

Australian tries to keep debate off economy

by Don Veitch

As the Australian economy founders in the worst economic mess since the 1930s, Prime Minister Paul Keating has provoked a debate about Australia's becoming a republic. It is doubtful if the average Australian, who increasingly is in danger of joining the ranks of the unemployed, has much interest in whether Australia is for or against the British monarchy. Yet, the establishment media, dominated by the likes of Conrad Black, Rupert Murdoch, and Kerry Packer, have backed up Keating's republic ploy with media saturation.

The republic debate is good politics for Keating, who has divided the pro-monarchy Liberal opposition and has increased his popularity as measured in opinion polls.

In the 200 years since Britain founded Australia as a penal colony, the continent has moved gradually toward constitutional independence. With the passing of the Colonial Laws Validity Act in the 1860s, Britain permitted the five colonies to pass laws which were not "obnoxious" to British laws. In 1901, the British parliament granted a constitution to Australia, and with the Statute of Westminster in 1931, Britain undertook not to pass laws on behalf of the former colonies.

In recent years, the Australian parliament has cut other legal and administrative ties with Albion. But the constitution still grants major "reserve" powers to the queen's representative in Australia, the governor general. In 1975, the governor general used these powers to dismiss the popularly elected Whitlam government. It is these reserve powers that are to be removed and probably given to the newly created office of President.

Keating has claimed that he has taken a "minimalist" position, and that his aim is merely to remove reference to the monarchy from the constitution. Keating has appointed a committee to review the options. Although the committee includes representatives from Australia's minorities chairman Malcolm Turnbull is a merchant banker, junk bond dealer, and former business confidant of media magnate Kerry Packer.

Down under, and out

Meanwhile, Keating is doing nothing to stem the slide of the nation's economy. In a major speech this spring, Keating told 800 senior Australian business executives that the nation was "now within reach of a new era of prosperity." This is a bold claim indeed. Unemployment is over 11%, and is proba-

bly over 20% if underemployment is considered. The rural sector is on the brink of bankruptcy. Australia's overseas debt is more than \$200 billion—the highest per capita debt load in the world.

Australia is also cutting tariffs more quickly than any nation. More than half of the manufactured goods consumed are now imported. It is believed that up to 20% of all jobs lost and 11% of all factories closed were due to federal government tariff cuts. For every \$1 billion of output moving overseas, the deficit rises by \$500 million because of the tax revenue lost.

Australia is even importing food—\$2 billion worth annually—while its own rural sector is in collapse. The citrus industry is in the worst crisis of 30 years. Farmers are forced to sell below cost. In one example, Valencia oranges selling for \$340 a ton a year ago, are now selling for \$50 a ton, yet production costs are \$150-160 a ton. The wool industry is a disaster zone. Prices have collapsed from 900 to 380¢ per kilo, and are at a 50-year low. The government announced a \$70 million interest subsidy payment, but this is no more than a bank subsidy, as the money will be handed over to the banks to repay loans.

Meanwhile, drought is ravaging one-third of the state of Queensland. Over 9,000 properties are drought-declared. Yet there are no long-term plans to build dams, desalination plants, or canals. Indeed, the government is probably looking to the drought as a way of finishing off some of the "excess" farms. Primary Industry Minister Simon Crean, for example, has incurred the wrath of farmers by arguing that one-third of sheep and cattle farmers must leave the land because they are "unviable."

The free-market policies now so entrenched in Australia have adversely affected infrastructure and general investment. More than 90% of net investment in the past ten years has been in non-productive areas. Official statistics indicate that the manufacturing growth rate has collapsed from an average of 4.4% before the first tariff cuts in 1973, to an average 1.7% average over the last nine years.

Keating intends to provide funds for investment by extracting a compulsory 9% "superannuation" levy from all wages and salaries. This is a form of forced savings and will raise up to \$20 billion per annum, eventually replacing old-age pension entitlements. The Keating government also intends to embark on a radical deregulation of the work force. Such a move is aimed at reducing wages, degrading working conditions, and making the economy more "competitive."

The new head of the powerful Treasury Department is Ted Evans, who returns to the Australian capital Canberra from four years as Australia's representative to the International Monetary Fund. An avid free-trader, Evans was reportedly involved in the shock therapy looting of eastern Europe. In 1983, while in the Treasury, Evans argued for bank deregulation, floating of the dollar, and a comprehensive consumption tax.