A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: Rudd rattled by Debt: Mr. Rudd appears to be excessively sensitive about the Labor Party debt. One of the reasons for his sensitivity could be the unrelenting rise in our nation's gross debt and the Australian public's understandable concern about this.

Australian Commonwealth Government Securities outstanding, as of the 8th December, 2009, was $115.71 billion. By the 5th January, 2010, the amount had risen to $ 117.31 billion outstanding. By the start of February, it had risen again to $120.61 billion. Now, not even midway through February, it has risen again to $122.01 billion.

Mr. Rudd, Mr. Swan and Mr. Tanner concern themselves about where $3.2 billion for the Coalition's environmental plan will come from, but their debt has gone up by almost double that amount in approximately two months. The interest bill on the current debt would be approximately double what the Coalition requires for their environmental plan. Mr. Rudd does not want to tell the Australian people about the pain that will come because of this debt and the interest expense that will have to be financed.

Mr. Rudd does not want to talk about the pressure this debt will place on basic services – health, education, aid, and roads. Mr. Rudd wants to close his eyes and hope it all goes away, very similar to his approach to the public hospital problem.

The last time the Labor Party left government they left Australia with a $96 billion debt. It took ten years to pay off this episode of Labor's bad management. How long and how hard will it be to pay off this episode of bad management under Mr. Rudd?

Mr. Rudd, no one ever had an unmanageable problem, that didn't start with a manageable problem but with a lack of conviction to deal with it. Mr. Rudd, you lack the conviction, the courage and decisiveness to manage the debt problem that you created. The Labor Party's reference to bearded ladies and freak shows will not count for much when it comes to meeting the demands of those to whom we owe the money. This money is predominately owed overseas and those who we owe it to ultimately want it back.

Source: Senator Barnaby Joyce, Leader of the Nationals in the Senate; Shadow Minister for Finance and Debt Reduction.

THE SECOND WAVE OF THE FINANCIAL TSUNAMI by James Reed: According to *The Australian*, "it's gettin' better all the time" – the economy, that is. Others disagree. Matthias Chang, "Red Alert: The Second Wave of the Financial Tsunami", *Countercurrents.org* November 24, 2009, has argued that the present global economy, founded upon a derivative-based financial system, controlled by the U.S. Federal Reserve, with a Fed-controlled global reserve currency controlling global growth, is an illusion. This he calls a "toilet paper currency pantomime", controlled by international finance like Goldman Sachs. The present global financial meltdown arose from the unsustainability of this financial system. The Fed and other central banks have lent "virtual money" to the global banks at a near zero interest rate and these banks then "deposit" such money with the Fed at an agreed interest rate. This "money", a mere computer entry, is used to purchase government debts and such debts are used as the stimulus to fuel the physical economy. Thus as Chang says, by this money hoax, "these banks are given "free money" to lend to the government at prior agreed interest rates with no risk at all." The same system applies to international trade to pay for foreign imported goods into the United States.

Thus the U.S. is in "full bankruptcy" and the demand for U.S. dollars is fast evaporating. Chang says: "When the survival of the system is dependent on the availability of credit (ie. Accumulating more debts) it is only a matter of time before the debtor and creditor come to the inevitable conclusion that the debt will never be paid. And unless the creditor is willing to write off the debt, resorting to drastic means to collect the outstanding debt is inevitable." Chang goes on to say that it "would be naïve to think that the U.S. would quietly allow itself to be foreclosed! When we reach that stage, war will be inevitable. It will be the U.S.-U.K.-Israel axis against the rest of the world." He predicts that the U.S. economy will spiral out of control in 2010, imploding in the second quarter. Obama's trillion + dollar stimulus has failed. The year 2010 will see another wave of property foreclosures. The Fed has already spent trillions buying mortgages with no substitute buyer.

