

## Australia Dossier by Allen Douglas

### Trade and the dollar plunge

*Political earthquakes are under way, as the "Asian crisis" finally hits Australia.*

For months, Prime Minister John Howard and Treasurer Peter Costello have bragged that their austerity policies have erected a "firewall" between Australia and its Asian neighbors. In early June, Costello even hyperventilated that Australia had "one of the fastest growing economies in the world." However, beginning on June 4 and continuing through June 10, the Australian dollar slid to 58.38 U.S. cents, its second-lowest rate ever, down over 20% since January, with worse expected soon. Meanwhile, panic is beginning to set in among the ranks of Howard's Liberal-National Party coalition government, because of fear that the "Asian contagion" may doom them in the next federal election, expected in July or August, of which a foretaste can be expected in the hotly contested Queensland state election on June 13.

The immediate trigger for the attack against the Australian dollar was the release of the second-worst current account deficit figures ever (AUS \$7.5 billion), as Australia's foreign trade started to collapse. Some 71% of that trade is with Asia, led by Japan, South Korea, and New Zealand, its three largest export markets, respectively, whose economies are all plummeting. Trade with Japan, for instance, fell \$500 million (10%) in the first quarter, and exports to China, another key market, fell \$221 million (21%).

But the Asian trade collapse is only part of the story. Ever since the Labor Party under Bob Hawke and Paul Keating came to power in 1983, it, and its nominal Liberal-National Party opposition have both applied the rabid free trade policies of the British

Crown's Mont Pelerin Society, known downunder as "economic rationalism." These policies have savaged the agricultural and manufacturing sectors, and caused a blow-out in the nation's foreign debt, which hit its highest level in history, a staggering \$196 billion, at the end of December (March figures are not yet available). This is by far the highest foreign debt per capita of any country in the world.

Compare Australia's total debt, for instance, with its population of 18 million, with the population and debt of some of the world's other major debtors: Brazil, 165 million people, \$214 billion; Mexico, 100 million people, \$200 billion; and Russia, 147 million people, \$147 billion. (Australian governments of both parties have tried to downplay the debt by counting only "net foreign debt"—an accounting procedure used nowhere else in the world—which stands at "only" \$134 billion.)

As the dollar plunged, Costello hustled off to New York, to beg George Soros to halt the hedge funds' attack on the Australian dollar, which is being spearheaded by Soros's \$20 billion Quantum Fund. Costello even promised that he would allow mergers among Australia's Big Four banks, if he and his coalition partners win office again, if Soros would just call off the dogs.

Costello, like Howard, has been closely identified with Mont Pelerinite "economic rationalism," and it is that which is on trial in the next election. The most visible spokesman, at least in the Australian media, for dumping these policies and returning to the economic nationalist policies of protec-

tionism, national banking, etc. which built Australia in the first place, is Pauline Hanson, an Independent federal MP from Queensland. With her call to dump economic rationalism and the racist policy of "Aboriginal land rights," which has already claimed more than 50% of the country, Hanson has struck a deep chord, in rural Australia in particular. Polls show her One Nation Party possibly winning several seats in the state elections in Queensland on June 13.

Fuelled by her voter support, a fierce debate about Hanson's economic policies has now broken out in the nation's media. The latest polls show her support nationally at 7%, remarkable for an independent, and enough to win a Senate seat in the federal election.

While Hanson is the most visible opponent of economic rationalism, another, more articulate force has also been campaigning for a return to national banking and protectionism (which, given the present world financial disintegration, can only work under a global financial reorganization): Lyndon LaRouche's collaborators in the Citizens Electoral Council (CEC), who are running 32 candidates for the federal Senate and House of Representatives. Though largely blacked out by the major media, the CEC candidates have distributed hundreds of thousands of pamphlets emphasizing LaRouche's record as the only one to have foreseen the present crisis, and the necessity for Australia to fight for his New Bretton Woods world financial reorganization. As former Governor General Bill Hayden told an associate at the constitutional convention several months ago, the "real danger" is not so much Hanson, but that a "highly intellectual force" might emerge to give leadership to the extraordinary discontent currently rallied under her banner.