

The Big Picture

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“News to use & amuse”



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Government performance

Australia's various levels of government have been careful to avoid any guarantee of performance or define what services they will provide. I believe that we can elucidate the kinds of outcomes that we'd expect government to achieve.

My list includes...

1. protect, conserve and develop the essentials for life
 - a) air, water, food, shelter, environment etc
2. create a secure living and working environment
3. provide efficient and effective essential services
 - a) health, education, transport, communications
4. stimulate the creation of new businesses and services
 - a) increase citizen freedoms and choices
5. increase the productivity of its citizens and businesses
6. provide a stable, predictable and productive operating environment for businesses and communities
7. provide competitive infrastructures e.g. ports, bridges
8. plan and act to provide for the future
9. assure a stable monetary, financial and economic base
10. carry out the above in a way affordable to its citizens and that exemplifies Australian values.

Governments appear to be either failing to perform those roles or are doing a progressively worse job of it. The trajectory of government service and standards is on a downward slope – going for a worse Australia. Look at the evidence...

1 - Murray Darling catchment has been ruined with overallocation by governments, tree plantations are taking over from food production etc. We have some 100,000 homeless in Australia and we're clearfelling our environment.

2 – engaging in senseless overseas wars reduces our security as does failing to provide education and opportunities for our children who become more easily alienated from our society.

3 – many of essential services are degrading due to poor management or lack of investment

4 – freedoms were reduced under Howard, further reductions keep occurring as citizens are made to perform to public service requirements (e.g. self assessment of income tax)

5 – citizen and business productivity is constantly reduced by government. In 2005 the Business Council assessed total compliance costs at \$86 billion – over \$4,000 per year for every Australian. Productivity is also reduced by government errors and waste (e.g. failures to inspect WA gas pipeline led to severe economic losses) and poorly run services (e.g. costs of losses created by health waiting lists and medical procedure errors).

6 – too many exceptions to laws and other requirements, coupled with favours provided to selected businesses, destabilise the business environment and create uncertainty e.g. favours and exemptions for forestry industry in Tasmania.

7 – many of our infrastructures are collapsing due to under investment and maintenance failures (e.g. rail, bridges, ports)

8 – very little effective planning. Many shortages of key personnel are putting citizens at risk (e.g. medical, trades)

9 – let's see what the 'financial crisis' reveals

10 – government costs each citizen around 47% of income in direct payments (taxes, rates, charges, duties etc) plus reduces spending power by thousands of extra dollars per year from compliance costs, correcting errors and dealing with mistakes.

For an income earner on \$50,000 per year, that amounts to around 60% of income just to maintain our governments and their wasteful unproductive ways.

Government's treatment of child refugees and others (e.g. Haneef) are totally inconsistent with Australian values.

Given the rapidly degrading quality of government performance it now appears urgent for the federal government to enforce service and performance standards in exchange for tax.

It's clear that Australians need to have a better understanding of what services to expect from government and what standards those services should meet.

The current situation is made more frightening in that our elected politicians appear to have no, or very little, control over what the government really does while the problems that we face appear more serious and threatening.

The idea of representation is to assure that the needs of the wider population are met. Elected representatives can fulfil this role by listening to their electors and assuring that public services deliver what citizens actually need. It is because they do not do this job that governments need to spend so much of our money on 'focus groups' and polls.

In Australia, governments define their own roles, their own standards and generally treat the taxpayers like suspects. The public is a passive receptor for government information. It's the citizens' job to support the party that they prefer.

We argue that the citizens should define the role of government and establish standards for service. We believe that citizens need to be actively engaged in policy development and should be treated as those who pay the bills should be, with courtesy and respect.

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In case you missed it

Financial mess

No such thing as a free lunch [Australian](#)

Financial meltdown warnings unheeded [CourierMail](#)

Aus superannuation losses hit for \$1 bn a day [Australian](#)

Governance, fear, economy

Labor vote surges on world crisis [Age](#)

\$5 million SA tech project canned [Australian](#)

Pushing bad politics over good economics [Australian](#)

How government tried to gag censorship critics [TheAge](#)

Letters reveal Tas govt at war with DPP [ABC](#)

Qld Ministers flout ban on being company directors [CourierMail](#)

Australia's press freedom criticised [NewsLtd](#)

Entrepreneur spent 8 years in Villawood (detention) [SMH](#)

Diggers left out of pocket after pay bungle [Telegraph](#)

Going for the doctor (Haneef) [TheAge](#)

Intervention's troubling side-effects [TheAge](#)

How our economy is killing the earth [NewScientist](#)

Tas Forestry

Forestry blames protestors (for violence) [Mercury](#)

Gunns pipeline blow [Mercury](#)

Forestry posts \$55 million lost [Mercury](#)

Climate & environment

Climate plan pulps employees downstream [Australian](#)

Food/water

Drought forces farming families apart [Australian](#)

NSW farmers face plague of locusts [SMH](#)

Drought aid to get strings attached [Australian](#)

MDB facts and impacts on farmers [Australian](#)

Rain fails to save lower Murray [Australian](#)

Health

Jnr doctors work up to 100 hr/week on < 6hr sleep [HeraldSun](#)

Rising drug costs put lives at risk [SMH](#)

World

Slovenia's economic secrets worth discovering [TheAge](#)

