



A WEEKLY COMMENTARY

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"In its primary spiritual sense, liberty is the god in man, or, if you like the word, the artist. In its secondary political sense liberty is the living influence of the citizen of the State in the direction of moulding or deflecting it. Men are the only creatures that evidently possess it. On the one hand the eagle has no liberty; he only has loneliness. On the other hand, ants, bees and beavers exhibit the highest miracle of the State influencing the citizen, but no perceptible trace of the citizen influencing the State."*

G.K. Chesterton

POWER WITHOUT RESPONSIBILITY by David Thompson.

Social disease in Australia appears to have developed to the point where we *now expect* our politicians to be involved in some form of corruption. It appears to require effort to generate public indignation when another politician is accused of rorting his parliamentary allowances.

It is certainly clear that the art of politics holds no comparison in the public consciousness with the ideals of sport. The suggestion that there has been corruption involved with decisions on where Olympic and Commonwealth Games meetings might be held is met with horror and outrage.

The best available symbol of the corrupting nature of power in both sport and politics is the fact that in Sydney the Olympic "mayor" is former Senator Graeme Richardson. It was Richardson who produced the autobiography which summed up his approach to political power: "whatever it takes". This attitude has obviously been carried over into the efforts made to secure the Olympic Games for Sydney in the year 2000. It has been amply confirmed by the appalling admission by Australian Olympic Committee chairman John Coates, who virtually admitted that the votes of some members of the international committee had been "bought". "We didn't win it on the beauty of the city and the sporting facilities we had to offer," he said in a rather surly press exchange. It is clear from Coates' attitude that he thought everyone understood that some form of 'incentives' had been offered IOC delegates, and that a 'blind eye' would be turned. That is, the end justifies the means, or, in Richardson parlance, "whatever it takes"!

The example of the Olympic decision-making process simply confirms Lord Acton's dictum that "power tends to corrupt, and absolute power corrupts absolutely". The field in which power is wielded is secondary to the nature of power itself. Whether wielded in politics – national or local –

sport or the school tuck-shop committee, *power tends to corrupt*. The only answer to this law of life is to organise the affairs of man to minimise the power in single hands, thus minimising the corruption.

In the case of the Olympic committee and the Sydney bid, the only answer is to open up the books, and force those who spent taxpayers' money to account for it. Power without responsibility inevitably produces corruption.

The question of making politicians accountable has exercised the minds of constituents in representative democracies throughout time. Election promises are cheap, and we now almost expect them to be "pie-crust" promises – broken as a matter of course. The South Australian (Liberal) Government is still searching for a way of justifying breaking Mr John Olsen's election campaign promise not to sell the State's electricity assets.

Having been elected on a "no sale" platform, Mr Olsen is now attempting to push legislation through the Parliament to sell the power system! The resentment is mounting, particularly since it is generally conceded that if the power system is sold, it will become foreign-owned. South Australians are fully aware that the Victorian Coalition Government has now nearly hocked off everything saleable. Last week part of the gas system was (hastily) sold off to an American company, and the final bids were also received for V-Line, the State's rail-freight business.

Both the Victorian and South Australian Governments claim that the proceeds from the sale of the assets would go to retiring state debt. It is clear that this amounts to a new form of "debt-for-equity swap". The debt might be reduced, but so is Australian ownership of our essential utilities.

Perhaps we have something to learn from the Chinese when it comes to accountability. In order to ensure public confidence that the Chinese airline has beaten the 'millennium bug', all airline executives will be required to be on flights at midnight on December 31st, 1999. British Airways have followed the Chinese lead. If only a similar method of accountability could be applied to politicians!

TRADE WARS HOTTING UP by Jeremy Lee:

The United States has vigorously pushed the global free-trade agenda when it suited. Nations round the world have been lectured, hectored and bullied by the likes of former Trade spokesman Mickey Kantor, and current Trade Representative Charlene Barshevsy. The argument works wondrously well when it's a case of prying open doors for US exports. But the boot's on the other foot when free trade products arrive in America. Latest figures show the US having a trade deficit with Asia of \$US153 billion. US exports to the Pacific fell by \$30 billion during the year.

Now Charlene Barshevsy is outraged by the fact that cheap Japanese steel is arriving in the US. Either Japan must stop this, or the US will impose trade sanctions. So much for "global free trade and the elimination of all protective barriers" so often espoused by President Clinton. If only Australian leaders would put their home industries first!

A FAIR COW? OR AN UNFAIR PIG? A protracted campaign has been waged against enormous odds by Australian pork producers against the import of pork from Canada and Denmark. They have a strong case. Pork producers in Australia have declined in numbers from 45,000 to 3,000 in the last decade. "That's free trade," said leader like Tim Fischer. "In the long run it's the way to go."

Finally, the Productivity Commission, to the Government's shock, produced a report that there was a case for tariff protection for Australia's pork producers. The Government's response? No protection – that would never do. Instead, as *The Weekend Financial Review* (23-24/1/99) reported:

"The pork industry will receive a \$6 million funding package to encourage struggling producers to leave the sector, the Federal Government announced on Friday . . ."

