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 IMF should be wound up, and the sooner the better. All the big words used by those who would reform it, words like transparency, enhanced supervision, better monitoring and greater sensitivity are simply words. You can paint the leopard's spots, but you won't change the nature of the beast. Its voracious appetite cannot be contained so it must go."*

Paul Hellyer, former Deputy Prime Minister of Canada

DESERTING EDEN by Jeremy Lee:

As we come to mid-1999 it is probably appropriate to review just where we are in Australia.

According to the political pundits, things couldn't be better. Inflation is low, consumer spending is high, unemployment though high is falling, we've escaped the Asian meltdown, foreign investment continues to pour into Australia, we are about to have major tax reform, etc., etc.

A satisfied Treasurer and a confident Prime Minister are enraptured by their performance. One or two worrying signs still exist - the Current Account Deficit and the ever-increasing foreign debt - but Australia will take these in her stride.

With tax reform under its belt, the Government will shift attention to its third 'mover-and-shaker', Peter Reith, who will engineer the next wave - Industrial Reform.

Completely locked out of this scenario is the fear, trepidation and loss of hope for hundreds of thousands of Australians; not just those facing financial hardship, but also those concerned about Australia's constitutional sovereignty, its economic equity in its own productive system and its long-term future.

A full-page advertisement has appeared in *The Australian Financial Review* (3/7/99) under the signature of Allan Klepfisz, **CEO, Advantage Australia**, in answer to Dick Smith's call for an "Australian-made" food company, mentioned in last week's ***On Target***. You couldn't get a bigger contrast in thinking. Among Klepfisz's remarks were: *"....If it's Australian-made food, it's made here - irrespective of who owns the company. The companies employ people* ***here*** *...*

"The ownership of a company does not determine its value to our economy .... the issue is - and should be - so simple: if it's Australian made it employs more people than if it was imported ..."

This is now common thinking at the top end of town. Australian-owned is an old-fashioned, outmoded concept. So long as we are competitive enough for multinationals to prefer employing Australians to workers in other countries, that's the only real concern.

This has been brought to a head with the news that the US-owned company Heinz Wattie is closing its fish cannery at the NSW South Coast town of Eden and relocating to Thailand. It's another paragraph in the long story of the foreign takeover of Australian industries, and their relocation overseas to capture cheap-wage workers. As we reported last week, on top of the Current Account Deficit, we have an additional $1.6-$1.8 billion leaving Australia each 30 days in the form of interest and dividend outflows.

Taking the $1.8 billion figure, that's $100 per month per Australian man, woman and child - $400 per month for the average mum, dad and two kids.

<u>WHAT'S HAPPENING IN THAILAND?</u> In August 1997 Thailand was the first Asian nation to melt down. It was within a fortnight of complete bankruptcy.

Now, 23 months later, it is emerging as the main engineering country in Asia outside Japan. Every major Japanese and American car manufacturer - plus many Europeans - are now manufacturing in Thailand. General Motors has just opened a $US500 million car plant, which by next year will be turning out 40,000 units. Ford and Mazda are building their own $US500 million plant right next door, which will be turning out 55,000 units. Mercedes is already established in Thailand, as is Volkswagen, Volvo and Citroen. Renault and Jaguar are interested.

The main attraction? In the words of Mr. Toshihide Saeki, President of the Ford-Mazda AutoAlliance in Thailand *"...the cheap, hard-working Thai worker ..."* (***Australian Financial Review***, 5/7/99)

According to Mr. Klepfisz's thinking, what matter who owns Thailand's industries, so long as "cheap, hard-working Thai workers" have jobs? But if they ask for more than a meagre rice-ration a day, the multinationals will move elsewhere.

An article by Tony Parkinson in ***The Age*** (5/7/99) made these points:

" .... A study by Michele Roth, of the Global Policy Forum, found that 160 of the top 200 most influential institutions on the planet are transnational corporations. They have overtaken all but the wealthiest nation states. .... General Motors has corporate sales bigger than the revenue of the Danish Government. Toyota has a turnover greater than Norway's. The 10 biggest industrial multinationals (Mitsubishi, General Motors, Mitsui, Itochu, Ford, Sumitomo, Toyota, Exxon, Marubeni and Shell) each has revenue bases bigger than the tax take of the Australian Government. .... The single biggest fear arising from the globalisation debate is that these trends are ***increasing the disparity between rich and poor ...."***

Notice - these are the ten biggest **industrial** giants. They are dwarfed by the ten biggest banks, which finance them, and often have interlocking directorships.

All of which has happened under the label - "free trade" and "the level playing field"!

