

## Australia Dossier by Allen Douglas

### 'Two bob each way'?

*The government will have to make up its mind—either there is a global financial crisis, or there isn't.*

In a speech on Oct. 22 to the World Conference of Banking Supervisors biannual conference in Sydney, Prime Minister John Howard proclaimed that the world is facing “an unprecedented degree of instability in international financial markets”; that his government is committed to curbing the “worst excesses” of hedge funds; and that it will push reform of the international financial system to “inhibit capital excesses.” Further, said Howard, “It was not the case that [Asian] economies got what they deserved—rather, they got a whole lot more than they deserved.” He concluded that “the global financial system failed us.”

While such pronouncements might be tame stuff for a world leader these days, particularly one in the Asia-Pacific region, for Howard the speech was a stunning about-face from his stance of as little as two weeks before, when he was still denouncing any talk of a global economic recession as “ridiculous”; however, the measures he is proposing to deal with the crisis, show that he and his government are still in denial about its awesome, systemic nature.

The following day, Howard told the first meeting of a special task force which he had established to advise his government on methods to deal with the crisis, that “it is crucial that we reach practical conclusions as soon as possible.” However, the leadership, membership, and announced policy orientation of the task force, all bode no good.

The task force is chaired by a longtime asset of the British Crown's Mont Pelerin Society, Treasurer Peter Cos-

tello, whose Treasury Department confidently predicts a 3.5% growth rate for Australia next year. Costello himself recently told local meetings of his Liberal Party that “the economy is fine, despite what Lyndon LaRouche says.” His committee consists of a total of 10 members drawn from high-ranking federal bureaucrats and from the elite of Australia's financial sector, the latter include the managing director of the Commonwealth Bank; the CEO of Australian Mutual Provident (AMP), the country's largest insurance company; and the executive director of the nation's most elite private bank, Macquarie Bank (raw materials giant Rio Tinto's Australian bank).

Howard said that the committee's first task is to focus on “maintaining the nation's growth,” although he announced no measures which might allow that to happen. For the broader world economy, he said that the committee would study “transparency and accountability in the private sector, improved monitoring of the financial sector, and supervision of, and methods to strengthen international financial institutions.”

Howard also said that his committee would look at a series of what he called “crisis management” measures: “These might include standfast arrangements to prevent lenders from exiting economies in a destructive stampede, collection action clauses, orderly workouts involving rollovers, reschedulings, and debt-equity swaps.” Finally, Howard called for the International Monetary Fund to be the “lender of last resort” internationally.

Despite his claim that he would

“ask my task force for substantive and imaginative suggestions for Australia to pursue in appropriate international forums,” all that Howard has referenced so far, is the standard mumbo-jumbo proposed by the three committees of the G-22, in order to duck any decisive action on the crisis. It was the G-22's inaction in its early October meeting in Washington, following the Sept. 23 collapse of the Long-Term Capital Management hedge fund, which economist Lyndon LaRouche evaluated as having pushed the world “into a new, qualitatively more critical phase of the ongoing, global plunge” into financial collapse.

As far as the “appropriate international forums” in which Howard will peddle this pabulum—against which Asian nations are revolting in favor of measures to protect their real, physical economies—the first of those is the Asia-Pacific Economic Cooperation (APEC) meeting in Malaysia in November. At the end of October, Howard dispatched envoys to lobby China, Japan, and South Korea, among other Asian countries. However, judging by his speech to the Banking Supervisors in Sydney, in which he demanded that APEC countries not “backslide” on free trade, and that “the worst possible response to the crisis would be to put up the shutters,” his envoys will receive, at best, a rather frosty welcome.

Thus, although he has belatedly admitted that there is a global financial crisis, Howard has demonstrated that he has learned absolutely nothing of importance in recent months, since he told a press conference on June 16, in response to a question from one of LaRouche's Australian supporters on LaRouche's proposals for global financial and economic reorganization, “I do not believe we can go back to a Bretton Woods style of approach to global economic affairs.”