A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: "If Israel and Jews were not involved, there would be nothing extraordinary about my thesis. In the history of foreign policy, it has frequently been maintained that various leading figures were motivated by ties to business, an ideology, or a foreign country. In his Farewell Address, George Washington expressed the view that the greatest danger to American foreign relations would be the "passionate attachment" of influential Americans to a foreign power, which would orient US foreign policy for the benefit of that power to the detriment of the United States. It is just such a situation that currently exists. We can only look with trepidation to the near future, for in the ominous words of Robert Fisk, 'There is a firestorm coming.'"

– From *"The war on Iraq: Conceived in Israel"* by Stephen J. Sniegoski, 10/2/2003

DIGGING DEEPER INTO WAR MOTIVES by Jeremy Lee:

By now we have all got the official public picture of the Iraqi situation. An intractable United States, determined to save the world – and even the United Nations – from itself, is prepared to stand, alone if necessary, for freedom. It is impervious to any argument and is not concerned about what the rest of the world thinks. Those opposed to the obviously-extensive bloodshed, and who dare say so, are "giving aid and comfort to Saddam Hussein". John Howard has eagerly latched onto this catch-cry.

Behind all this rhetoric is one of the most desperate gambles in history – an attempt by the US to stave off an imminent collapse and a shift in financial hegemony from Wall Street and the Federal Reserve to the European Central Bank and the EU.

The keys to the conundrum are China, Japan and Oil.

WORLD ECONOMIC FORUM 2000: At the Melbourne World Economic Forum in September 2000, *On Target* (20/10/00) carried a press report on the remarks of Mr. David Tang, Shanghai Tung chairman, who was unusually frank about the implications of free trade. He told those assembled:

" ... I wouldn't concentrate on the rest of the world's companies selling to Asia. I would watch out, if I were you, about the WTO," he said .... "I've never understood why you want to engage us – we've got fantastically low labour [costs]" he told the forum. "China's going to completely devastate your

whole labour force. They have labour costs 15 times, 30 times lower than America ... All the stuff you're going to make, we're going to completely destroy in terms of costs" he said. "We can make things so much more cheaply than you. I would watch out for your markets being infiltrated by us ..."

That was some 30 months ago. The water under the bridge is running at torrential speed.

JOBS: AMERICA'S NUMBER 1 EXPORT: Rep. Bernie Sanders, just returned from a Congressional visit to China with 12 other members of the House, was chillingly frank about what they saw:

"US corporations are not only exporting America's manufacturing base to China but also our way of life and the very future of this industrial nation," he said. "In Vermont and throughout the United States there has been a massive loss of manufacturing jobs. In the last two years alone our nation has lost 2 million factory jobs – 10 per cent of our manufacturing base.... At 16.5 million, we now have the lowest number of factory workers in 40 years ....

"While manufacturing is declining in our country, the picture that I saw in China is very different. In the cities that we visited - Shenzhen, Beijing, Nanjing and Shanghai - there has been an explosion in technology and manufacturing. ....

"In Shenzhen, near the Hong Kong border, a small agricultural community has been transformed in 20 years to a major export center with a population of millions.

"In Shanghai we observed an incredible phenomenon. Over the last 10 years an entirely new city of millions has been created in the Pudong region, which is becoming the Manhattan of China. This new area contains a modern airport, a major financial center, numerous skyscraper office buildings, housing and factories. It has also a magnetic levitation train that travels 250 miles an hour, which the government intends to expand to other regions of the country.

"In 2002 the United States acquired a record-breaking $100 billion trade deficit with China. We exported approximately $22 billion in goods and services to them, while we imported over $120 billion.

"We should be mindful that our trade imbalance with China is not only related to low end manufacturing, like sneakers and toys. Increasingly, China is manufacturing and shipping to the United States more sophisticated products in electronics and electrical machinery. As China rapidly expands its numbers of engineers and technological base, there is no reason to believe that that trend will not continue, endangering more and more high paying US jobs.

"We should not let the chief executive officers of corporate America continue to lower the standard of living of millions of American workers by shifting our manufacturing capabilities to China. We should not perpetuate the race to the bottom.

"While it is no secret that most of the giant multinational corporations in our country no longer see themselves as having allegiance to the United States, and will provide support to any country that allows them to make large profits, Congress must do better. We must have the courage to stand up to the hundreds of millions in corporate campaign contributions that flood the Capitol, and uphold our constitutional responsibilities to protect the American people ....."

US TRADE DEFICIT COMING HOME TO ROOST: As we have revealed in recent editions of ***On Traget***, the US has been living off massive trade deficits for many years. Its debt structure is frightening and the destruction of its industrial base even more so. It is diverting more and more of its remaining industrial capacity to armaments and military capacity.

It has only been able to sustain this state of affairs because the $US is the sole global reserve currency. Hitherto, the world has only traded in "Yankee dollars". The US, in consequence, has flooded the globe with its dollars, which could finally only be traded in America. An E-mail report originating from Richard Douthwaite's organization FEASTA in Ireland on February 15 reported:

"... The dollar is the world's reserve currency. This gives a huge subsidy to the US economy because if a country wants to hold lots of dollars in reserve they must supply the US with goods and services in return for those dollars. In return the US creates a bit more credit. The more dollars there are circulating outside the US, the more goods and services the US has imported virtually for free. This is how the US manages to run a huge trade deficit year after year without apparently any major economic consequences. No other country can run such a large trade deficit with impunity. It is in effect getting a massive interest-free loan from the rest of the world.

