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 Judaism of Hitler: *"Then came the more modern and much more mortally dangerous idea of Race, which the Germans borrowed from a Frenchman named Gobineau. And on top of that idea of Race, came the grand, imperial idea of a Chosen Race, of a sacred seed that is, as the Kaiser said, the salt of the earth; of a people that is God's favorite and guided by Him, in a sense in which He does not guide other and lesser peoples.*

"And if anybody asks where anybody got that idea, there is only one possible or conceivable answer. He got it from the Jews... By concentrating on the ancient story of the Covenant with Israel, and losing the counterweight of the idea of the universal Church of Christendom, they grew more and more into the mood of seeing their religion as a mystical religion of Race..."

– ***"The End of the Armistice"*** by G. K. Chesterton, 1940

LATIN AMERICA BLOWS UP by Jeremy Lee:

While Argentinians continue to riot and starve, battering the banks and politicians in daily protests, the currency has devalued to such an extent that exports have burgeoned. They are now expected to increase by 16 percent in the second half of the year. ***The Australian Financial Review*** (13/8/02) reported:

"The export boom could affect Australian primary producers as the crisis-hit South American nation ships out a big grain harvest, and beef sales begin to recover with the phasing out of foot-and-mouth disease bans.

"The Argentine peso has lost 70 percent of its value since January, and exporters are so competitive there are fears there could be domestic shortages as they shun the devastated local market.....

"Argentina traditionally exports to its neighbors Brazil and Uruguay but these economies have slumped with the regional economic crisis ...."

In other words, there is enough for all in Argentina. Nobody need starve. But the currency has devalued to such an extent that exporters will send much-needed goods overseas while their countrymen and women go without. Truly, modern economics is a marvelous thing! Especially when Argentinian exports are going to make it tougher for exporters in other nations.

The money that Argentina receives, of course, will go to foreign bankers.

URUGUAY NEXT IN LINE: The same violent protests are now occurring in Uruguay, where the Government has been forced to close the banks to prevent a run on the peso. So great is concern in the US about the spreading crisis in Latin America that it is not waiting for the vultures in the International Monetary Fund to arrive, but is sending its own Treasury official Paul O'Neill, to hand out emergency bridging loans.

The Guardian Weekly (8-14/8/02) gave this report:

"It is the first time the Bush administration has offered direct support for an economy under fire from speculators ....Discontent over Uruguay's imploding financial system and grinding four-year recession spilled onto the streets last week with labour protests and scattered supermarket lootings.

"The financial system has been hit by the economic collapse in neighboring Argentina, whose better-off citizens traditionally used Uruguayan banks as a safe haven. With Argentina's economic paralysis now entering its tenth month, Argentinians have been forced to draw on their savings.

"Nearly $6 billion has been withdrawn from the banking system so far this year, 40% of all deposits. Fearing a run on the banking system and running short of foreign reserves to prop up the peso, Uruguay closed all its banks on Tuesday last week.

"With the increasing threat of a cash crunch, Uruguay's currency, the peso, has lost about half of its value since it was floated in June ...."

But, of course, it's not only Uruguay. The article continued:

"Speaking in Brasilia on Monday on the first day of his visit to the region, Mr O'Neill indicated that he would also back an IMF bailout for Brazil, Latin America's largest economy. .... Brazil is reportedly seeking some $10 billion to prop up the real, which tumbled sharply last week amid investor fears that the two leftwing candidates leading in October's presidential race could default on the country's $250 billion foreign debt ..."

So by far the biggest debtor nation in the world, the US, is lending to much smaller nations to keep them out of trouble. It's a crazy world!

THE PRESIDENT'S CREDIBILITY: George 'Dubya' Bush's credibility goes from bad to worse. As secrets of corporate scandals are revealed, it now transpires that, during the final period of the presidential election, Bush's campaign workers rushed about trying to push the recount of votes in his direction. The corporate jets made available for this purpose came from Enron, Halliburton and Reliant Energy – all now under investigation..

Also, Larry Lindsay, chief economic adviser to the President, was a financial consultant and advisory board member for Enron before moving to the White House, while Harvey Pitt, who is supposed to be heading the crackdown on the corporate crooks and their balance sheets, was formerly a lobbyist for the very accountants he is supposed to be investigating.

Larry Thompson, heading the federal task force on corporate fraud, was found to have sold off $5 million in stock in Providian Financial Corporation, his former credit card company, a few weeks before it was revealed that some of its loans were suspect.

Vice President Dick Chaney is, of course, under a cloud for his activities in Halliburton. And Bush himself is not so 'squeaky-clean' in his own dealings in Harken Energy Corp.