Communications/transport

Melburnians want a better transport system [TheAge](#)

Fare refunds more trouble than they're worth [CourierMail](#)

Telephone service complaints soar [Australian](#)

Thnx to Paul de Burgh Day for links

The Greatest Transfer of Wealth in History

October 17, 2008 [Ellen Brown webofdebt.com](#)

"Admit it, mes amis, the rugged individualism and cutthroat capitalism that made America the land of unlimited opportunity has been shrink-wrapped by half a dozen short sellers in Greenwich, Conn., and FedExed to Washington, D.C., to be spoon-fed back to life by Fed Chairman Ben Bernanke and Treasury Secretary Hank Paulson. We're now no different from any of those Western European semi-socialist welfare states that we love to deride." – **Bill Saporito, "How We Became the United States of France," [Time](#) (September 21, 2008)**

On October 15, the Presidential candidates had their last debate before the election. They talked of the baleful state of the economy and the stock market; but omitted from the discussion was what actually caused the credit freeze, and whether the banks should be nationalized as Treasury Secretary Hank Paulson is now proceeding to do. The omission was probably excusable, since the financial landscape has been changing so fast that it is hard to keep up. A year ago, the Dow Jones Industrial Average broke through 14,000 to make a new all-time high. Anyone predicting then that a year later the Dow would drop nearly by half and the Treasury would move to nationalize the banks would have been regarded with amused disbelief. But that is where we are today.¹

Congress hastily voted to approve Treasury Secretary Hank Paulson's \$700 billion bank bailout plan on October 3, 2008, after a tumultuous week in which the Dow fell dangerously near the critical 10,000 level. The market, however, was not assuaged. The Dow proceeded to break through not only 10,000 but then 9,000 and 8,000, closing at 8,451 on Friday, October 10. The week was called the worst in U.S. stock market history.

On Monday, October 13, the market staged a comeback the likes of which had not been seen since 1933, rising a full 11% in one day. This happened after the government announced a plan to buy equity interests in key banks, partially nationalizing them; and the Federal Reserve led a push to flood the global financial system with dollars.

The reversal was dramatic but short-lived. On October 15, the day of the Presidential debate, the Dow dropped 733 points, crash landing at 8,578. The reversal is looking more like a massive pump and dump scheme – artificially inflating the market so insiders can get out – than a true economic rescue. The real problem is not in the much-discussed subprime market but is in the credit market, which has dried up. The banking scheme itself has failed. As was learned by painful experience during the Great Depression, the economy cannot be rescued by simply propping up failed banks. The banking system itself needs to be overhauled.

A Litany of Failed Rescue Plans

Credit has dried up because many banks cannot meet the 8% capital requirement that limits their ability to lend. A bank's capital – the money it gets from the sale of stock or from profits – can be fanned into more than 10 times its value in loans; but this leverage also works the other way. While \$80 in capital can produce \$1,000 in loans, an \$80 loss from default wipes out \$80 in capital, reducing the sum that can be lent by \$1,000. Since the banks have been experiencing widespread loan defaults, their capital base has shrunk proportionately.

The bank bailout plan announced on October 3 involved using taxpayer money to buy up mortgage-related securities from troubled banks. This was supposed to reduce the need for new

capital by reducing the amount of risky assets on the banks' books. But the banks' risky assets include derivatives – speculative bets on market changes – and derivative exposure for U.S. banks is now estimated at a breathtaking \$180 trillion.² The sum represents an impossible-to-fill black hole that is three times the gross domestic product of all the countries in the world combined. As one critic said of Paulson's roundabout bailout plan, "this seems designed to help Hank's friends offload trash, more than to clear a market blockage."³

By Thursday, October 9, Paulson himself evidently had doubts about his ability to sell the plan. He wasn't abandoning his old cronies, but he soft-pedaled that plan in favor of another option buried in the voluminous rescue package – using a portion of the \$700 billion to buy stock in the banks directly. Plan B represented a controversial move toward nationalization, but it was an improvement over Plan A, which would have reduced capital requirements only by the value of the bad debts shifted onto the government's books. In Plan B, the money would be spent on bank stock, increasing the banks' capital base, which could then be leveraged into ten times that sum in loans. The plan was an improvement but the market was evidently not convinced, since the Dow proceeded to drop another thousand points from Thursday's opening to Friday's close.

One problem with Plan B was that it did *not* really mean nationalization (public ownership and control of the participating banks). Rather, it came closer to what has been called "crony capitalism" or "corporate welfare." The bank stock being bought would be non-voting preferred stock, meaning the government would have no say in how the bank was run. The Treasury would just be feeding the bank money to do with as it would. Management could continue to collect enormous salaries while investing in wildly speculative ventures with the taxpayers' money. The banks could not be forced to use the money to make much-needed loans but could just use it to clean up their derivative-infested balance sheets. In the end, the banks were still liable to go bankrupt, wiping out the taxpayers' investment altogether. Even if \$700 billion were fanned into \$7 trillion, the sum would not come close to removing the \$180 trillion in derivative liabilities from the banks' books. Shifting those liabilities onto the public purse would just empty the purse without filling the derivative black hole.

