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 Appetite of Tyranny: And, as I have said, his limited but very sincere lunacy concentrates chiefly in a desire to destroy two ideas, the twin root ideas of rational society.*

"The first is the idea of record and promise: the second is the idea of reciprocity. It is plain that the promise, or extension of responsibility through time, is what chiefly distinguishes us, I will not say from savages, but from brutes and reptiles. This was noted by the shrewdness of the Old Testament, when it summed up the dark irresponsible enormity of Leviathan in the words 'Will he make a pact with thee?'

"The promise, like the wheel, is unknown in Nature: and is the first mark of man. Referring only to human civilisation it may be said with seriousness, that in the beginning was the Word. The vow is to the man what the song is to the bird, or the bark to the dog; his voice, whereby he is known... It is not easy to mention anything on which the enormous apparatus of human life can be said to depend. But if it depends on anything, it is on this frail cord, flung from the forgotten hills of yesterday... on that solitary string the barbarian is hacking heavily, with a sabre which is fortunately blunt..."

– ***"The War on the Word"***, by G.K. Chesterton, 1915

NO KNOWLEDGE OF REALITY by Jeremy Lee:

One of the difficulties facing today's brash coterie of financial advisers, planners and pundits is that they have little knowledge of anything other than bull markets. Gradually they have developed a psychology which believes bubbles never burst, and that the occasional "blip" is no more than that – a breathing space before the next expansion. They base their outrageous fees on the expectation that their customers will never notice while their own profits are rising. Some in the US have actually awarded themselves a percentage of their clients' gains – without any of the usual risks of investing.

Now they are mystified and bewildered, gazing with incredulous eyes through the egg on their faces, at the angry faces of their customers. They grab at any straws which can be interpreted to mean that things are changing. A recent small surge on Wall Street, after months of losses, was seized on with hysterical delight.

But there is no change. Brief spikes marked the progressive disaster, both before and after the Depression broke in 1929. The current one is no different. There is still a long way to fall. The stock market collapse is spilling over into the "real economy" – particularly in America, as ordinary citizens stare appalled at the now $8 trillion that has been wiped off their savings and superannuation.

Peter Hartcher (***Australian Financial Review, Weekend***, 27-28/7/02) *made these comments: "The scale of America's angry bear market is extraordinary, by any measure. This week share prices fell to a point where they equalled the worst bear market collapse in postwar US history – down by 48 percent from their peak 28 months ago.*

"The only other time Wall Street has fallen this far postwar was in 1973-74 as it ushered in the painful decade of stagflation. What is it ushering in this time?

"The total of investors' wealth destroyed by falling share values since the market peak of March 2000 so far stands at $US8 trillion ($14.8 trillion).

"It is one of those numbers so staggeringly huge, even by American standards, that it is difficult to grasp.

"It is 23 times the amount that the US spent to wage the Vietnam war, adjusted for today's dollars .... All gone in little more than two years. Were those vast empires of paper wealth ever real? Yes and no ..... the second $4 trillion, the money lost in the last few months was different. That was flesh-tearing, bone-scraping agonizing pain – the money people were counting on, the money they had based their retirement plans on, the profits they'd had long enough to figure were truly theirs .... The only postwar Wall Street rout comparable to today's was the prelude to a decade of stagflation. We now appear to face a distinct possibility that today's Wall Street disaster could be the harbinger of a new episode of American deflation.

"The last one, called the Great Depression, was cured by World War II. Anyone heard of a country called Iraq? ....."

SWIMMING AGAINST THE TIDE: An interesting story in the current mud-slide is that of Jeremy Grantham and his funds management firm Grantham Mayo Van Oterloo which, in two years, lost $US10 billion in investment fund custom. Why? Because his firm had decided *"....that it was one of the greatest stockmarket bubbles of all time – inflated with air and certain to pop, one of those great collective madnesses in the likeness of the Dutch tulip bubble, the South Sea bubble, or the Japanese stock bubble"* (***Australian Financial Review***, 26/7/02)

So, against the gadarene rush, he advised his clients to sell. Impatient with his advice in the light of the seemingly unstoppable bubble, many of his customers left him. *"They truly believed it was a new era – this time it was really different.*

"And why wouldn't they believe in the New Economy and the death of the business cycle?

"After all, even the greatest of all the modern financial gurus, Alan Greenspan, chairman of the US Federal Reserve, was prepared to countenance the possibility in his public speeches ...."

Even Grantham's staff were beginning to doubt his acumen. So he enlisted his staff into a historical examination of 28 bubbles of the last century, in different markets in different countries.

"We found that in every case, in every market, the market returns to where it was before the bubble began. It happened in commodity markets, it happened in currencies, it happened in stock-markets ...." (***AFR*** article)

Shamefacedly, many of his clients are now returning, much poorer but wiser. $US5 billion has flowed back into the business.

Where does Grantham believe the market is heading? *"...Wall Street will only have recovered fair value when the S&P index reaches 650 points, he says – implying that US stocks will fall another 23 percent .... Suggesting that a great deal more pain lies ahead ...."*

By that time even sackcloth and ashes will be too expensive for many!

