A WEEKLY COMMENTARY

ON TARGET

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COMMONWEALTH AFFAIRS

The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: "The bank [Goldman Sachs] owns a 10 percent stake in the Chicago Climate Exchange, where the carbon credits will be traded. Moreover, Goldman owns a minority stake in Blue Source LLC, a Utah-based firm that sells carbon credits of the type that will be in great demand if the bill passes. Nobel Prize winner Al Gore, who is intimately involved with the planning of cap-and-trade, started up a company called Generation Investment Management with three former bigwigs from Goldman Sachs Asset Management, David Blood, Mark Ferguson and Peter Harris. Their business? Investing in carbon offsets. There's also a $500 million Green Growth Fund set up by a Goldmanite to invest in green-tech ... the list goes on and on. Goldman is ahead of the headlines again, just waiting for someone to make it rain in the right spot. Will this market be bigger than the energy-futures market? ... Cap-and-trade is going to happen. Or, if it doesn't, something like it will. The moral is the same as for all the other bubbles that Goldman helped create, from 1929 to 2009. In almost every case, the very same bank that behaved recklessly for years, weighing down the system with toxic loans and predatory debt, and accomplishing nothing but massive bonuses for a few bosses, has been rewarded with mountains of virtually free money and government guarantees – while the actual victims in this mess, ordinary taxpayers, are the ones paying for it.

The Big Takeover: The global economic crisis isn't about money – it's about power... The mistake most people make in looking at the financial crisis is thinking of it in terms of money, a habit that might lead you to look at the unfolding mess as a huge bonus-killing downer for the Wall Street class. But if you look at it in purely Machiavellian terms, what you see is a colossal power grab that threatens to turn the federal government into a kind of giant Enron - a huge, impenetrable black box filled with self-dealing insiders whose scheme is the securing of individual profits at the expense of an ocean of unwitting involuntary shareholders, previously known as taxpayers..."

– Matt Taibbi in "The Great American Bubble Machine", *Rolling Stone*, 9-23 July 2009

EMISSIONS TRADING SCHEME from David Flint's *Opinion Column*: The debate over an emissions trading scheme is dominating the Australian Parliament to an even greater extent than in other countries, including the U.S. If the same bill is rejected twice by the Senate, it could trigger a double dissolution. If the Senate again rejects the same bill, it may be presented to a joint sitting of both houses. If it passes that it will be presented to the Governor-General for Royal Assent.

But even then the government may not be able to put in place an ETS if it does not control a majority in the Senate. This demonstrates the importance of the upper house in our constitutional system.

As Glenn Milne reports in *The Sunday Telegraph* of 8 August "ETS disillusion and dissolution," although the government's ETS framework is based in law, "its real mechanics – what makes it actually work – are based on a myriad of regulation, particularly the most contentious aspects regarding protections for export and job-exposed sectors such as the coal industry."

According to Harry Evans, the retiring Clerk of the Senate, the Prime Minister could find himself in a situation similar to that of Prime Minister Bob Hawke after the double dissolution in 1987. He prepared to call a joint sitting to pass the Australia Card legislation but in a dramatic day in the Parliament that stunned Hawke and his senior ministers, opposition leader John Howard revealed the Australia Card legislation had a fatal flaw, declaring it ``dead – stone dead".

"Howard's charge rested on the fact that the ID card legislation required the start-up date for the card to be set by "regulation". Regardless of any joint sitting of Parliament passing the legislation, this meant the anti-Labor Senate still had the power to strike down the regulation that would be needed to bring the card into law," says Glenn Milne. The government gave in.