All this is widely known now among the US investing public, which has lost $8 trillion in savings over the last few months - and looks like losing more. Every time Bush makes a speech about "corporate morality", the stock market tumbles again.

How many may end up seeking asylum in Uruguay???

PRINCE CHARLES A STUMBLING BLOCK TO GLOBALISM: Prince Charles plans to launch a "country casual" range of garments made from British wool and spun and manufactured in rural workshops in Britain. ***The Australian*** (12/8/02) said:

"... An informed source said Charles's latest venture was motivated by a 'deep sense of obligation' to tackle the crisis in agriculture. According to figures from the National Farmers' Union, the average British farmer earned about 10,000 pounds ($28,000) in the year to February.

"'Although Charles is a substantial donor in his own right to charity, and raises many millions more, he wants to provide practical leadership,' the source said.

"The source said rising profits at the Prince's organic food firm Duchy Originals, had convinced him he should test the potential of other rural enterprises. The company announced profits for the year March 2001 of 572,000 pounds, all of which was donated to the Prince of Wales' Charitable Foundation...."

We have heard vague rumours that National Party leader, and Deputy Prime Minister John Anderson, together with National Party leader in the Senate, Ron Boswell, are flying to England for urgent talks as to how the same campaign could be adapted to Australia, home of the biggest wool industry in the world, which also has a number of startling innovations in the processing and manufacture of wool products.

We have been unable to verify the rumours. Could any reader help out if they hear anything?

TREASURER'S GENIUS: Treasurer Peter Costello comes up with some gems. The latest, announced at ***The Australian Financial Review's*** Leader Luncheon, was that Australians should stay in the workforce longer.

To make this happen, the Government might have to review the age at which Australians could access their superannuation.

Obviously, the many Australians who erroneously believed their superannuation belonged to them, and not the government, stand to be corrected.

At the same time, the Unions want a 36-hour week because there aren't enough jobs to go round.

Every worker who stays in his job longer denies entry into the workforce of a young Australian coming through. But perhaps Costello believes Australia's declining fertility rate will take care of that!

JOURNALISTS' NEGATIVITY: The Media section of ***The Australian*** (August 8-14/02) accuses the financial journalists of "thriving on bad news". They are guilty, according to the report, of accentuating the bad side of the economic recession.

On the other hand, we feel that there has not been enough coverage of the reality of the world's parlous financial crisis. It would be nice to see ONE article which gave us a picture of the combined debts of the world's nations, compared to the world's GDP. This could be followed by a picture of the property portfolios of, say, the 500 biggest companies in the world.

This would give us the means for much more intelligent analysis than currently available from the world's main financial columns.

WAR BUILD-UP IN THE GULF: There is now a build-up of American military muscle in the Persian Gulf. But Bush keeps denying that he has any plans or dates for the anticipated war on Saddam Hussein.

Detecting in Australia the same reaction to the war that is obvious in Europe, John Howard is backing off his "All the Way with the USA" approach. Why on earth Australian troops should be sent to a re-run of "Desert Storm", with its consequent "Gulf War Syndrome", which has stricken thousands of American troops is a question we should be asking ourselves – and Mr Howard.

AUSTRALIA'S PROSPERITY by Antonia Feitz:

The worst part about this latest market collapse is that any criticism of the economic system that allowed the abuses to flourish was dismissed as ill-informed and even ignorant.

But reasonable people kept asking: if Australia is so prosperous why are people working longer and longer hours when leisure is surely the hallmark of genuine prosperity? John Howard says older Australians must be 'encouraged' to stay in the workforce, even into their seventies! Since when has working till you drop dead been a mark of prosperity? Why have low-paid Ukranians replaced well-paid Australian crews on ships that ply Australia's coastal waters? Why are public hospitals stretched to their limits? Why does tertiary education increasingly look like being reserved for the rich?

In a genuinely prosperous society people don't ask these sorts of questions.

The average wage in Australia may very well be well over $40,000 but what comfort is that figure to the majority who don't earn anywhere near it? For a truer picture of what people actually earn consider that Treasury estimates suggest that the employer super contributions "will not be enough to support in retirement the 70 percent of workers now earning less than $33,560 a year." (***Australian***, 2217102).

Yes, you read it right: 70 percent of Australian workers earn less than $33,560 a year. That's a miserable sort of 'prosperity', isn't it?

In any case the results are in on the Washington Consensus and they're dismal. According to Teese, an independent research group examining *116* countries, found that 113 (including Australia) enjoyed better growth performances from 1950 to 1970 than they did in 1970 to 1990-the decades of economic 'reform'. Certainly ordinary people lived far happier lives in the earlier period when one income sufficed to keep a family and workers enjoyed job security.

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