LAST TANGO IN LATIN AMERICA? Every economy will find the US collapse impacting its domestic stability. Alan Mitchell, ***Australian Financial Review*** (31/7/02) wrote: *"The Brazilian currency, the BBC voice intones, has continued its slide to yet another new low ahead of new assistance talks with the International Monetary Fund in Washington. And so Latin America's largest economy finds itself facing what looks increasingly like an economic crisis ... "*

Add another possible 23 percent fall on Wall Street, and it will be a case of "mopping up" in Brazil, along with quite a few others.

AUSTRALIA'S SHIPPING JOBS CRISIS: Bill Shorten, national secretary of the Australian Workers' Union, wrote in the ***AFR*** (31/7/02): *"Something rotten is happening in Australian politics when the Federal Workplace Relations Minister throws his support behind a foreign shipping company's legal bid to replace Australian seafarers with foreign guest workers for Australian coastal routes .... This dispute, which has led to a Canadian shipping company taking unions and officials, including myself, to court is about a foreign company bullying critics into silence about its bid to maximize profits at the expense of Australian interests and jobs.....*

"If we do not oppose Australian ships from being conveniently re-flagged to avoid local taxes, and Australian workers being replaced with cheap foreign crews, where does the erosion of Australian jobs and working conditions end? Will there soon be foreign crews on domestic flight routes? Foreign workers unloading cement? ..... We detain boat people yet would allow thousands of foreign national seafarers into our ports.....

"Put simply, a foreign-owned shipping company can avoid Australian workplace standards and taxes at its convenience, but when it suits the company, it can use Australian courts to fight Australian unions protecting Australian jobs...."

Mr. Shorten's argument is absolutely right; and we should remember his point as Singapore Airlines now bids to set up domestic routes within Australia. They'll be Singaporean flight crews, won't they? But, surely, our courageous Transport Minister John Anderson will step forward to protect Australian jobs? Like he's protecting Telstra? And his brave team, under the spell of Senator Ron Boswell, will condemn the Liberals for selling out Australians? Won't they?

UNIONS PLAYING WITH SYMPTOMS: The Construction, Forestry, Mining and Energy Union is launching a national campaign for a 36-hour week. There has already been a 36-hour working week award in Victoria.

This is the Union answer to the massive replacement of workers by technology and robotic production. Among other claims will be:

- Introducing a 36 hour week from July 2003;
- A 15 percent wage rise over three years;
- Boosting superannuation and redundancy payments;
- Limits on the use of casuals;
- Fees for bargaining on behalf of non-union members;
- All new agreements running until the end of September 2005.

And who's to pay for these added costs? Employers of course! And how will they recover such costs? By charging more for their goods and services? Thus the benefits earned by workers will be eroded, and they'll be no further ahead than before they began.

What would you do if you were an employer, faced with these new obstacles? Firstly, you'd seek to cut down as far as possible on employed labour, introducing labour-saving technology instead. Secondly, you'd stop employing young women, to avoid paying maternity leave for unproductive periods. This is already happening. Thirdly, if the only way to survive was by bringing in cheaper overseas labour, you'd do it, unpatriotic though it is. Survival is a mean taskmaster.

The Unions are between a rock and a hard place – until they go further and examine the nature of the continually expanding money-creation machine that fuels this debt-driven cycle. Currently, money creation is expanding by about $100 million a day. If this was applied to cost reductions, by way of tax reductions, and a bonus scheme which increased individual earning power without charging employers for it, we'd get the breakthrough which now seems so elusive.

BATTLE IN THE WAR FOR 'MORAL STATUS' by Betty Luks:

Melbourne journalist Andrew Bolt wrote about the "Cultural Elite's Cruel Stunt" in the ***Herald Sun***, July 22nd, 2002, "A gaggle of celebrities launched yet another campaign to convince us we're racist refugee bashers." With tongue in cheek, he remarked it was such a coincidence that the day following the launching of the campaign, the two boy escapees from the Woomera detention centre turned up at the British consulate claiming asylum. "It was a stunt, of course, but one that proved our bitter debate about asylum seekers now has almost nothing to do with real refugees."

Quite! It has more to do with ensuring Australians continue to accept the policies of 'multiculturalism' and the flooding of this country with unassimilable, alien peoples as part of a political agenda.

Andrew asks his readers to guess, "How many refugees (doesn't he mean illegal immigrants?) are likely to be left in our detention centres? Two thousand? Five hundred?

They refuse to go home! Not even close," he reports, "we now have just six boat people still waiting for their applications for refugee status to be accepted, and a mere 14 others needing only character checks to be free. The remaining 604 detainees have all been rejected as refugees – at least twice in 556 cases – but simply refuse to go home."

Australian immigration officials believe they have gathered enough evidence to show that up to half the 1,300 boat people, who landed in the year to March 2001 and claimed to be Afghanis, are from Pakistan.

It's a political agenda! Neither does he believe those behind the stunt were motivated by kindness to the two boys. "Kind people don't take boys from their mother, and hide them for three weeks without telling their parents they are safe." The boys' father claimed he didn't know if his sons were dead or not. By the time he found out, the activists were intent on sending the boys to Britain – without their parents knowledge!

These people used the two boys as 'pawns in the game' and their political agenda does not include a socially and culturally cohesive Australia. The propaganda tactics are to make us feel guilty if we should have 'wrong' thoughts and feelings about a multi-religious and multi-racial country. For those who might want to preserve their own socially cohesive and essentially homogenous nation – tut, tut, **that** is definitely a no! no!

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