...the legislative framework... From Federation, as in most Westminster systems, legislation has provided either house may disallow regulations. The current legislation is the Legislative Instruments Act, 2003. **According to a Senate briefing paper, the legislation works in the following way:-**

As soon as practicable after making a legislative instrument, the maker must lodge the instrument and its explanatory material with the Attorney-General's Department for registration – instruments are not enforceable unless they are registered:

• the Department must arrange for the instrument to be tabled in each House within 6 sitting days of being registered;
• instruments that operate retrospectively to disadvantage any person (other than the Commonwealth) are of no effect;
• within 15 sitting days after tabling a senator or member of the House of Representatives [but in practice usually the former] may give notice of a motion to disallow the instrument (in whole or in part);
• if the motion is agreed to, the instrument is disallowed and it then ceases to have effect; if a notice of motion to disallow the instrument has not been resolved or withdrawn within 15 sitting days after having been given, the instrument is deemed to have been disallowed and it ceases to have effect;
• disallowance has the effect of repealing the instrument - if the instrument repealed all or part of an earlier instrument then disallowance also has the effect of reviving that part of the earlier instrument; a similar instrument cannot be made again: within 7 days after tabling (or, if the instrument has not been tabled, within 7 days after the last day on which it could have been tabled) (unless both Houses approve);
• while it is subject to an unresolved notice of disallowance; within 6 months after being disallowed (without the approval of the House that disallowed the regulation)

....a double dissolution? This legislation, although not in the constitution, is part of our constitutional system which provides checks and balances against the abuse of power. The cumulative effect of this will be that a double dissolution on as important a question as the ETS could take on the nature of a referendum.

Because of wide media support for an ETS, the failure of much of the mainline media to allow dissenters a voice, and the support in principle for an ETS by the opposition leader and the shadow cabinet, little has been heard about the arguments against an ETS, as well as the costs involved. This may well change in a double dissolution election.

ACM has no position on either anthropogenic global warming or an ETS. Our role is to defend the constitutional system which provides checks and balances against rushed legislation and ensures the people are consulted. The system is designed to ensure an informed vote by the people, and nothing could be more democratic than that.

LOCAL COUNCIL CONCERNS OVER 'FLOW OF FUNDS' by Betty Luks: Many local councils around the Commonwealth are cash strapped and have expressed their concerns to the Prime Minister, Kevin Rudd. Remember the $900 payment made to a number of Australians as part of the Rudd government's 'stimulus package'? The matter was taken to the High Court and the presiding judges ruled in April that the government could make cash handouts of up to $900 to taxpayers as part of its $42 billion economic stimulus package. However, the court's 228-page judgement has cast doubt on the Federal Government's ability to make other payments without State authority.

The President of the Australian Local Government Association, Geoff Lake, has written to Mr. Rudd telling him there is anxiety within local government that the court's decision could cast doubt on the Federal Government's ability to provide money directly to councils.

Cr. Lake says local government would be concerned if any "road blocks" made the delivery of funding from Canberra to the sector needlessly cumbersome. He says if current or future funding is placed in jeopardy it would have serious implications for councils and ratepayers.

Councillor's short-sighted answer: Councillor Lake believes the answer is for local government to be recognised in the constitution. He says it will take some time for the government to fully determine the impact of such a complex ruling, but local government is keen to discuss the implications of the judgement at the appropriate time.

Of course that is just what the centralisers want – to have local councils 'recognised' in the constitution: that and the move to abolish the States. They want to set up a soviet system: local councils beholden to a central government for all its financial needs – and directives.

Time for local councils to 'come clean'? Maybe it is time local councils admitted just how much they lost of ratepayers' money in the derivatives/speculation scams. Readers will remember Mr. Will Peden of Robe, South Australia, kindly gave us permission to republish his paper on the matter. "Derivatives: Situation Worse Than Governments Admitting" (*O.T.*, Vol.44, No.47, 2008). Mr. Peden revealed the Bank of International Settlements put "the total derivatives trades" as exceeding "one quadrillion dollars – that's 1,000 trillion dollars. The gross domestic product of all the countries of the world was then only about 60 trillion dollars."