Plan C, the plan du jour, does impose some limits on management compensation. But the more significant feature of this week's plan is the Fed's new "Commercial Paper Funding Facility," which is slated to be operational on October 27, 2008. The facility would open the Fed's lending window for short-term commercial paper, the money corporations need to fund their day-to-day business operations. On October 14, the Federal Reserve Bank of New York justified this extraordinary expansion of its lending powers by stating:

"The CPFF is authorized under Section 13(3) of the Federal Reserve Act, which permits the Board, in unusual and exigent circumstances, to authorize Reserve Banks to extend credit to individuals, partnerships, and corporations that are unable to obtain adequate credit accommodations. . . .

"The U.S. Treasury believes this facility is necessary to prevent substantial disruptions to the financial markets and the economy and will make a special deposit at the New York Fed in support of this facility."⁴

That means the government and the Fed are now committing even *more* public money and taking on even *more* public risk. The taxpayers are already tapped out, so the Treasury's "special deposit" will no doubt come from U.S. bonds, meaning more debt

on which the taxpayers have to pay interest. The federal debt could wind up running so high that the government loses its own triple-A rating. The U.S. could be reduced to Third World status, with "austerity measures" being imposed as a condition for further loans, and hyperinflation running the dollar into oblivion. Rather than solving the problem, these "rescue" plans seem destined to make it worse.

The Collapse of a 300 Year Ponzi Scheme

All the king's men cannot put the private banking system together again, for the simple reason that it is a Ponzi scheme that has reached its mathematical limits. A Ponzi scheme is a form of pyramid scheme in which new investors must continually be sucked in at the bottom to support the investors at the top. In this case, new borrowers must continually be sucked in to support the creditors at the top. The Wall Street Ponzi scheme is built on "fractional reserve" lending, which allows banks to create "credit" (or "debt") with accounting entries. Banks are now allowed to lend from 10 to 30 times their "reserves," essentially counterfeiting the money they lend. Over 97 percent of the U.S. money supply (M3) has been created by banks in this way.⁵ The problem is that banks create only the principal and not the interest necessary to pay back their loans. Since bank lending is essentially the only source of new money in the system, someone somewhere must continually be taking out new loans just to create enough "money" (or "credit") to service the old loans composing the money supply. This spiraling interest problem and the need to find new debtors has gone on for over 300 years -- ever since the founding of the Bank of England in 1694 – until the whole world has now become mired in debt to the bankers' private money monopoly. As British financial analyst Chris Cook observes:

*"Exponential economic growth required by the mathematics of compound interest on a money supply based on money as debt must always run up eventually against the finite nature of Earth's resources."*⁶

The parasite has finally run out of its food source. But the crisis is not in the economy itself, which is fundamentally sound – or would be with a proper credit system to oil the wheels of production. The crisis is in the banking system, which can no longer cover up the shell game it has played for three centuries with other people's money. Fortunately, we don't need the credit of private banks. *A sovereign government can create its own.*

*Ellen Brown, J.D., developed her research skills as an attorney practicing civil litigation in Los Angeles. In *Web of Debt*, her latest book, she turns those skills to an analysis of the Federal Reserve and "the money trust." She shows how this private cartel has usurped the power to create money from the people themselves, and how we the people can get it back. Her eleven books include the bestselling *Nature's Pharmacy*, co-authored with Dr. Lynne Walker, and *Forbidden Medicine*. Her websites are www.webofdebt.com and www.ellenbrown.com.*

What went wrong in the Capitalist Casino

Oct 16 2008 Tony Benn © The Tribune

"THE great inter-war slumps were not acts of God or of blind forces. They were the sure and certain result of the concentration of too much economic power in the hands of too few men. These men had only learned how to act in the interest of their own bureaucratically-run private monopolies which may be likened to totalitarian oligarchies within our democratic state, They had and they felt no responsibility to the nation."

These words are from the 1945 Labour manifesto *Let Us Face The Future* which brilliantly identified the very same crisis which is now described as a "credit crunch" as if it were a mere hiccup in an otherwise wonderful neo-liberal globalised world which could be corrected with a vast subsidy from the taxpayers to put the Wall Street casino and its partners worldwide back into profit. It reminded me of the fact that when slavery was abolished it was the slave owners, and not the slaves, who received compensation from the government of the day.

Perhaps more important - and never mentioned in the media - is that all the news we get every day and every hour is all about the bankers while presidents, prime ministers and other elected leaders of the world have been reduced to the role of mere commentators who are expected to supply taxpayers' money whenever it is needed to bail out the wealthy.

Indeed, what we are watching is nothing less than the steady transfer of real political power from the polling station to the market and from the ballot to the wallet - reversing the democratic gains we have made over the last century when we were able, increasingly, to use our votes to shape our economic future.

Our 1945 manifesto made that clear in the very next passage following the quote above. This is what it said: "The nation wants food, work and homes. It wants more than that. It wants good food in plenty, useful work for all and comfortable labour-saving homes that take full advantage of the resources of modern science and productive industry.

That was the policy that swept Labour MPs into power in 1945 and gave this country the National Health Service, the welfare state and a massive house building programme, made possible by elected local authorities who had the resources made available to them by the Treasury.

Now, 63 years later, we are back facing a similar situation and we need to understand why it has happened if we are to see our way forward.

We have been told every day by the media that we should put our faith in the market and that elected governments are the problem and not the answer and, for that reason, should not interfere.

