A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"Over the period more money has actually left the developing nations than has flowed in! Susan George has calculated that during the period 1982-1990 the difference between inflows (aid, trade credits and investment) and outflows (repayments) was an astronomical $US418 billion in favour of the rich! That is equivalent to six Marshall Plans (the unprecedented aid offered by the US to Europe after World War II) . . . As commentators from all angles have recognised, the poorest indebted nations have no realistic chance of repaying their mounting debts, so some form of radical policy is required to get them out of the economic impasse that counts its cost in human lives."*

– Trevor Thomas, ***Jubilee 2000***, TEAR NSW

GLOBALISTS CALL THE TUNE by David Thompson:

Despite the defiance of Malaysian Prime Minister Mahathir at the APEC conference this month, the global grip of the economic rationalists remains as tight as ever. The effects are to be felt as much in Australia as elsewhere, as the dominant political forces in government and opposition remain committed to the global agenda.

This was again demonstrated last week, with the annual International Monetary Fund report on Australia endorsing the Government's economic and financial policies. Treasurer Costello proudly revealed that the IMF has enthusiastically supported the Government in its determination to resist any watering down of the proposals for "tax reform". In particular, the IMF strongly supported the introduction of the GST, and urged the Government not to exempt food from the GST net.

In keeping with its global agenda, the IMF also called for new **curbs on unemployment benefits and welfare**. Mr. Costello was not as enthusiastic about the latter, which would provide the basis for a serious political backlash, as it has in other parts of the world. But although Mr. Costello and his colleagues resist the suggestion that welfare should be cut back, Australia is being prepared for the same sort of treatement as that which produced riots in Indonesia and other parts of Asia earlier in the year.

The IMF recipe for "economic reconstruction" in troubled Asian economies has produced deepening disasters due to policies of the elimination of food subsidies, cutting public spending, raising the cost of public services, privatising State-owned infrastructure and laying off government workers. Despite the social disasters such policies produce, the IMF remains unrepentant. At last month's annual IMF meeting, managing director Michel Camdessus was asked whether he regretted anything the organisation had done during the financial crisis, to which he replied, *"I have repented of my personal sins ... **but not much**."*

The rigid economic rationalist approach is well illustrated in Central America, where the man-made economic disaster is almost matched by the natural disaster of Hurricane Mitch. The hurricane has wrecked much of Nicaragua, Honduras, Guatemala and El Salvador, with over 4,000 people dead, 7,000 missing and about 800,000 made homeless. But the IMF remains implacable: **the debts must be paid**, despite the social chaos caused by the hurricane.

It is hard to be sure whether the hurricane or the IMF caused more economic wreckage in these economies, and the reality is that the debt repayments are, at least temporarily, impossible. A number of Western nations are setting up a trust fund in the wake of the hurricane, but the purpose of the "humanitarian aid" is **not to feed and clothe starving and homeless people, but to make the debt payments** to the global bankers!

Even ***The Times*** of London, mouthpiece of the financial world in The City, finds this a heartless situation. Janet Bush called for something better: *"Hurricane Mitch was an opportunity for humanity and boldness, a terrible shock that would force a quantum leap in thinking on debt and development. All the debts of the four Central American economies most affected **should immediately be cancelled** . . . . ."*

But they have not been cancelled. The whip of the economic rationalists, in the hands of the globalists, is being applied in Central America, irrespective of the depth of the tragedy. The IMF remains implacable. Should Australians expect any mercy when our time of extremis is upon us? This is the face of global government.

It is increasingly clear that the choices facing us are either a return to national sovereignty, or a complete surrender to Global Government. This is now being openly discussed by the intelligentsia. Padraic McGuinnes, writing on Page 1 of ***The Sydney Morning Herald*** (1/9/98) summed it up when he claimed that policies like economic nationalism, currency exchange controls, protectionism, etc., *"are simplistic remedies likely to make things worse . . . in the longer term, currency guru George Soros is probably right – a global economy needs a global central bank and a global framework of fiscal discipline. In a word, **world government**. The national governments still have too much power to deviate from central monetary and fiscal policy guidelines."*

The Treasurer for the World Government has issued his orders for Central America, and his local representative in Australia, Mr. Costello, is quite clear about his orders for Australia: **no exemptions from the GST!**

FIXING THE BLAME FOR ASIA by Jeremy Lee:

A growing number of economists are laying the blame for the Asian crisis on the IMF and US Treasury officials. Latest to do so is Jagdish Bhagwati, Professor of Economics at Columbia University in New York. His analysis appeared in ***The Australian Financial Review*** (19/11/98). He said:

"..... First, led by the United States Treasury, which is headed by Secretary Rubin, who comes from

Goldman Sachs, the IMF, which is closely reflective of US views and Wall Street, pushed aggressively for free capital mobility around the world. I have christened this group the Wall Street-Treasury Complex to indicate how these ... men go back and forth between Wall Street and the Washington institutions led by US Treasury but embracing the State Department, Commerce Department, the IMF and the World Bank, forming a networking 'power elite' ..."