He continued: "The scale of the problem in Australia: Australian Banks have a combined exposure of $13,785 Billion (or $13.785 Trillion) to derivatives and other "off balance sheet business" as at 30 June 2008. These are the most recent figures publicly available. Readers can verify these figures by getting a copy of the Reserve Bank Bulletin, September 2008, and look at Table B4, and it is the last figure on the page. The source is credited to APRA or the Australian Prudential Regulatory Authority."

"This is their exposure, not their turnover: It is unfortunate that the banks' combined exposure has been increasing, even in the past year. To get this figure into perspective the total shareholder equity of the banks at the same date was a mere $129 Billion (or $0.129 Trillion). The total shareholder equity in our banks is less than 1% of the banks' combined 'off balance sheet' exposure. In Australia the banks may claim that they are hedging, however the size of their derivative positions dwarfs their total assets ($2T table B2) so this argument doesn't hold water."

"Counter party failure: If there is counter party failure (this is where the bank, hedge fund, etc., at the other end of the deal goes broke) of even 1% of these positions, then the whole equity of our banks is gone. The reason that governments around the world are preventing banks failing is that if one bank folds, the counter party failure will ensure the domino effect around the world causing most banks to fail. The ironic thing is that it is the banks with severe exposure that are being saved. I.e. the ones that have gambled the most.

Bet the wrong way: A 'significant bet' that goes the wrong way, that results in a loss of 1% of the total exposure, will have the same result."

Shouldn't the next step be along the following lines? The local councils should call public meetings of their ratepayers to discuss constitutional means of implementing a sounder financial system based on Australia's sovereignty. Jeremy Lee in his paper "A+B – Mending a Mortgaged World" insisted that under the Commonwealth Constitution, Section 51, the clear responsibility belongs to the Federal government AND States via their own State banking powers.

ADVANCE NOTICE: DVD BORROWING TO PAY THE BANKER? Jeremy Lee will be releasing a new DVD within the next few weeks dealing with this absurdity. "Mending a Mortgaged World" addresses the insanity of all nations, including Australia, trying the impossible – to borrow themselves out of debt! In spite of endless conflict and destruction, the haunting idea of peace on earth persists – we KNOW this a world of superabundance! The ten-year-old presentation "Retell the Story" will be included on the DVD, providing illuminating background to the situation we could have avoided then.

THE RACIAL DESTRUCTION OF AMERICA by Brian Simpson: The metaphor for the racial health of White America (and for Whites in the West in general) is that of a lone horseman, wounded, whose blood slowly seeps into the dark earth beneath his horse's feet.

A few years ago the U.S. Census Bureau said that "White" Americans would be a minority by 2050. Now, Whites, said to make up 66 per cent of the U.S. population will be a minority by 2042, swamped by Hispanics and Asians. High birth rates and mass immigration mean that White children will be a minority by 2023, the workforce will be predominantly non-White by 2023 and by 2028 the majority of young adults aged 18 to 29 will be non-White.

My guess is that "White" is defined so broadly by the U.S. Census Bureau, that Whites in the sense of broadly Nordic-Alpine-Mediterranean racial types, are already a minority, especially when illegal immigration is taken into account. At best, I think that by 2023 Whites will be visibly swamped, as Whites are now in, say, some parts of Sydney and Melbourne.

What will America be like when two massive populations struggle for supremacy? And – both populations do not have a sense of collective guilt about the Holocaust. What will that mean?

HOSING DOWN ASIA MANIA by James Reed: A so-called "debate" has occurred in *The Australian* about the need for Asian language literacy. Professor Michael Wesley, director of the Griffith Asia Institute at Griffith University, wants to see all Aussie kids learning an Asian language. Journalist Luke Slattery says that European languages should be learnt as they are easier to learn. Both parties are wrong. The language of science and commerce is *English*. We do not need to spend billions on learning Chinese: behind this is a slave mentality that the mighty Chinese are going to conquer us. What schools need is scientific and technological literacy. More mathematics, less talk, talk, talk. Hard science, physics, chemistry. This will bring national regeneration. The entire Asian language debate is about the terms of Australia's surrender to Asia.

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