David DeGraw in an *AmpedStatus Report, The Critical Unravelling of U.S. Society* argues that all of the indicators of U.S. societal health are reading red. Conditions in the U.S. labour markets are worsening. There have been 123 U.S. bank failures in the last 12 months, although the big banks breathe on. Ten US states are on the verge of bankruptcy. Nearly 50 million Americans – and almost one child in four – struggle to get enough food to stay alive. Recognising the coming end, Americans are spending money on guns and ammunition and manufacturers cannot keep up with demand! Another recognition that the party is over is Matt Taibbi's article in *Rolling Stone* magazine, March 2009, "The Big Takeover".

Dig in diggers! Hunker down. Stock up on baked beans. Here comes the chopper again.

Further reading: Matthias Chang, "Future Fastforward" $40:00 plus postage.

AGAINST THE LAWYERS! WOE UNTO YOU, LAWYERS! by IanWilson LL.B: We begin a new series: *Against the Lawyers*, which encourages a critical examination of "The Law". Recently I re-read Fred Rodell's *Woe Unto You, Lawyers!* published by Reynal and Hitchcock in 1939. At the time, Rodell was professor of Law at Yale University. Lawyers, he argued, are societies "modern medicine-men". Using vague concepts and mystification, practical problems are obscured by legal black magic for the sake of power and profit. As he says: "Legal words and concepts and principles float in a purgatory of their own, halfway between the heaven of abstract ideals and the hell of plain facts and completely out of touch with both of them" (p.201). And: "If everybody could see how silly legal principles are, the Law would lose its dignity and then its power – and so would the lawyers" (p.193).

Already by 1939 the US Supreme Court, Rodell argues, had worked its black magic to undermine state rights and centralise power through Constitutional interpretation - even though the US Constitution nowhere gives the Supreme Court that right (p.74). And by 1939 the Fourteenth Amendment ("nor shall any State deprive any person of life, liberty or property without due process of law") had become a weapon for cutting down state rights. Even though the "due process" clause was originally meant to apply to criminal cases, the US Supreme Court expanded its scope by an act of judicial law-making, to make it perform for a politically correct cause. The same legal adventure as will be argued in a later essay, has occurred in Australia with our own centralist High Court.

Freedom-movement types I believe, have too much of a mystical view of "The Law" and fail to see that all "The Law" is, is the "rules of the game". If the "game" is corrupt, then there is not much hope for "the rules". In such a situation, knowledge is power and thinking critically about "The Law" is one's best defence to what is today a tyranny of lawyers.

SHARIAH FINANCE by Peter Ewer: A very interesting article was recently published by David Yerushalmi, writing in the *Washington Examiner* of December 30, 2009. Shariah finance: its goal "was that of establishing Sharia not merely as the supreme law of the land, but as the supreme law of the world". David Yerushalmi explains:

News of the recent financial meltdown of Dubai World – a quasi-sovereign global concern that owns 77% of the international port manager DP World and the single largest real estate developer in Dubai known for its palm-tree shaped luxury residential developments – raced from the business pages to the headlines of the front pages in a matter of days.

Since the first reports on Thanksgiving, the Wall Street Journal and just about every other major media outlet reported extensively on the worldwide implications of this latest financial shock wave.

What makes this story more than simply one of a massive real estate investment company gone bad is the double edged sword so prevalent in the chase for oil-based Middle East wealth: Sovereign wealth funds and Shariah-compliant finance.

Beginning in the 1970's with the Carter-era oil embargo and accelerating during the post 9/11 $100+ oil price spikes, Persian Gulf countries like Saudi Arabia and the United Arab Emirates' wealthiest city-state of Abu Dhabi have been awash in liquidity. And, these trillion-dollar cash reserves are controlled in every case by the respective royal families, typically in sovereign or quasi-sovereign wealth funds. Another phenomenon that followed the great oil rush of the post 9/11 era was the promotion and aggressive exportation of the Muslim Brotherhood doctrine of SCF.

