The reality is that the major parties are "on the nose" because they refuse to ***represent the views*** of their constituency, and insist on trying to mould us in their own ideological image.

But to wheel out former Prime Minister Malcolm Fraser to condemn Hanson and One Nation is more likely to win votes for One Nation than otherwise. In an arrogant and self-righteous statement, Fraser appealed to Queensland voters to take no notice of Coalition preference directions, and put One Nation last. "On one issue alone One Nation stands condemned: its policies are anti-Asian, anti-Aboriginal and anti-Semitic. Its policies are racist," said Fraser.

Mr. Borbidge moved quickly to distance himself from Fraser, describing him as "long-defeated". It is a measure of the man that he fails to recognise that such humbug from him is one of the reasons that Australians reject the major parties.

The one factor that the opinion polls routinely fail to measure is that of the impact of Graeme Campbell's Australia First. From observation, the Australia First campaign appears to be at least as professional as any of the parties, but is the victim of a ***complete media black-out.***

When Campbell went to Queensland last week, his press conference was well attended, but press reports the following day omitted Campbell completely. The only chink in the media black-out so far was a significant report that appeared in Sunday's Queensland edition of ***The Sun-Herald***. This short report indicated astonishment that One Nation could be defeated in its 'heartland' - Barambah, by Australia First.

The report quotes the views of Queensland Australia First director, Don Pinwill, as saying that his Barambah candidate, Mr. Rod Morgan, "could win with as little as 25% of the primary vote", putting him ahead of Labor, which normally scored about 23%. One Nation candidate Dorothy Pratt would need 40% of the primary vote to have a chance of winning, and would then need to rely on 'leaked' preferences. This seat is regarded as crucial to One Nation, as it overlaps the Federal seat of Blair, which Pauline Hanson has declared she will contest.

Although One Nation is the centre of press attention in Queensland, Australia First is certainly a factor, and the mathematics suggest that Australia First is just as likely to win seats in Queensland as One Nation.

PHASE TWO OF FINANCIAL GLOBAL RE-ARRANGEMENTS by Jeremy Lee, author of the best-selling ***What Will We Tell Our Children?***

*"Japan's recession forced almost a million people out of work in April, triggering its highest unemployment in the postwar period and signalling new depths for the Asian crisis....." (**Financial Review**,* Weekend Edition, May 30th-31st, 1998).

With thirty-three thousand workers displaced every 24 hours throughout April in Japan, the pressure on Asian economies is being geared up to new levels of intensity.

Those who believe the simplified line that ex-President Suharto was responsible for the Indonesian crisis have succumbed to a transparent form of propaganda which explains world events by finding scapegoats to cover for bigger programmes. Bogey-men are useful covers. They can be used for hate-campaigns which in turn hide deeper and more devious programmes. Such was the case with Saddam Hussein. Suharto is the latest victim. Mainstream Australian media have reported events in such a way as to suggest that Suharto alone was to blame, and that his removal would solve the crisis. No attempt was made to list his successes alongside his failures. American economic guru Jeffrey Sachs has pointed out that, during the 30 years of Suharto rule, Indonesia's poverty rate fell from 80 percent to about 20 percent. Over the same period, Australia's poverty levels have increased, with the latest report showing one third of the nation living in poverty.

Those who should be on trial are those IMF officials who insisted that subsidies on fuel and basic food items in Indonesia be removed as the price for debt relief. It was the resulting price rises which triggered the riots in Djakarta. Suharto's last act before stepping down was to restore the subsidies. The IMF extended its withholding of debt relief as a result.

There will be no IMF relief until every Asian government is on its knees, surrendering control of its economy, and laying out the red carpet for the entry of the multinationals to take over local industries.

It is clear that major planning has gone into preparing for future mergers and takeovers throughout Asia. On April 14th ***The Financial Review*** reported that one of the biggest investment banks in the world, Goldman Sachs, was gearing up its Australian facilities under its Australian Managing Director Malcolm Turnbull (he of republican fame). Prime Minister Howard has made it clear he welcomes the idea of Australia becoming the fianancial centre for the Asia-Pacific region. Goldman Sachs is taking him at his word: *"..... Goldman Sachs' Australian target is to generate the same share of business as it enjoys in other markets. In 1997 Goldman Sachs topped the international league table in mergers and acquisitions .... Goldman Sachs' Australian upgrade coincides but is not dependent upon Prime Ministerr John Howard's Asian fiancial centre ambitions for Australia. Privately, Goldman Sachs executives believe the financial centre aim is achieveable, but Australia needs to garner more Fortune 500 companies (it has 16 now), and create a friendlier foreign investment climate...." (**AFR**,* 14/4/98).

No wonder Treasurer Costello, PM Howard and Deputy Tim Fischer are so keen on the Multilateral Agreement on Investments (MAI)! Those who think this programme has gone away should be warned.

The Indonesian crisis has not disappeared with Suharto's demise. Now the "big-guns" (Japan and China) face a crisis as potentially grim as Indonesia's. More and more commentators are suggesting the crisis could well cross the threshhold of the Wall Street Stock Exchange in the very near future. Such a possibility, on top of events in Asia and the chaotic situation in Russia (current interest rates are 150%) makes the seven months between now and the end of 1998 very uncertain indeed.

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