Professor Bhagwati pointed out how the expanding Asian "tiger" was swamped with short-term capital flows, setting it up for disaster as this money scrambled for the door at the first sign of crisis:

"..... This set up these economies for a gigantic financial and economic crisis resulting from a panic-driven outflow of funds. And these capital inflows indeed turned into a dramatic reverse outflow in 1997, amounting in a year to a net draining of resources estimated at over 10 percent of the combined GNP of the afflicted Asian economies ..... Compounding the gigantic impact of these panic-driven outflows was the response of the IMF, fully supported by the United States, which turned out to be excessively deflationary. The IMF was simply wrong, wicked in outcome but not in intention.

"Third, the United States shot down the November 1998 Sakakibara Plan to provide up to $100 billion worth of funds for assisting Asian nations. The explanation can only be in terms of US rivalry with Japan for hegemonic reasons. The US wanted the IMF, which is under its influence, to remain the sole actor in the crisis ..... Any objective analysis of the Asian crisis therefore underlines how the United States created and deepened the Asian crisis with its enormous economic and social costs. It is therefore ironic that the Clinton administration never tires of pointing the finger at Japan's failure to revive its economy as a major cause of the crisis ....."

It was the same interests in this "power-elite" who were behind the Multilateral Agreement on Investments – designed to ensure their investment funds could go wherever and whenever they wanted, no matter what the effect on national economies.

MULTINATIONALS KEEP EXPANDING: The global economic crisis has done nothing to halt the growing stranglehold of multinational corporations. ***The AFR*** (12/11/98) reported:

"..... The United Nations Conference on trade and Development has forecast that even though the economic crisis in Asia and Russia has thrown nearly a quarter of the world's economies into recession or worse, multinational companies have not slowed the pace of their overseas growth. UNCTAD expects a 10 percent gain in foreign direct investment to between $430 billion and $440 billion this year ....."

On November 19th ***The AFR*** reported:

"..... US investors have poured an estimated $10 billion ($A16 billion) into Asian property over the past year ..... Americans ... have been digging through the rubble of the Asian financial crisis that began last year and finding hotels, golf courses, office buildings and condominiums going for fire-sale prices ..... Among the big US buyers are Bankers Trust New York Co., Goldman Sachs & Co., Morgan Stanley Dean Witter & Co., Merrill Lynch & Co., and a slew of others ....."

INFLATION DECEASED: According to the global "experts", inflation no longer exists. Under the heading INFLATION IS DEAD: PRIME THE PUMPS, ***The AFR*** (19/11/98) declared:

"The world's two main economic powers are taking extraordinarily aggressive action to flood the global economy with money, trying to hold global deflation at bay. The question is, is it enough? ..... When the world's major creditor nation (i.e. Japan – ed.) *loses its status as rolled-gold triple A, then the entire international system is sitting on a more dangerous foundation ....."*

What in effect is happening is a burning desire by global policy-makers for the world to borrow more from the banks. When inflation needs curbing, banks restrict lending. This produces recession, bankruptcies, fire-sales, surpluses (which are not really surpluses, because the customers who need the products have no money to buy) and breakdown. This can be turned round, so the theory goes, by taking restrictions off lending, with the hope that enough will borrow the economy back into an inflationary cycle. This is known as "boom-or-bust".

The lenders – the banks – simply create new money when needed, and charge it up as future debt repayments.

The obvious solution is to increase the money-supply **without debt**, when required, thus breaking the "boom-bust" cycle. But the banks, and the servile politicians who dare not challenge them, will try any remedy save this one. For it would break forever their monopoly on money-creation and control-by-debt.

But what do you do when citizens won't borrow, as in Japan? Or when you cut interest-rates three times in seven weeks, as Federal Reserve chief Alan Greenspan has just done in the US, and it is still not enough? Those who control the world's money system are running out of options.

AFRICAN DICTATOR WRECKS FOOD PRODUCTIVE SYSTEM: On Wednesday, November 20th, Zimbabwe's President Robert Mugabe issued orders for the Government seizure of 842 white-owned farms, covering 2.2 million hectares. Notices were sent to the farmers, who were told their properties became Government property the moment they received notification. A London *Times* article, syndicated by ***The Australian*** (20/11/98), said:

"..... The decision has been taken by a Government that is being bankrupted by a war in the Congo and which has more than enough land for its plan to resettle black peasants. It contradicts every assurance given by Mr. Mugabe to farmers and western governments, that his land redistribution programme would be fair and transparent. It is seen as the most bizarre of a series of reckless decisions by Mr. Mugabe in the past year. The confiscation orders began arriving as Zimbabwe was paralysed by a one-day national strike – the second in eight days called by the labour movement, to press demands for a 20 percent across-the-board wage hike, a cut in last month's 70 percent fuel price increase and talks on economic reforms. ..... It ..... is expected to inflict severe damage on the economy and on the currency, which has fallen 85 percent in the last year ....."

Before Mugabe came to power the country – then called Rhodesia – underwent world economic sanctions and 12 years of guerilla warfare against communist-backed terrorists. At the end of that period, all members of the population were adequately fed, and Rhodesia had no foreign debt. It has gone downhill every year since then.

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