

# The Big Picture

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"News to use & amuse"

Editor: Mike Bolan



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## A covert assault on Medicare

The reforms we never hear proposed are real reforms of government itself. Government is the largest organisation in Australia that consumes over 50% of our GDP but is somehow excluded from real change to make it more efficient and effective.

Governments around Australia like to dispense nostrums as if government had special or useful knowledge that could help us. They tell us to 'brace for bad news' (how does one DO that?) and to spend to save the economy. Their policies and regulations, like the ETS, are all about telling us how we should behave. What they do not do is change how government itself behaves.

Recently governments have been crying 'poor' more than usual, proposing to cut valued services to the public and to increase taxes and charges. They are also keen to talk about 'reform', of the workplace, of health, – but it's always us that must reform.

It appears that our 'representatives' are prepping us for massive service reductions...

THE Australian system of free universal healthcare is set to disappear in as little as five years, prompting a radical plan for a new federal-state partnership to take control of hospitals and patient care. [CourierMail](#)

Of course, **we** pay for our 'free' healthcare system...

In a startling warning, [NSW Health director-general](#) Debora Piccone has told *The Daily Telegraph* that Australia is hurtling towards a US-style user-pays system due to an ageing population and out of control costs.

Population ageing – surely not a surprise? Out of control costs? Remember this? It's Piccone's costs that are out of control...

The NSW Government racks up an annual wages bill of \$23 billion for its bureaucracy, which exceeds 370,000 people, with more than 60 per cent involved in the areas of health and education policy. [TheAustralian](#)

This story is absolutely typical of our situation. In the health example we have over a hundred thousand bureaucrats in NSW alone, 'working' on health policy. They don't deliver any medical services, they don't comfort patients, they produce 'policies' that are demonstrably a major failure and are getting worse.

We're paying over 100,000 deskbound public servants to administer a system that doesn't work, while the top health bureaucrat tells us that we're moving to a US style system (where millions of people cannot get medical attention because they cannot afford it). For those with broadband – check out Mike Moore's exposé [Sicko](#), in which we discover what dreadful results are achieved for 50 million Americans, 60% of US bankruptcies [are from medical bills](#), and how Japan has kept healthcare costs to very low levels but delivers excellent service.

The private system looks after the wealthy and those who receive private health care coverage – like our politicians and bureaucrats. The less well off cannot afford it and so must somehow manage without – broke and in pain.

The public service and political elite, see no contradiction in their threats to reduce taxpayer services while creaming loads of benefits from our taxes for themselves.

US style health care system? Do these dots connect?

The tipping point was Wednesday's disclosure that Fitzgibbon's brother, who runs a health insurance company, met an American company in Mr Fitzgibbon's office, with the minister's staff present. [TheAge](#)

The company was Humana. What were they doing here?

WASHINGTON - Health insurer Humana Inc. based in Louisville Ky, spent \$370,000 lobbying in the first quarter according to a recent disclosure form. [CNBC](#)

Where's the debate about this? Within government as usual?

Before we start to think about dismantling a health system that provides benefits for those less fortunate than politicians and bureaucrats, we should think about whether or not we can find the money from elsewhere, preferably by making savings. Responsible system managers would first consider...

- Streamlining government for greater efficiency.
- Removing bureaucracy, duplication, waste and overlaps.
- Making decision makers use the same system that we use.
- Finding out where health care works and trying their methods.

Our system of government is massively wasteful and costly. Changing the system to something more closely resembling the 21<sup>st</sup> century could yield huge benefits – up to \$100 bn pa.

Yet the prevailing message is that we cannot afford to look after our 'ageing population' and that we'll have to drop Medicare – especially given the new debt levels of government. And it looks as though the big US health companies are already moulding our malleable politicians to their will via a compliant public service bureaucracy.

We need to look at what we can do to save money first. No organisational system can be relevant across centuries, yet the structure of Australian government remains mired in quill pen approaches that need vast, unaccountable bureaucracies whose main output is impediments for other people and businesses.

This is a fight that we need to engage in, and to win if we are to have a government that serves the people rather than the other way around.