These ideas began to emerge in the political mainstream when Margaret Thatcher came to power and in 1994 "new" Labor adopted them as the basis of its own approach which explains why she once described "new" Labor as her "greatest achievement".

Trade union rights are now more restricted than they were in 1906, wages have been held down and people have been advised to borrow and spend as an alternative - which explains why the stock market has fallen and locked more and more people into

debt, which is a subtle form of slavery itself.

This is why so many people are frightened and frightened people can sometimes be persuaded to seek an answer by identifying an enemy who can be made a scapegoat for failure - as Hitler did when he blamed the Jews, the Communists and the trade unions for the mass unemployment in Germany and set up a fascist dictatorship which led to the Holocaust and war.

Hitler dealt with the unemployed by giving them jobs in the arms factories and the armed forces which led to the Second World War and the massive human cost it caused.

Whatever the left does it must never respond by splintering into a mass of tiny ideological sects forever fighting each other - for that way leads to failure, frustration and defeat.

This is the time for co-operation across the left to tackle the problems that face us on a non-sectarian basis as we have seen in the Stop the War Coalition, the campaigns for trade union rights, civil liberties, pensions, nuclear disarmament, council house building and a fair tax system - all of which require full trade union backing if they are to succeed.

If the economic situation gets worse, as it very well may, we have also to be on the look out for the "coalition" solution which could well be presented to us as the only way that these problems can be tackled, an argument that is being put forward now in America when George Bush, John McCain and Barack Obama rallied round to back the \$700 billion bail-out that Wall Street demanded.

That same argument was used by Ramsay MacDonald in 1931 when he formed a National Government which nearly destroyed the Labour Party in the general election when only 51 Labour MPs survived and, without the courage of Ernie Bevin and the TUC, it might never have recovered, as it did in 1945.

I hope that the re-appointment of Peter Mandelson to the Cabinet in the latest reshuffle does not lead to that idea being re-floated as the best way to see us through the crisis for that could be the end of democracy - allowing the European Commission to prevent the re-emergence of public ownership and control of the banks which many will now see as the best way forward.

For the first time in my life, the public are to the left of a Labour government and common sense points us in a direction quite different from the one we have been following since 1979 when Thatcher set out to destroy the trade unions, cripple local authorities and privatise our public assets which we need now more than ever.

In 1945, the nation realised that the problems of peace required the same intensity of commitment as the problems of war.

And with the disastrous experience of Iraq and Afghanistan that argument, too, is beginning to register again and people are asking why we waste so much money on those illegal, brutal and unwinnable wars and on new nuclear weapons when people are losing their jobs and facing repossession of their homes.

The case for peace and socialism is intensely practical and, put like that, will command wide public and electoral support as it did then, in 1945, and could again do now.

Tony Benn, is one of Britain's most distinguished politicians and the longest serving MP in the history of the Labour party

Wall Street's 'Disaster Capitalism for Dummies'

14 reasons Main Street loses big while Wall Street sabotages democracy

By Paul B. Farrell

October 22, 2008 "[MarketWatch](#)" -- ARROYO GRANDE, Calif.

Yes, we're dummies. You. Me. All 300 million of us. Clueless. We should be ashamed. We're obsessed about the slogans and rituals of "democracy," distracted by the campaign, polls, debates, rhetoric, half-truths and outright lies. McCain? Obama? Sorry to pop your bubble folks, but it no longer matters who's president.

Why? The real "game changer" already happened. Democracy has been replaced by Wall Street's new "disaster capitalism." That's the big game-changer historians will remember about 2008, masterminded by Wall Street's ultimate "Trojan Horse," Hank Paulson. Imagine: Greed, arrogance and incompetence create a massive bubble, cost trillions, and still Wall Street comes out smelling like roses, richer and more powerful! Yes, we're idiots: While distracted by the "illusion of democracy" in the endless campaign, Congress surrendered the powers we entrusted to it with very little fight. Congress simply handed over voting power and the keys to trillions in the Treasury to Wall Street's new "Disaster Capitalists" who now control "democracy."

Why did this happen? We're in denial, clueless wimps, that's why. We let it happen. In one generation America has been transformed from a democracy into a strange new form of government, "Disaster Capitalism." Here's how it happened:

- Three decades of influence peddling in Washington has built an army of 42,000 special-interest lobbyists representing corporations and the wealthy. Today these lobbyists manipulate America's 537 elected officials with massive campaign contributions that fund candidates who vote their agenda.
- This historic buildup accelerated under Reaganomics and went into hyperspeed under Bushonomics, both totally committed to a new disaster capitalism run privately by Wall Street and Corporate America. No-bid contracts in wars and hurricanes. A housing-credit bubble -- while secretly planning for a meltdown.
- Finally, the coup de grace: Along came the housing-credit crisis, as planned. Press and public saw a negative, a crisis. Disaster capitalists saw a huge opportunity. Yes, opportunity for big bucks and control of America. Millions of homeowners and marginal banks suffered huge losses. Taxpayers stuck with trillions in debt. But giant banks emerge intact, stronger, with virtual control over government and the power to use taxpayers' funds. They're laughing at us idiots!

Amazing isn't it, Wall Street's Disaster Capitalists screwed up, likely planned or let happen this meltdown and recession. Yet America's clueless taxpayers just reward them by giving the screw-ups massive bailouts, control over more than \$2 trillion of tax money, and the power to clean up the mess they made. Oh yes, we are dummies!

