



A WEEKLY COMMENTARY

ON TARGET



- NEWS HIGHLIGHTS
- BACKGROUND INFORMATION
- COMMONWEALTH AFFAIRS

The price of Freedom is eternal vigilance -

Print Post Publication Number 381667 00258

Vol.39, No.4

February 7th, 2003

THOUGHT FOR THE WEEK: *"Knowledge can be of two kinds: knowledge of the world outside ourselves, the macrocosm, and knowledge of the kingdom within, the microcosm, both of them boundless.*

"The better we know ourselves the easier it will be to know the world; alternatively, the better we know the world, so much easier it will be to know ourselves and our deepest and most enduring needs.

"It is not more and more knowledge that we need for the purpose of strengthening our position as individuals, but only knowledge of a kind that holds together and makes sense. We need a coherent interpretation of the history of the age in which we live and an insight into what it is that we must have if we are to be physically well and in good spirits."

— Ivor Benson *"In This Age of Conflict"*, 1987

WAR DRAWS CLOSER by Jeremy Lee:

We have said about as much as necessary on the manoeuvring for war against Iraq. It is amazing how many Australians have got the picture. National governments round the world are dividing on the question, while within their populations the peace movement has already grown to astounding proportions, considering the first "official" shot has yet to be fired.

Political leaders such as Prime Minister Howard and the Opposition's Simon Crean must be looking back over their shoulders at a smouldering electorate, wondering at the fate of the politician who "doesn't get it right".

John Howard, particularly, is doing his best to sound like a "reluctant moderate" on the question of war, when his usual position is gung-ho.

Federal Parliament is due to resume in a few days, and it is certain to be dominated by the Iraq question. For the first time in a long while the Prime Minister will be on the defensive. Is he committed to the UN process? What if the Security Council does not produce the resolution President Bush wants? Both Howard and Crean will be aware that the public is following the debate much more closely than usual.

IN THIS ISSUE: • *Thought for the Week* • *War Draws Closer* • *Australia's Economy Unravelling* • *The Great Divide*
• *Report From The World Economic Forum* • *Solzhenitsyn Incurs Wrath Of Jewry*

Both the US and Australian administrations are ignoring the fact that under the UN Charter no member-state can take military action against another without express UN Security Council permission. If this is to be regarded as valid, it cannot simply be upheld when it suits our purpose and set aside when it doesn't. Our Foreign Minister, Alexander (Eiderdown) Downer was a keen advocate for the International Criminal Court (but not, he said, if directed towards Australian forces). Partaking in a war without UN sanction could well invoke international law against the aggressors. Are Howard and Downer prepared to countenance this possibility?

AUSTRALIA'S ECONOMY UNRAVELLING: Economist Gerry van Wyngen gave a picture of the Australian economy in *The Australian Financial Review* (Weekend, 24-27/1/03) that was truly sobering. The nation's exports are flatter than they have been for the last 20 years. Imports are running at double-digit figures. We are set for record current account deficits, which are consolidated into our foreign debt.

The housing boom – which is just coming to an end – was the result of new credit to the extent of \$84 billion being pumped in over a two-year period. One result was a massive, inflated rise in house prices over the two years – Sydney +35%; Melbourne +41%; Brisbane +53%; Adelaide +41%; Perth +21%; Canberra +34%; Hobart +25%; Darwin +14%

According to the latest figures, household debt is now 1.3 times income. Ten years ago it was 0.7 times.

Savings figures are abysmal. Ten years ago it was 5% to 7%. Now our savings ratio is 0.5%

Van Wyngen predicted that our dollar would start to wobble this year, our economic activity would contract, and our debt-rating downgraded. The drastic effects of the drought have still to be felt.

Exactly a year ago the Australian Bureau of Statistics provided a statistical snapshot of the nation, listing the value of all our assets. Included was the value of all homes in Australia, valued at \$555.9 billion. Later figures revealed that home mortgages were worth \$557 billion. In other words, mortgages on homes was higher than the total value of the homes themselves!

THE GREAT DIVIDE: Inevitably, the divide between rich and poor grows ever wider, although the plight of the poor and destitute never figures in the statistics Treasurer Costello bandies around.

On January 30th the Australian Council of Social Service (ACOSS) released its latest report. The number of people seeking welfare help had risen to drastic levels, and welfare agencies were unable to cope. There had been a 19 percent increase in those who were turned away. Altogether, some 2.4 million people had sought help during the year – an increase of 12 percent over the previous 12 months.

All this in the nation described by the World Bank as the "richest nation in the world".

The last census revealed that we had 5.9 Australians over the age of 15 living on incomes of \$300 or less per week. Every time we increase taxes to expand welfare, the poverty gets worse. The problem is shortage of purchasing power, which cannot be fixed by trying to re-arrange what there is. The Social Credit explanation provides the only logical explanation why this is so, and the only logical answer.

REPORT FROM THE WORLD ECONOMIC FORUM: Among those who attended this gathering of the international glitterati was Robert Gottlieb, veteran economic forecaster. He was startled by the announcement that a number of big economies – China, Japan included – were considering shifting their assets out of American dollars:

"You could have heard a pin drop at the World Economic Forum in Davos, Switzerland. An American

commentator had just declared that as both Japan and China were investing their trade surpluses in US dollars, they were funding the US current account deficit (i.e currently about \$400 billion annually – Ed.)

"Zuh Min, economic adviser of the President of the Bank of China, got up to respond. He was incredibly frank, saying that China did not want all its savings invested in dollars and might well diversify into euro. Everyone knew what that would mean when currency trading opened. The \$US continued to fall against the euro, which contributed to the big fall in equities this week...." (Australian, 30/1/03)

Any shift away from the US dollar as the world's "reserve currency" because of the intrinsic weakness of the US economy, plus the imminent war situation in the Middle East, would fracture the whole balance of power in the world.