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## That was the week that was

### Financial mess

Recession receding in US [TheAustralian](#)

Securitisation: The biggest rip off [ICH](#)

6,000 bankruptcy filings a day [USAToday](#)

### Governance & spin

Labor factionalism [TheAge](#)

Qld in massive assets sell off [CourierMail](#)

RBA wanted to do deal with Saddam [SMH](#)

Vic ALP Stacked to the rafters [TheAge](#)

New leak signals bigger Tas adviser budgets [Mercury](#)

Number crunchers rule the world [SMH](#)

Fed MPs lock in sweet Super deal [CourierMail](#)

### Forestry/Food/Agriculture

Great Southern director set to make millions [TheAustralian](#)

Timbercorp investors to lose \$600 million in windup [HeraldSun](#)

### Climate/water/energy/environment

Byron Bay threatened by sea level rises [SMH](#)

States to lose out with ETS [TheAustralian](#)

Bushfire commission makes promising start [TheAge](#)

### Health/education revolution/communication/defence

Medicare set to disappear [CourierMail](#)

No goals for Internet filter program [TheAge](#)

### Economy/social/shelter/transport

Ecstasy boss first quadriplegic to be jailed [SMH](#)

Hundreds of Salvo workers to be sacked [Telegraph](#)

Only 18% of Black Saturday calls answered [TheAustralian](#)

Bankrupt Holden gets new lease of life in Australia [TheAge](#)

Crush & load – life on Sydney's peak hour trains [SMH](#)

Foster children housed in tents [TheAustralian](#)

### World

War is sin [TruthDig](#)

US cop tasers 72 y.o. Granny [PINAC](#)

UK lawmakers shouldn't decide own salaries/conditions [TheAge](#)

Big brother in UK has gone too far: MI6 chief [MailOnLine](#)

## Who wants us to be in debt?

The entire Western economic system is based on debt. New money is issued against debts incurred. The financial crisis has been described as a 'credit' crisis, with business unable to proceed without credit.

Looking at the debts of nations, it's pretty obvious that many may never be able to repay their debts – they are just too big.

So why do we run this system? Who would want us to constantly be in debt?

The answer lies in the interest payments. The world's foreign debt stood at a little over \$50 trillion in 2007/8. At 5% interest that's \$2.5 trillion a year in interest payments going to...the banks. Many of those banks are owned by the world's wealthiest families – that's how they got, and remain, wealthy.

It is they who want our system of debt bondage to continue because they line their pockets with our labours. \$2.5 trillion a year going to global banks is no mean sum – equal to more than the GDP of France (\$2 tn).

## Quadriplegic jailing another symptom

Another example of our system shifting costs onto the public...

A DRUG kingpin who was left a quadriplegic after a 1995 car accident has been jailed for 10 years.

Paul Anthony Baker admitted he was the mastermind behind a plan to manufacture and sell millions of dollars' worth of ecstasy four years ago. [SMH](#)

Brilliant!

Whatever his crime this man is in prison in a body that doesn't work. Put him in jail and the costs of his upkeep are neatly placed onto the public. Why not confiscate his drug millions and use that to pay for his care at home?

## Numbers just keep adding up

June 1, 2009 [TheAge](#) letters

JC (Letters, 30/5) is to be congratulated for his prescience and willingness to look beyond the obvious racial bigotry and pinpoint the true causes of the assaults on overseas students and concomitant social problems. Tim Colebatch reported (*The Age*, 9/5) that immigration is soaring under the Rudd Government to record levels of about 300,000 a year. Perhaps 90 per cent of these new arrivals are moving into Sydney (no room) and Melbourne (no water).

Many people are concerned at these numbers and want, at least for a time, the system to slow down. Governments, state and federal, show no concern for community feeling and a pressure-cooker atmosphere now exists in the community, with racial attacks and rampant everyday violence.

This frustration will almost certainly reach its apogee here in Victoria next year when the Brumby Government seeks re-election. Should the rains fail this spring, then the high-population Brumby Government will face an electorate as mad as hell about why it has dried-out gardens and must wash in and drink muddy water. TD Glen Waverly

Interesting. Is leaving the people out of the planning loop (ie. Decisions about our own futures) Labor policy Australia wide?