This end game was planned for years in secret war rooms on Wall Street, in Corporate America, in Washington and the Forbes 400. Democracy is too cumbersome. It had to be marginalized

for Disaster Capitalism to take over.

Reagan, Bush and Paulson were Wall Street's "Trojan Horses."

Naomi Klein summarizes the game in "Shock Doctrine: the Rise of Disaster Capitalism." This "new economy" generates enormous profits feeding off other peoples' misery: Wars, terror attacks, natural catastrophes, poverty, trade sanctions, subprime housing meltdowns and all kinds of economic, financial and political disasters. Natural (Katrina) or manmade (Iraq), either way "disaster capitalism" creates fortunes.

So you, me and the other 300 million better get out of denial. America is no longer a democracy. Voting is irrelevant. Best case scenario: We're a plutocracy, a government ruled by the wealthy, the richest 1%, the Forbes 400, the influential wealthy elite, while the other 99% are their "servants." Meanwhile, the inflation-adjusted income of wage-earners has declined for three decades.

Worst case scenario: America's no democracy and as a result of the meltdown and the surrender of our power to Wall Street's new Disaster Capitalism we are morphing into what one WWII dictator called "corporatism," a "merger of state and corporate power," kind of like what's going on now with Goldman Sachs' ex-boss as de facto president.

Wolves in sheep's clothing

Yes, a strong charge. But like a lot of our readers, I don't like what's happening to America. I'm a patriot. I volunteered for the Marines. Served four years. Volunteered for Korea. I don't like how our freedoms, rights and value system are being subverted in the name of greed, arrogance, self-righteous intolerance and other false gods.

We know for the last eight years disaster capitalists ignored obvious warnings of a coming meltdown. They apparently planned it. They road the bull, got very rich. Now they have the ultimate disaster capitalist weapons, trillions in tax money, virtual control of government.

That's why I fear we're on the edge of a dangerous line between Wall Street's version of disaster capitalism and a toxic "merger of state and corporate power." The wolf is in sheep's clothing. Wall Street pretends we're a democracy. Yet America more closely resembles the kind of "corporatism" that Laurence W. Britt wrote about five years ago in Free Inquiry magazine.

We adapted his historical analysis of 14 key traits for today's discussion. Notice how they have a huge impact your investments and retirement:

1. Wall Street rich get first priority

Think "bailout." Wall Street's greedy con game spins out of control globally. Millions of homeowners misled, lose. Who gets hundreds of billions first? Wall Street's con men.

2. National security obsession

Think of the expansion of executive powers in the name of national security: Preemptive wars, wiretapping private citizens, Gitmo, torture; driven by a dark wealthy neocon elite.

3. Superpower with massive military

Think of our \$3 trillion Iraq/Afghan War. Disaster capitalists love the thrill of military power. We outspend all nations, over half the federal budget to strut before the world.

4. Extreme nationalism

Signs are everywhere: Flags, lapel pins, "support the troops" slogans, all to get huge military budgets passed. Challenge them and you're un-American and unpatriotic.

5. Rally the masses by scapegoating enemies

Think "axis of evil," mushroom clouds, "Islamofascists," more terrorist attacks on the homeland. Propaganda creates "enemies" in the public's mind and distracts from real issues.

6. Corruption and cronyism

Think earmarks, no-bid defense contracts, paid mercenaries outnumbering military in Iraq, superlobbyist Jack Abramoff, biofuels, bridge to nowhere, millions donated to campaigns.

7. Obsession with crime

Think of prison-building as just another investment opportunity, rather than focusing on reforming our criminal justice system. Stoke irrational fear of criminals and extremists.

8. Labor and low wages

Think corporate earnings versus the wages paid to workers. No "trickling down," leaves more for tricklers: Rich insiders, stockholders. Wages dropping as CEO salaries skyrocket.

9. Contempt for human rights

Think of abuses of habeas corpus, loss of right to trial, bogus charges, plus "demonizing" the victims, all in the name of national defense and homeland security.

10. Mass media manipulation

Think of leaking false information, Joseph Wilson, Valerie Plame, Scooter Libby, Colin Powell's United Nation's testimony, Condoleezza Rice's mushroom clouds, WMDs, all to suppress the truth.

11. Obsession with sexism

Think of paternalism, antigays, antiabortion, subordinate women -- then codify the system as the law of the land reinforcing a male-dominated society, punish violators.

12. Disdain for intellectuals

Think of conservative intellectuals Francis Fukuyama and Bill Buckley. Contrast them to Sarah Palin and Joe Sixpack conservatism, Bush's funding cuts for arts and science education.

13. Religion in government

Think of all the faith-based programs versus antiscience in drug approvals, creationism vs. evolution, Ten Commandments enshrined in public buildings, public money to churches.

14. Fraudulent elections

Think of police and prosecutorial intimidation and threats to voters, challenging minority voters, ballots disappearing, party election officials committing outright fraud.

Yes, officially America is still a democracy. We have enough signs and rituals to support that illusion. But the truth is America has become a plutocracy run by and for the wealthy. And since Wall Street's Disaster Capitalism coup de grace, we are rapidly morphing into a dangerous new government.

