

## Australia Dossier by Allen Douglas

### New economic plan a fraud

*The "economic recovery" program of Prime Minister Keating has more to do with the elections than with the economy.*

Prime Minister Paul Keating, facing new elections by March 1993 and with the lowest approval rating of any prime minister in the nation's history, announced in a speech before Parliament on Feb. 26 a dramatic new program which he said would cure Australia's economic ills. It was Keating who, as treasurer in the Labor government of Prime Minister Bob Hawke (1983-91), did more than any other single official to destroy Australia's economy, through astronomical interest rates, deregulation, and free trade.

The Aus. \$2.3 billion (U.S.\$1.7 billion) plan calls for upgrading, and partially constructing, a standard gauge national railroad from Brisbane in the northeast to Perth in the west, via the southern port cities of Melbourne and Adelaide. In addition, Aus. \$600 million will be spent to rebuild dilapidated roads. The program also includes:

- a one-time family allowance of \$125 for a one-child family;
- some accelerated depreciation schemes and tax relief for small businesses;
- income tax relief for middle-income families;
- \$61 million in aid to the textile, clothing, and footwear industries;
- \$100 million "to promote competition" in the electricity industry;
- marginal aid to the country's stricken wool and wheat farmers.

Headlines in the nation's press captured Keating's motivation: "PM's Jobs and Votes Grab," and "Fixing a Recession to Buy an Election."

While any spending on Australia's grossly inadequate infrastructure is certainly to be welcomed, the idea that a \$2.3 billion plan could create 800,000 jobs in four years, as Keating maintains, and bring the country out of recession, is ludicrous.

More importantly, the plan reaffirms the policy axioms which have caused one of the highest unemployment rates in the industrialized world, and the second highest foreign debt in the world—\$160 billion (U.S. \$122 billion), for a population of only 18 million. Keating stated that Labor will continue to slash, as it has for the past nine years, tariff protection for domestic production, and will continue to work for a "successful conclusion" of the Uruguay Round of the General Agreement on Tariffs and Trade. GATT will decimate agricultural producers, both in Australia and worldwide. Regarding payment of debt service on Australia's gigantic foreign debt, Keating apparently regards this as so sacrosanct that he did not even mention it.

Still other measures in the plan will open the economy up to foreign looting and drug money laundering. The requirement that new mines be at least 50% Australian owned was abolished, as was most of the oversight authority of the Foreign Investment Review Board. Foreign banks will now be allowed to buy up any Australian banks except the "big four," and massive tax concessions were granted to set up an "offshore banking industry."

Though Keating's economic pro-

gram will not pull Australia out of its deepening depression, a well-articulated program toward that end does exist. In the summer of 1990, the Citizens Electoral Councils released "Sovereign Australia: An Economic Development Programme to Save Our Nation," developed in consultation with *EIR*. Over 10,000 copies have circulated all over the country, provoking widespread interest.

Sovereign Australia called for, among other things:

- a high-speed rail network to link Brisbane, Sydney, Melbourne, and Adelaide, as the centerpiece of a national infrastructure program;
- building hundreds of extremely efficient and ultra-safe high-temperature gas-cooled nuclear reactors, a technology in which Australia once led the world, to cut the nation's high energy costs;
- upgrading the rural sector through large-scale irrigation programs, intensive use of fertilizers to rebuild Australia's extremely poor soils, and ensuring parity prices to farmers;
- low-cost credits for frontier industries such as aerospace, shipbuilding and nuclear shipbuilding, biotechnology, and modern automotive and machine tool industries;
- reinstatement of the Commonwealth Bank, a "national bank" on the model of Alexander Hamilton's National Bank of the United States. The Commonwealth Bank functioned brilliantly from 1912 to 1924, until it was replaced by the current Federal Reserve-style system. Interest rates must be pulled down to low single digits from the high teens or twenties where they are now.
- reestablishment of protective tariffs;
- a maximum of 5% in interest payments on Australia's gigantic foreign debt.