# The calculus of government debt

Money News

Ross Greenwood

Presenter

Right now the Federal Government is at pains to tell everyone - including everyone from us, the mug-punters, to the International Monetary Fund, that it will not exceed its own, self-imposed, borrowing limits. How much? \$200 billion. And here's a worry.

Every dollar that is borrowed, some time, has to be repaid. By you, by me and by the rest of the country.

Just after 5 o'clock tonight I did a bit of maths and it's so staggering its worth repeating now. First though ... here's what Chairman Rudd has been saying about - what he calls - 'these temporary borrowings'. Remember those words ... temporary deficit ... but the total Government debt could end up around \$200 billion.

So here's a very basic calculation ... I used a home loan calculator to work it out ... it's that simple.

\$200 billion is \$200,000 million. The current 10 year Government bond rate is 4.67 per cent. I worked the loan out over a period of 20 years.

Now here's where it gets scary ... really scary. The repayments on \$200 billion come to more than one and a quarter billion dollars - every month - for 20 years. It works out we - as taxpayers - will be repaying \$15.4 billion in interest and principal every year ... \$733 for every man woman and child - every year.

The total interest bill over the 20 years is - get this - \$108 billion.

And remember, this is a Government that just 18 months ago had NO debt ... NO debt. In fact it had enough money to create the Future Fund to pay the future liabilities of public servants' superannuation ... and it had enough to stick \$20 billion into the Building Australia Fund last year ...

Ross is right. It's also interesting to calculate the foreign debt of Australia that now stands at over \$1 trillion (\$1,000,000 million). Since the figure that Ross uses is \$200 bn, which is a fifth of \$1 trillion, then the foreign debt will cost us 5 times Ross calculations in addition to the amount for the new Rudd debts. That's over \$47 bn per year in interest payments alone - \$128 m per day or \$3.8 bn per month.

These are very big numbers and it's impossible to see how the government is going to cope if they retain the albatross of the current outmoded, unwieldy and costly structure.

Our lead article points out the problem of choice - keep our 'free' (??) Medicare system or get rid of it for a 'privatised' US style system?

If we're paying \$50 bn per year in interest (private + government debt) then we're in real trouble anyway.

Shouldn't the government be moving to both recognise the frailty of our system and moving to correct it? (see Australia close to financial abyss: Rudd [The Australian](#))

If we're that close to collapse, correcting our structural problems and streamlining government is even more important.

## 60% of Chinese exports to the US are foreign

Brenda Rosser. 30th May 2009

Foreign owned global corporations account for 60% of Chinese exports to the US.[1]

Did you know this? How many people understand that this means that **non-Chinese** corporations are responsible for the trade imbalance between the US and China.

Who *does* know this?

**Not Bernanke and Greenspan** who are reported to be blaming the "high-savings countries in East Asia" for "the immense pool of [global] liquidity" (particularly in the US). [2]

But who is creating this gigantic pool of liquidity? Economist Enzo von Pfiel has pointed to problems with the official [US] Treasury records that detail the owners of US 'foreign' debt - "there appear to be no data available on how much U.S. Treasury debt is held by U.S. MNCs". What, he says, do U.S. MNCs do with at least a portion of all of that money they are making in their fabulously successful overseas operations? [3]

**Not Barry Eichengreen** who holds the title of the George C. Pardee and Helen N. Pardee Professor of Economics and Political Science at the University of California, Berkeley, where he has taught since 1987.[2], [4]. He says that "Whether [or not] there is a permanent reduction in global imbalances will depend mainly on decisions taken outside the US, specifically in countries like China." [2] Well, *how can that be?* If China, itself, is not responsible for the great outflow of goods to the US?