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First They Came for the Perverts

23 Oct 2008 © New Matilda By Philip Annetta

The Rudd Government's "clean feed" proposal will censor the internet usage of every single person in the country. We're slipping in the freedom index, writes Philip Annetta

Some time ago, I [wrote on newmatilda.com](#) that while Western countries still had a greater degree of individual freedom than their putative rival, China, their trajectories were narrowing as China slowly opened and the West succumbed to the siege mentality of the "War on Terror".

It's worth revisiting this as the Labor Government [prepares to implement](#) its election promise of providing "clean, family-friendly" internet feeds. Up to this point, talk from Stephen Conroy's office has been high on rhetoric and low on detail about the proposal, seeking to [equate those who would prefer an unfiltered internet](#) with seekers of child pornography. This is not only patently ridiculous, it is a slur — and it is a political Trojan horse.

Child pornography is of course a problem, and nobody is defending it. Any child pornography on the internet or resident on file-sharing programs should be traced to its providers and consumers, and they should be prosecuted to the fullest extent of the law. Who could say otherwise? However, laws exist for precisely this purpose. If the legislation or the enforcement is found to be inadequate, it should be strengthened.

But child pornography is of course not the real issue.

Australians might have been misled by the Government's initial announcement that it was possible to "opt out" of the filtering. According to industry insiders, users can choose to opt-out of the filter which blocks content deemed unsuitable for children, but there is in fact [no opt-out](#) for content that is deemed "illegal".

Regarding the first blacklist category, of course there are those who not only do not want to access pornography, they would prefer that their internet connection could not, perhaps for their children's sakes, and certainly at schools. This is a reasonable stance, but begs questions. What about sites with sex education? Why can people not simply use PC-based content filtering programs, which many claim are more effective? Why should a government decide what its citizens cannot access in their own homes? And most seriously from a civil libertarian perspective, will those who chose to opt out be placed on what is essentially a Government list of perverts?

As for the second category, its broadness raises an immediate red flag. Will the Government release the list of sites that will be illegal under this legislation? What if sites include, say, useful information about drugs? What about politics? Anybody who frequents sites with political dissent can vouch for them having a wide range of views, and a wide range of users. Many have user-generated content, with everything from incisive analysis to buffoonery calling for certain people's heads. Will this last type of content make an entire site illegal? Will the threat of legal action force sites without the resources to moderate every conversation to close? And again, why should any government decide what information its citizens can or cannot have access to?

I work in publishing, and have studied its history at tertiary level. It's disputed as to whether Gutenberg invented the printing press — there is strong evidence to believe that the conglomeration of inventions that led to its development

originated in China — but what is never in dispute is the impact that printing had on the distribution and proliferation of knowledge in Europe. The quantity and types of information available climbed exponentially. Scholars who would have travelled for years trying to find a particular book could now not only read it and know that its contents would exist for far longer, they and others could publish pamphlets debating it. Of course, much like the internet, quality of content varied wildly, particularly in the initial stages, but it is not underestimating its impact to say that this upsurge in both knowledge and its sharing were critical to the Enlightenment.

What would the Renaissance have looked like if publishing had continued to be largely a church endeavour?

Aside from the moral issues, there are technical aspects that bode ill for the free flow of information. The Government's own pilot figures show that [up to 6 per cent of sites](#) were blocked incorrectly in the latest trial.

Back to the shrinking gap between China and the West: the great irony is that if this pilot is put into practice — as it will be if people don't [speak out](#) — the internet access I have in this outpost of China will be freer than that back home. Welcome to the Information Age.

You can petition to stop web censoring [here](#).

Markets & the Public Interest: Towards a new economic vision

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The US administration and the Federal Reserve in the US have done something Ben Chifley was never able to do in Australia. They have socialised the losses of the financial sector with the bailout of Bear Stearns, Fannie Mae and Freddie Mac. US\$5.3 trillion - I can't get my head around that number. The American International Group, which was set up to perpetrate fraud on an unwitting population, got US\$1 trillion. This public outlay is on top of massive US public sector debt (US\$500 billion) and war in Iraq (Nobel prize winner Joseph Stiglitz puts the price for the American people at US\$3 trillion). This will put the current population of the US in debt for life. But wait there's more, what about the next generation? Now, there's a discussion to establish a state agency to buy all of the bad debts of the US financial system (NB now committed), currently they say around \$1 trillion but who can value these assets? Will US financial capitalism collapse on Tuesday next week or will it rebound? I don't know. Does anybody know? No. But does it matter? Yes it does.

This is the end of the neoliberal economic nightmare that has been imposed on economies over the last 25 to 30 years but unfortunately many of the costs will be imposed on those least able to afford it. Some economies sought alternatives to neoliberalism, ranging from social democratic versions of the Scandinavian countries like Sweden and Norway and some of the Asian tigers that rejected the neoliberal prescriptions around market oriented reforms and survived much better (they may be in a position to survive this crisis much better as well).

But I can also say, as well as an economic crisis, is it not a great political crisis for the champions of neoliberal economic policies in Australia? And particularly I would have to say for the social democratic party that advocated and implemented these policies. I remember Paul Keating saying that the Tories would not have the guts to deregulate the financial system whereas he did. One of the tragedies is that with destruction of independent thinking in the economic faculties (with exceptions such as the Political Economy group at Sydney University) we have a generation of highly trained economists who haven't a clue why finance markets can create chaos through the global economy.