THAILAND SCUPPERS AUSTRALIAN SHIP-ORDER: In the meantime, delays in Australian production of three naval patrol boats ordered by Thailand has resulted in the cancellation of the order for seven more. The initial 1996 order for three was scheduled to be filled earlier this month. Only one has been delivered, the second is in progress and the third has not even started. The truth is our ship-building industry is so crippled that we cannot even provide adequate shipping for our own coastal waters. ***The Australian Financial Review*** (5/7/99) reported:

"Australia's beleaguered coastal shipping industry is being exposed to growing levels of foreign competition, with the Federal Government dramatically increasing the numbers of foreign ships allowed to carry cargoes around the coast.

"Statistics issued by the Bureau of Transport Economics show that foreign ships are now carrying 10 per cent of the nation's coastal shipping freight, a fourfold increase since the early 1990s ...."

Why? The "level playing field, of course! The report continued: *"....foreign ships employing crews from developing nations, typically on wage rates around $US600 (($A900) per month, accounted for an estimated 10 percent of total coastal tonnages carried in 1997-98 ...."*

Yet, as we reported last week, major surveys show the vast majority of people in Australia in favour of protecting Australian industries - right against current government policy. Australian politicians have made a sanctimonious virtue of their refusal to jeopardise WTO trade rules by putting Australia first. Even when President Clinton goes against his own 'free-trade' rhetoric when it comes to Australian lamb, Howard plunges on with policies now decimating Australia's domestic economy.

The Australian Financial Review (16/7/99) in a report from Washington, showed there was sufficient voter pressure in America to force changes from Clinton:

"... A recent poll found that 58 per cent of Americans believed trade, in particular cheap imports from low wage countries, had cost US jobs and cut wages, compared with 32 per cent in 1994.

"The trade deficit, which could reach $US250 billion ($A379 billion) this year, is also being cited by anti-free traders as evidence that the US has been far too accommodating towards its trading partners.

"To the outside world, the Clinton strategy is hypocritical. On one hand the Administration is putting up trade barriers, but on the other it demands that other countries break theirs down ..."

Well, they don't have to demand in Australia's case. Our Canberra politicians are blushingly eager to sacrifice Australian jobs and industries, even though the US is reneging on the deal!

CHEAP IMPORTS DUMPED: And the cheap imports keep coming! As motor cars from Thailand grow in volume, Australia's car industry will go the way of all the rest. The recent news that the last General Motors Holden motor had been made in Australia is a case in point.

The latest report confirms the carnage: ***"The Federal Government is about to be hit with new serious complaints from major industries about the impact of the flood of Asian imports in the wake of the region's economic meltdown.***

"At least two industries are finalising anti-dumping submissions which will claim in part that some Asian exporters are using the collapse of their domestic currency and cuts in consumption in their home market to mask the dumping of products into Australia at massively reduced prices. Local industries bearing the brunt of Asian goods being dumped include steel, chemicals, clothing, cement and pulp and paper ...." (***AFR***, 8/7/99)

WHERE WILL IT END? In the middle of an electronic information revolution, funded by a debt monopoly, such as we see at the moment, where nations, constitutions and parliaments appear to prostrate themselves before the runaway transnational corporations that have industry by the throat, it is easy to succumb to the call of "inevitability". "Globalism is here to stay; it's inevitable!" - has become the catch-cry of the unthinking, historically illiterate.

We forget the last to claim "historic inevitability" was Communism. During its hey-day its reign must have seemed interminable to those who were forced to endure it.

A remarkable article by Professor Geoffrey Blainey in The Age (July 5, 1999) called into question the long-term future of globalism:

" .... the fact of globalism is not as new as it is usually claimed to be. A version of this process has been going on, slowly or swiftly, for centuries .... The assumption is now common that national boundaries will slowly be eroded, that free trade will become normal, and that a nation's economy will ultimately wilt if it tries to hide behind high tariff walls and subsidies. A widely held opinion is that eventually the huge international corporations will become as powerful as middle-sized nations ..... Socialism and communism, when they were in their ascending phase during the years 1890-1950, were themselves seen as a form of globalism .... someday the tide might be halted or reversed .... Deregulation is an ideology, and no ideology reigns for ever in human affairs....."

Professor Blainey pointed out that, historically, as tensions increased there was usually a headlong reversal towards smaller social units. *"....As the world shrinks, the sense of local loyalty sometimes increases. It is almost as if localism or nationalism is one response to a shrinking world ...."* He concluded: *" .... headlong globalisation on the present pattern is far from inevitable."*

Blainey is right. It is now quite possible to detect a growing revulsion against globalism, against bigness and the inevitable corruption that goes with it. More and more people are sighing for a relaxation from an increasingly technical, stressful world that chews up and swallows human relationships in its path.

The next phase of human history, already discernible, not least among the young, is against bigness, governments and political correctness. There is a distaste for over-regulation and a stereotyped one-world. It seeks more and more for spiritual understanding, even though it may be at the expense of gadget-materialism. It's the new wind beginning to blow.

The path for the Howard Government - without wishing any harm to its members - is going to be downhill from here on.

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