**Not economist Mark Thoma** at Economist's View. Nor any other people who have posted comments to the Eichengreen article he linked there.[5]

Which is all VERY strange because the folks at the US Federal Reserve, like Greenspan and Bernanke, have worked closely with former Kissinger Associate Timothy Geithner [6] as well as Roger Corbett who is a director of Wal-Mart Stores Inc and who is also a board member of the Reserve Bank of Australia. [7] Kissinger Associates and Walmart folks know all about the true nature of US trade with China, after all. *Walmart is China's fifth-largest export market*, ahead of Germany and Britain. [8] and is responsible for approximately 10 percent of the United States' trade deficit with China.[9] And it was Kissinger's wheeler-dealing, backed up by US military aggression in Vietnam, Indonesia, Korea and elsewhere that led the Chinese Government to surrender its borders to western global corporations in 1971. [10]

As for the economists, how could they *not* know the pivotal role of western global corporations in world trade? What should the general public expect from this professional body?

Or is this just another exercise in 'preferred nomenclature' suited to U.S. interests? Much akin to the language used by the former Reagan administration.[11]

Terms were employed to create the reality which that aggressive administration wanted. The frightening thing is that all subsequent US administrations, including the present Obama-led one, are following this same atrocious template.

How important is it to get the facts of world trade right? [Is trade between subsidiaries of the same transnational corporations trade at all?](#) Think about it. Because the achievement of clarity on this topic may be, in my humble opinion, a key way to avoid a global nuclear conflict! (The current Chinese military build-up is

another story).

*"The contemplation of things as they are, without substitution or imposture, without error and confusion, is in itself a nobler thing than a whole harvest of invention."* Francis Bacon, 1620.

[1] Undue Influence: Corporations Gain Ground in Battle over China's New Labor Law

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<http://blog.ifeng.com/article/1822505.html>

[2] By Barry Eichengreen /Beijing

[http://www.gulf-times.com/site/topics/article.asp?](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=292693&version=1&template_id=46&parent_id=26)

[cu\\_no=2&item\\_no=292693&version=1&template\\_id=46&parent\\_id=26](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=292693&version=1&template_id=46&parent_id=26)

[3] Is it true that foreigners finance American debt? - Update 2. Brenda Rosser. Monday, December 1, 2008

<http://econspeak.blogspot.com/2008/12/is-it-true-that-foreigners-finance.html>

[4] Barry Eichengreen

From Wikipedia, ON 30TH MAY 2009

[http://en.wikipedia.org/wiki/Barry\\_Eichengreen](http://en.wikipedia.org/wiki/Barry_Eichengreen)

[5] Mark Thoma

<http://economistsview.typepad.com/economistsview/2009/05/global-imbances-and-future-crises.html>

[6] <http://www.dollarsandsense.org/blog/2008/11/geithner-and-kissinger-associates-pt-1.html>

[7] Sowing the seeds of a northern farm stampede

Matthew Stevens | October 27, 2007

Article from: The Australian

<http://www.theaustralian.news.com.au/story/0,25197,22655071-5001641,00.html>

[8] The Economic Crisis: A Wal-Mart Economy Dimension. Michael Perelman. Econspeak 18th October 2008

[9] U.S.-China Trade, 1989-2003 - Impact on jobs and industries, nationally and state-by-state

A Research Report Prepared for the U.S.-China Economic and Security Review Commission

By Dr. Robert E. Scott, Director of International Programs, Economic Policy Institute. January 2005

EPI Working Paper #270

[http://epi.3cdn.net/c523ff01bec5bc1c25\\_7nm6i278j.pdf](http://epi.3cdn.net/c523ff01bec5bc1c25_7nm6i278j.pdf)

..\..\Economics\China\China-US\China-US-trade-1989-2003.PDF

[10] China's trade policy was not an economic one. Brenda Rosser. May 2009

<http://econspeak.blogspot.com/2009/05/chinas-trade-policy-was-not-economic.html>

[11] Under Reagan's 'governance' third world nations were to be rolled back (e.g., Nicaragua). Thus they were called 'terrorist' and the insurgents were labeled 'democratic'. The governments in countries to be supported by Reagan and Co, in turn, were called 'democratic' and the insurgents were labeled terrorists. From the book Rollback by Thomas Bodenheimer and Robert Gould