So, we're going to be living in a very different world over the next two weeks, over the next two years and over the next 20 years and it's those who understand this reality and organise in accordance with it that are most likely to make a significant difference.

But let's have a quick look firstly at the relationships between markets and planning and how we got ourselves into this situation. Of course, there are alternative models of cooperation and coordination around the economic, social and environmental outcomes that we're discussing today. At one end of the spectrum, we have the view of the orthodox socialist approach that led to a dead end impasse around the nationalisation of all the means of production, distribution and exchange, and the inequities and inefficiencies associated with that. At the other end of the spectrum we have the reliance on the free market mechanism to drive all outcomes. The latter are based on the premise that there are forces working towards equilibrium if we let markets operate unfettered by intervention. The simple views of the 'invisible hand' and supply and demand will clear markets and bring about the best of all possible worlds. I remember in

Economics 101 how we laughed at this and dismissed it. Little did I know that these gospels would come to monopolise economic policy making in so many countries and imposed on populations around the world.

Planning, on the other hand is really about mobilising resources towards specific goals, whether it is focused on achieving full employment, environmental protection outcomes and/or social equity. Of course, there are a range of planning mechanisms and approaches. Central planning is one. Strategic planning and indicative planning are others.

Take strategic planning of a city as an example. We can actually investigate different future outcomes including where an economy is now and what is likely to happen under a number of scenarios including economic turbulence, demographic change and socio-economic transformation. We can identify planning and infrastructure priorities to meet alternative outcomes. Unfortunately, this model fails under the neoliberal paradigm because we have this absurd AAA credit rating system preventing us from borrowing a cent of public funds to support infrastructure, particularly transport infrastructure. On his election as Premier Nathan Rees stated he was going to guarantee the State's AAA credit rating. Do you know what this fraud is? Moody's, Standard and Poor's and Fitch. These are the people who contributed to the financial crisis in the US by rating junk bonds AAA on behalf of their corporate clients. But if the government borrows \$100 million to try to support a public transport system then they may lose their AAA a rating. There is something fundamentally wrong with this logic.

The social democratic approach - and I've always thought there was a lot of scope to bring about progress through income distribution - is focused on how do we generate growth using the forces of the private sector and then how do we use the benefits that come out of growth to allocate more resources for social welfare and to support outcomes in relation to macroeconomic goals, such as for employment. But what happens when this model falls apart? What other things do we have to look at?

The key points that I want to raise are about markets. Markets can play an important role in working out what is produced, where it is produced and how it is produced. We've seen some of the economic benefits in our society in relation to markets. In the industrial age (up to the victories of Reagan and Thatcher) the financial system was designed to mobilise savings and channel them into predominantly profitable and productive investment opportunities. The introduction of neo-liberal economic policies was associated with an increasing rise in finance capital - with profits generated for some from the circulation of fictitious capital without having much to do with the real economy. New financial instruments based on hedging and securitisation were developed to secure a greater share of profits from currency changes, movements in commodity prices and passing on risks to others in a hot potato manner. As the brilliant and much under-rated economist Hymer Minsky has shown, the stability of financial markets creates the seeds for financial instability through the expansion of credit in a growing economy.

It must also be emphasised that markets and capitalism are not the same thing. Capitalism is a system that is driven by accumulation that must continually grow. If capitalist economies can't accumulate capital at an exponential growth rate then the result is economic crisis. It's not only the Marxists who had insights into this but many great conservative economists of the 20th Century such as Keynes and Schumpeter. They

understood that the expansion of capital needs to be managed because of the inherent instability of capitalism.

People talk about the need for a low growth economy because of the looming disaster of climate change. But this is exceedingly difficult or indeed not possible to achieve because of the fundamental features of a capitalist economy. The instability of modern capitalism remains, regardless of what mainstream economists such as Nobel Prize winner Paul Samuelson has said about the end of business cycles. We've also had the neoliberal view that there will be a trickle down to end inequality at a time when we've witnessed over the past 25 years the greatest increase in wealth and income inequality the world has ever seen.

In my view the last 25 years have been about the great redistribution from working people and low income earners to the major global corporates, particularly the financial institutions. We've also seen substantial increases in global inequalities, except in those countries that rejected the World Bank and the IMF and other 'Washington Consensus' prescriptions to structure their economies around market oriented reforms. And one would have to say that many of the economic benefits that have benefited western consumers over the past 25 years have been due to what David Harvey termed "accumulation through dispossession", the outsourcing of production to low wage countries often associated with exploitative working conditions.

Let's look at the great thinkers that have dealt with this issue of what happens when capitalism is in crisis. Well, Marx argued that we should nationalise the means of production, distribution and exchange. We saw what happened, in countries like the Soviet Union, when economic policy was based on a centralised approach and associated with centralised political power. Fabians and the social democrats of course for much of last century were much more pragmatic. They argued that what was needed was to control the commanding heights of capitalism to be able to influence economic outcomes. The greatest conservative economist of the last century, Joseph Schumpeter, believed that socialism was necessary. He didn't like it, but believed it would happen because of the greater efficiency of great bureaucracies that would emerge leading to a socialist economy that would deliver better outcomes. Keynes believed that capitalism would virtually collapse unless we started talking about the socialisation of investment.