Gottliebsen pointed out that China, with a population of 1.3 billion, was poised to take over manufacturing from such giants as Japan, Germany and the US.:

"....The Chinese plan to dominate global manufacturing by combining low-cost labour with the best technology will have big repercussions for Japan, South Korea, Taiwan, the ASEAN countries and Australia. The Chinese were among many at the forum who believe that Afghanistan and Iraq are not one-off events and that stock markets will need to adjust to periodic US crises"

He pointed out that of China's population, 400 million lived in the coastal communities where GDP is growing at some 12% annually. The remaining 900 million live inland and are growing at about 2 or 3 percent:

"China plans to swing half the 900 million rural people into manufacturing and services over more than a decade. This would enable land consolidation and much greater rural efficiency.

"Beijing is looking to attract the Asian tigers (Malaysia, Taiwan, Indonesia, and Thailand) into the Chinese component supplier network"

Gottliebsen reminded readers that, with the introduction of Clinton's North American Free Trade Association (NAFTA) in 1996, thousands of companies moved to the Maquiladores in Mexico:

"But in Mexico few worried about infrastructure, the local community or the quality of labour, which was more expensive than China. Those US plants in Mexico are closing and shifting to China"

All of which indicates that Howard's insistence in hitching the Australian wagon to the ailing US star is short-sighted indeed. The flight of Asian investment from the US, coinciding with any war in Iraq, will plunge the US into immense crisis, sending ripples throughout the economies of the Industrial World.. All Costello's golden claims about our Australian economy will turn to ashes in his mouth – to add to the ashes of the bushfires sweeping eastern Australia.

The Asian memory is long. Rightly or wrongly, many feel slighted by the insensitive patronage of our envoys and ministers. Timor still rankles in the Indonesian psyche, and its troubles are not over.

With our limited forces committed to somebody else's war in the Middle East, Australia's current resources are over-stretched. We would do well to re-establish our genuine independence from the US State Department-driven fiasco.

Now is the time Australia should be looking to its own interests. We should be urgently building up our ability to defend our own country – not invading others. The resurrection of well trained Citizens' Reserve Forces, perhaps organized on a shire-by-shire basis, well decentralized, should be a major priority. An urgent re-building of Australian-owned self-sufficiency should be top policy. We should be planning to rebuild our own ability to withstand trade wars and the periodic retraction of markets without decimating our producers.

If such a vision was spelt out to the Australian people, it is likely the nation would endorse the introduction of National Service, for at least a year, as a means of tackling unemployment and giving a sense of purpose and responsibility to young people.

And of course, we should re-examine how to finance this without continuing to sell Australia into foreign ownership.

Is there any major political figure capable of providing a lead in this direction? Hardly! Regeneration has never started among politicians, but through an increased sense of urgency at community level that throws up new movements and leaders. And it usually happens when it appears to be too late.

The emerging "coalition of ordinary people" opposed to war with Iraq is more significant than we realize. Already, it is capable of changing the whole debate we are about to hear in Parliament. We can be sure it is having a major impact on both John Howard and Simon Crean. Letters to politicians, normally consigned to waste-paper baskets, will be counted very carefully, as the readers sense a new mood in the nation of Australia.

SOLZHENITSYN INCURS WRATH OF JEWRY: Nick Walsh, Moscow correspondent of *The Guardian*, 25/01/03, reports Solzhenitsyn's latest book, *"Two Hundred Years Together"*, has raised a storm of protest amongst some Jewish leaders and historians. The title is a "reference to the partial annexation of Poland and Russia which contains chapters discussing the Jewish role in the revolutionary genocide and secret police purges of Soviet Russia."

Now in frail health, the 84-year-old Solzhenitsyn insists, "Russia must come to terms with the Stalinist and revolutionary genocides – and that its Jewish population should be as offended at their own role in the purges as they are at the Soviet power that also persecuted them." Yevgeny Satanovsky, president of the Russian Jewish Congress thought the book was "a mistake".

Professor Robert Service of Oxford University, rated as "an expert on 20th century Russian history, said that from what he had read about the book, Solzhenitsyn was 'absolutely right'". The professor, whilst researching a book on Lenin had come across the details of how Leon Trotsky, who was of Jewish origin, "had ensured that Jews were enrolled in the Red Army". Trotsky also ensured "that Jews were disproportionately represented in the Soviet civil bureaucracy, including the Cheka" (the Soviet Political Police.)

The Jews "were not just passive spectators of the revolution," says Professor Service, "They were part-victims and part-perpetrators." He observed, "It is not a question that anyone can write about without a huge amount of bravery, and [it] needs doing in Russia because the Jews are quite often written about by fanatics..."

Retired "KGB colonel and historian of the secret services and the NKVD" thought the "question of ethnicity did not have any importance either in the revolution or the story of the NKVD. This was a social revolution and those who served in the NKVD and Cheka were serving ideas of social change."

One would hardly describe the brutal Russian Revolution as merely a 'social change'! Referring to it as a social change, implies it stemmed from within the hearts and minds of the Russian people, that it was a genuine uprising on their part. Not so, the Russian Revolution's 'spontaneity', its 'springs of action' can also be traced back to sources outside of Russia.

"ON TARGET" is printed and published by The Australian League of Rights, 145 Russell St., Melbourne.
Postal Address: GPO Box 1052, Melbourne, 3001. Telephone: (03) 9650 9749, Fax: (03) 9650 9368.
Subscription \$40.00 p.a.