"One of Europe's primary objectives, if not the primary objective, of setting up the Euro was to try to get some of this free lunch for Europe. If the Euro became a major reserve currency, or better still replaced the dollar as the major reserve currency, then Europe too could get something for nothing.

"This would be a disaster for the US. Not only would they lose their subsidy, which has been increasing in size and importance to American economic wellbeing as the years have gone by, but countries switching to Euro reserves from dollar reserves would start spending their dollars in the US. In other words, the US would have to start paying its debts to other countries. As countries converted their dollar assets into Euro assets the US property and stock market bubbles would, without doubt burst. The Federal Reserve would no longer be able to print more money to reflate the bubble as it is currently openly considering doing.

"There is, however, one major obstacle to this happening. Oil! Oil is of course by far the most important commodity traded internationally, and if you want to buy oil on the international markets you usually have to have dollars.

"Until recently all OPEC countries agreed to sell their oil for dollars only. This meant that oil-importing countries like Japan needed to hold dollar reserves to buy oil. There is not a lot of point to stockpiling Euros if every time you need to buy oil you have to change them into dollars. **But in November 2000 Iraq switched to the Euro with potentially perilous consequences. Only one country has the right to print dollars: the US!** *If OPEC were to decide to accept Euros only for its oil, then American economic dominance would be over. Not only would Europe not need dollars any more, but Japan, which imports over 80% of its oil from the Middle East would have to convert most of its dollar assets to Euro assets (Japan is of course the major subsidizer of the US). The US on the other hand, being the world's largest oil importer, would have to acquire Euro reserves, i.e. it would have to run a trade surplus. The conversion from trade deficit to trade surplus would have to be done at a time when the property and stock market prices were collapsing and its own oil supplies were contracting. It would be a very painful conversion, potentially disastrous.....*

"One article, written at the time the decision was made, claimed it made no financial sense and would cost Iraq millions. According to this 'expert' the decision to convert was made by people who "are not experts, they are not central bankers, they are not even oil men'. At the time the article was written the Euro was worth 82 US cents. It is now worth about $1.05. So on economic grounds alone, the Iraqi decision has been a huge success (the $10 billion Iraqi fund at the UN .... has apparently also been converted). There may however be military consequences to it. The economic threat to the US may be influencing it in its belligerent stance towards Iraq.

"One other OPEC country has been talking publicly about possible conversion since 1999 – Iran. And of course it has since been included in the 'axis of evil'."

For those wanting to expand their investigation of this topic, three websites were given:
http://www.praesentia.us/archives/2003_01.html#000227
http://www.praesentia.us/archives/2003_01.html
http://www.rferi.org/nca/features/2000/11/011120001608-46.asp

For the Electronz site for all past issues the archive link is: www.electronz.idz.net

COMMENT: And we thought all this time that dear old George was simply saving the world from evil, at the eager request of Prime Minister Howard and Tony Blair! How wrong can you be?

Western leaders - and this includes Howard and Costello - are obviously dithering between hitching their wagons to the US Dollar, or the Euro. Obviously, such a question will encompass one's attitude to the looming Iraqi war.

Looking a little further down the track, however, one must ask who such nations as China, Japan and the OPEC countries should worry about either the Dollar or the Euro. Suppose they started their own currency block, as Dr Mahathir from Malaysia has advocated.. They could safely cut the West completely out of global economics, handing out a pittance when they wanted something, but otherwise allowing the West to stew in its own juice. And what would Australia do then, poor thing?

We're in for a stormy ride over the next short period.

MUSLIM GROWTH WORRIES VISITING HISTORIAN: I see visiting Jewish American-born historian Dr. Bill Rubinstein is warning, "Muslim growth poses a threat" to the Jewish community. ***Australian Jewish News***, 21/02/03. His concern is "as the Muslim community swells, it will hold greater sway over policy makers in Canberra".

He notes, "They are going to be absolutely pro-Palestinian and anti-Israel in everything they say on the Arab-Israeli conflict, and who do you think the government in Canberra is going to listen to?"

As one of those involved in opposing Australia's 1990s war crimes trials and remembering the following points about the legislation:

- The persons charged were citizens of other countries at the time the alleged acts took place.
- The legislation was made retrospective to include only the theatre of war in Europe between September 1939 and May 1945.
- The defendants could not claim they were "following orders".

I have been pondering on what could *possibly* happen in the future. Or am I being too fanciful?

Suppose the Muslim community does grow to the numbers predicted and Muslims do hold the greater sway in Canberra the historian is so concerned about – might we see the day when present leaders of Israel are brought before Australia's courts and charged with war crimes? For that to happen a further amendment to the present legislation would be required. It would have to include the Middle East theatre of war.

But with the greater sway of the Muslim community in the future, that scenario is not out of the realms of possibility.

Remember, the War Crimes legislation was amended by the War Crimes Amendment Bill so as to enable the prosecution of those charged – in Australian courts under Australian law.

Another question: Where do our Australian servicemen and women stand now that 'following orders' is no longer a defence?

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