Were they right or were they wrong? We don't know because at the end of the 1970s capitalist economies embarked on a new course. This was to dismantle the welfare state and restrict the power of workers through unions to increase wages. The gains of the post-war era threatened profitability by pushing up business costs. Economic advisers to Margaret Thatcher such as Walters and Eltis recognised that the future of their class based society was dependent on how successful they were in restoring corporate profitability through pushing down real wages, de-industrialising manufacturing, and reducing real social expenditure. The conservative vision, or perhaps more correctly the propaganda, was that we would become shareholding democracies, based on isolated and atomised individuals surviving by themselves because there is "no such thing as society."

The point here is there's been a fundamental change in relation to the way that economies function, particularly in the Anglo-Saxon economies, and this has massive implications now that it's worked its way through this logic. It has economic and political

implications. I believe there will be a severe economic recession next year. Is there going to be a depression over the next two to three years? I would put a high probability on that. So the implications of this are that we will face higher unemployment, inflation, a depreciating currency and rising interest rates. The latter is due to the fact that people and businesses will find it difficult to get access to money because the credit system has dried up.

The political implications of this are immense. The end of the US as an economic superpower is most likely though its military superpower status ensures some disturbing possibilities. The US will not be able to fund the wars that they've been fighting. They cannot buy their way out of the debts that they have accumulated. They can turn to the printing presses and unleash massive inflation on the rest of the world. This political crisis, in my view, is also a failure of representative democracy, which has become increasingly associated with close relationships between dominant political parties and big business.

Finally, I now want to talk in skeletal form about what the economic and political options that we have. And there are five of them I want to talk about. Firstly, I think this crisis is Labor's chance. If Labor does not recognize that the neoliberal economy is dead, then the ALP will be defeated at the next election and probably for a long time after that. The Government needs to talk about getting a national economic summit together to get us out of this and find a way of seeking broader advice than from the usual summitters and the irrelevant Treasury advisers. We have to go back and reverse the long income redistribution of the last 25 years, develop policy to increase pensions and provide citizens with a guaranteed minimum income. We need to implement policies to minimise income differentials between the highest paid and the lowest paid as a way of stabilising the economy and providing economic justice.

We have to have a national debate about new regulatory reforms to bring about stability in relation to the economy. We have to identify, at last, what is a real economy in relation to innovation and infrastructure requirements and how we can develop a transport system where the trains run a little bit faster than 1950. We have to dump the discredited AAA ratings and begin talking about fiscal and monetary policy in a post-neoliberal world.

Secondly, we will have to talk about how we regulate the financial system. In the lead-up to financial deregulation, the Fraser Government initiated the Campbell Inquiry but didn't implement it. The Hawke Government initiated the Martin Inquiry and implemented it. The Rudd Government needs to initiate an inquiry into the financial system focused on what type of financial system will underpin Australia's economic, social and environmental goals in a turbulent age. State equity and government owned financial institutions may become a reality. We need to dampen speculation. The imposition of a financial transaction tax I think would be a good, modest starting point that really acknowledges the speculative economy as being at the heart of the bankrupt system. We have to look at the reforms of super funds to ensure people don't lose their lifetime savings through super funds.

The third point I want to make is in relation to planning for a sustainable economy. There is a central role for public investment in this. I do not have great optimism that markets will deliver the solutions we need in relation to the transition to a sustainable economy. For example, we could simply make a national decision that we're going to build no more coal-fired power stations. We could make a national decision to build no

more freeways and then look at other options in terms of sustainable transport systems. We have to look at the successes of our technological leadership in relation to sustainable technologies and rebuild and finance our building stock, public transport stock and our energy systems.

Fourthly, we need to have a national debate about a genuinely new federalism. For the first time in my life I agree with the irrelevant Michael Costa (but for different reasons) when he asks “why do we need a State government”? We're not going to be able to abolish the State government but we should still have the debate now about how 152 councils in New South Wales, for example, could be brought down to 50 within five years and 25 within 10 years. This would involve devolution of more resources and responsibilities based on models of local community participation and models of local democracy. Specifically, larger and well resourced councils would take on new responsibilities in relation to climate change, local economic development, public transport, affordable housing and so on. I do not see that the current federal system can deliver these things. The community has much more knowledge than it has been given credit for and we need to engage new forms of participatory democracy in difficult times. And that to me is a desirable reform of the state, not centralised planning.

Fifthly, and most importantly perhaps, we need to rebuild our own political alternatives. The crisis in social democracy is relevant here. Look at the discredit that Blair brought to the social democratic model in England. We could even look back at advisers to President Clinton such as Robert Rubin, the head of Citicorp. We need to look beyond the two-party system and towards a much broader role for community democracy.

We need, in my view, much more of a focus on relationships with Third World movements. We have ignored social movements emerging right throughout the Asia-Pacific region.

We also need to put a lot stronger emphasis on economic theory and policy in Australia based on building up outstanding, independent and progressive economic schools and think tanks that see economics as contributing to society's welfare. We have to support the growth of a rigorous intellectual environment in developing a new, humane and more realistic economic paradigm, not one based on free market ideologies. I believe it's not just a matter of theory but a question of organising people and this means building a much stronger community presence in relation to having more people participating in the processes that determine our future.

Think to Peter Henning for this