"The concept of SCF was articulated by men like Sayyid Qutb of Egypt and Abul Ala Maududi of Pakistan in the mid 20th century, both of whom argued for a Jihad against Westernization and the creation of Islamic polities that would ultimately join in a hegemonic worldwide caliphate. The goal was that of establishing Shariah not merely as the supreme law of the land but as the supreme law of the world.

In the post 9/11 era, Western imams and their infidel advisers in business suits speaking the queen's English have understood that given the global Jihad's reliance on the dictates of Shariah to murder apostates and then terrorize the infidels into submission, SCF must be attired in a kind of progressive Western garb to attract the attention of the financial centres in London, Hong Kong and New York.

So it was that SCF became known as "ethical investing" and Western and Muslim financiers began lecturing the world that the fraud and abuse of the financial markets, such as the Enron debacle and more recently the subprime securitisation meltdown, were all driven by the desire for forbidden gain through interest and gambling.

They told us that SCG was based not on forbidden interest and speculative paper assets but profits through equity participation and sound investing in real assets.

Dubai World, a company wholly owned by the Dubai sovereign has funded itself through debt to the tune of $60 billion. The Dubai debt now in default just happens to be SCF bonds or "sukuk".

These bonds pay interest just like their forbidden cousins in the Western markets but the interest is put into a black box of Shariah created fictions and "special purpose vehicles" to keep the forbidden interest off the books.

What we now see as a real estate bubble collapse in Dubai is no different and no more or less ethical than any other financial failure. But, what makes this collapse so problematic is precisely what makes SCF and sovereign wealth funds so dangerous..."

<u>WHY WON'T THEY TAKE 'NO' FOR AN ANSWER</u>? by Betty Luks: While all eyes are on the federal scene where both main parties have introduced 'carbon emissions' legislation – and there is no limit to the insults being traded – the sneaky, sly, one-world Socialists are gnawing away at the foundations of our property rights by using various States' legislation.

***Mandatory* energy-efficient assessment for ALL Australian homes** – *AdelaideNow*, 7/2/2010: "Government's switched on energy move. The new mandatory government energy efficiency assessment will cost $1,500 per property. $1,500 energy assessment applies to all types of properties. All Australian homes will soon have to undergo a mandatory energy-efficiency assessment costing up to $1500 per property. The assessment has to be done before any property can be sold or rented under new laws to tackle carbon emissions.

The mandatory assessment – **being drafted into law by the federal and state governments** – will rate homes by an energy efficiency star system, similar to the ratings given to fridges and washing machines. It will apply to all commercial properties from later this year and to all residential properties from May 2011, *AdelaideNow* reports.

A spokesman for State Energy Minister Pat Conlon said the ratings would inform prospective owners or tenants of a building's energy use, so they could factor it in to their buying or rental decision. The spokesman said details of the "Mandatory Disclosure" scheme – including who would carry out the assessments and how much they would cost – were yet to be decided.

Energy efficiency expert Arthur Grammatopoulos, of Helica Architecture, said rating properties could cost up to $1500 per house. "I think this is a positive move for the industry but the question has to be asked, will there be enough experts to cope with demand when the law is introduced?" he said.

A similar scheme with a six-star rating has been operating in the Australian Capital Territory's property market for several years. Queensland's State Government introduced a mandatory Sustainability Declaration form on January 1, requiring homeowners to declare their property's green credentials to prospective buyers or risk a $2000 fine.

An unwarranted expense says Real Estate Institute: Mandatory disclosure has been criticised by property experts as an unwarranted expense that will not influence purchasing decisions or cut household pollution. The Real Estate Institute of SA said governments were playing environmentally "popular politics" by introducing a law that they say will simply add to the cost of selling and renting a home.

"I think they are patronising people who are making the biggest purchase decision of their life by thinking a rating system will influence that decision," REISA chief executive Greg Troughton said. "It's already hard enough to buy and sell a home and this is just another financial impost that also has the potential to delay the sale of a property."

Continued in The Bulletin

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