Those whom the gods wish to destroy

HELPING THE DESTITUTE: The Prime Minister of Thailand, Mr. Chuan Leekpai, told a World Bank Conference in Bangkok last week a few home truths:

"... It has become increasingly apparent that the social problems facing crisis-hit countries are too big for one country to address alone due to the scale and gravity of the issue," said Mr. Chuan. International bodies have been too busy setting fiscal policy to take into account social issues such as unemployment, mounting suicides and the growing number of school drop-outs throughout Asia in the wake of the meltdown. A report released by the World Bank shows that there are now more than 23 million jobless in Thailand, South Korea and Indonesia – the countries worst hit by Asia's slowdown . . ." (*The Australian Financial Review*, 25/1/99).

WHO RUNS AUSTRALIA'S FINANCIAL SYSTEM? Last year we quoted a number of statements by Australian Tax Office officials that the multinationals were not paying their fair share of tax. Now comes news of the most incredible situation. *The Australian*, under Freedom of Information legislation, has obtained a "heavily edited" report by the Australian Taxation Office which has yet to be officially released. *The Australian* (27/1/99) claimed that Big Business, or "the top end of town", had successfully gained control of the tax system from the Government and the Australian Taxation Office, thereby creating a situation where payments on deals worth billions of dollars could be evaded. *The Australian* quoted the report as saying:

"The outcome is a system that now allows itself to be controlled by the financiers, the corporates and their advisory planning network, rather than by the Government and the ATO. That could be 'OK' if we were satisfied with the revenue and equitable outcomes it produces, and confident of the future – but that is not the case. There are enough examples of corporates taking an aggressive and untenable line that does little for current or future confidence in the system. That is the real world of today's self-assessment, where the power is with the corporates and the external network, not the statute or its administration – a situation that needs to be reviewed if not reversed. . . . In today's environment, large companies can enter into multi-million/billion dollar transactions or arrangements, and take an aggressive or simply corporate-based tax position that will be unknown to us, unless we conduct an audit – which is unlikely – or, if we do, if we can then recognise the arrangement for what it is. If we make an adjustment, or issue an assessment, penalties are unlikely. If we change the law, it will be prospective. So the corporate has lost nothing for its approach"

Ordinary, middle and lower income Australian families, faced with the gamut of requirements for their tax payments, are increasingly angry with politicians who, if they know what is going on, have failed to do anything about it. It confirms the point made long ago by C.H. Douglas, that there is only one real government – the Money power.

BUREAUCRATIC PRECAUTIONS: The publicity surrounding the Millennium Bug Y2K is increasing daily, with claims and counterclaims about the implications. Police leave in Victoria over the period at the end of 1999 has been completely cancelled well in advance.

Some are predicting no more than severe social disruption, others a much more drastic social collapse. The truth is that no-one really knows. It is clear, however, that many companies and corporations have left it far too late to be certain they have eliminated potential faults in their systems.

Canberra bureaucrats are taking no chances. *The Australian* (29/1/99) said:

"Two weeks salary, a month's social security payments and five days supply of food, fuel and medicines should be set aside in case of failures caused by the millennium bug, says a guide to parliamentary staff issued yesterday.

"As part of the planning on Capital Hill for dealing with computer chaos when 2000 ticks over, the Department of the Senate yesterday issued its guide for survival. Under the head of 'the millennium bug and you' the guide offers suggestions for up to 4,000 people who work in the building . . ."

While, obviously, we hope our fellow Australians in the Department of the Senate survive with the rest of us, we couldn't help wondering what 4,000 public servants do in this department. After all, that's over 50 bureaucrats for every Senator!

SEA OF DEBT: We gave details last year of what must be the biggest "money-printing" exercise of all time – the attempt to recapitalise Japan's stricken banks and persuade citizens to start spending again. Something in the region of \$A800 billion was being pumped into the Japanese economy – some of it actually in the form of cash handouts to consumers.

All of it debt-money, of course. No thought of writing off debt. The following brief appeared in *The Australian* (29/1/99):

"Japan's huge public debt will soon surge to an unprecedented level as Tokyo props up its banks and insurers, an official at US ratings agency Moodys has warned. By March Japan's public sector debt will be worth 110 percent of gross domestic product and will soon reach 140 percent."

POPE JOHN PAUL II SPEAKS OUT: The Pope's mission for the Roman Catholic Church for the Americas, announce on January 23rd before the papal visit, contained the following remarks:

". . . . If globalisation is ruled merely by the laws of the market applied to suit the powerful, the consequence cannot but be negative. The consequences are, for example, the absolutising of the economy, unemployment, the reduction and deterioration of public services, the destruction of the environment and natural resources, the growing distance between rich and poor, unfair competition which puts the poor nations in a situation of ever-increasing inferiority And what should we say about the cultural globalisation produced by the power of the media? Everywhere the media impose new scales of values which are often arbitrary and basically materialistic, in the face of which it is difficult to maintain a lively commitment to the values of the Gospel.

"Another negative aspect of globalisation is massive external debt. Among the causes which have helped to create this debt are high interest rates, caused by speculative financial policies. But among other causes are the irresponsibility of people in government who, in incurring debt, have given too little thought to the real possibility to repaying it"

Thinking people of all denominations and faiths would have to agree.