

SEEK THE TRUTH AND SERVE HUMANITY

## PERPETUAL WAR

**A German (Prussian) general and military theorist, Carl von Clausewitz, wrote that 'War is a mere continuation of politics by other means'.**

A little over a hundred years later in the 1930s another general, the much-decorated US Marine Major General Smedley D Butler, commented a little more directly that:

*War is a racket. It always has been. It is possibly the oldest, easily the most profitable, surely the most vicious. It is the only one international in scope. It is the only one in which the profits are reckoned in dollars and the losses in lives. A racket is best described, I believe, as something that is not what it seems to the majority of the people. Only a small "inside" group knows what it is about. It is conducted for the benefit of the very few, at the expense of the very many. Out of war a few people make huge fortunes.*

We wonder, eighty years on, what General Butler would have made of the current never-ending wars waged covertly and overtly for and by the same imperial interests that he so stridently opposed.

He would hardly be surprised by comments from the Global Research Center that stated:

*Lest we forget, the CIA gave birth to Osama Bin Laden and breastfed his organisation during the 1980s. Former British Foreign Secretary, Robin Cook, told the House of Commons that Al Qaeda was unquestionably a product of Western intelligence agencies. Mr Cook explained that Al Qaeda, which literally means an abbreviation of "the database" in Arabic, was originally the computer database of the thousands of Islamic extremists, who were trained by the CIA and funded by the Saudis, in order to defeat the Russians in Afghanistan ... from the outset of the war on Syria in March 2011, the US and its allies supported so-called "Freedom fighters" largely composed of the Al Nusrah and ISIS brigades. Trained in Saudi Arabia and Qatar, these pro-democracy terrorists were routinely involved in atrocities including beheadings directed against Syrian civilians.*

Although General Butler claimed he could smell a fascist from a mile away, the 'art' of demonising the 'enemy', usually imagined, has become even more covert since the 1930s although it's not too difficult to join the dots.

America's Middle East policy revolves around oil and its 'partnership' with Israel. The invasion of Iraq, ongoing air strikes in Syria and the economic sanctions on Iran have much to do with isolating Israel's neighbouring enemies Lebanon's Hezbollah and Palestine's Hamas.

ISIS is not merely an instrument of terror used by America to topple the Syrian government; it is also used to put pressure on Iran.

America is using ISIS in three ways: to attack its enemies in the Middle East, to serve as a pretext for US military intervention abroad, and at home to foment a manufactured domestic threat used to justify the unprecedented expansion of invasive domestic surveillance. It gives an entirely new meaning to the maxim 'the enemy of my enemy is my friend'. We mentioned in last month's *Beacon* that opposition to the policies of the Israeli government should not excuse anti-Semitism; so too should opposition to ISIS not be used to excuse anti-Muslim behaviour; sectarianism should have no place in our opposition to war.

Since independence in 1776, the US has been engaged in over 53 military invasions and expeditions (ironically some of these were led by General Butler). Despite what the Western media's war cries would have us believe, Iran is clearly not the threat to regional security – Washington is. If any Iranian nuclear ambition exists, it is the result of American hostility towards Iran, not the other way around.

The so-called 'War on Terror' should be seen for what it really is. Since George W Bush declared the 'War on Terror' in October 2001 it has cost the American taxpayer approximately 6.6 trillion dollars, thousands of military casualties, with up to a horrific one million deaths in Iraq alone. Huge fortunes are being made from war as billions of dollars of blood money flow into the pockets of the military industrial elite.

We leave the last word to Garikai Chengu, a research scholar at Harvard University (from GRC):

**'Terrorism is the symptom; American imperialism in the Middle East is the cancer. Put simply, the War on Terror is terrorism; only, it is conducted on a much larger scale by people with jets and missiles.'** ■

# What I don't like about life in the American police state

By **JOHN W WHITEHEAD**

14 July 2014

**T**here's a lot to love about America and its people: their pioneering spirit, their entrepreneurship, their ability to think outside the box, their passion for the arts, etc. Increasingly, however, as time goes by, I find the things I don't like about living in a nation that has long since ceased to be a sanctuary for freedom are beginning to outnumber the things I love.

Here's what I don't like about living in the American police state: I don't like being treated as if my only value to the government is as a source of labour and funds. I don't like being viewed as a consumer and bits of data. I don't like being spied on and treated as if I have no right to privacy.

I don't like government officials who lobby for my vote only to ignore me once elected. I don't like having representatives incapable of and unwilling to represent me. I don't like taxation without representation.

I don't like being subjected to scans, searches, pat downs and other indignities by the TSA. I don't like VIPR raids on so-called 'soft' targets like shopping malls and bus depots by black-clad, Darth Vader lookalikes. I don't like fusion centres, which represent the combined surveillance efforts of federal, state and local law enforcement.

I don't like laws that criminalise Americans for otherwise lawful activities such as holding religious studies at home, growing vegetables in their yard, and collecting rainwater. I don't like the NDAA, which allows the president and the military to arrest and detain American citizens indefinitely. I don't like the Patriot Act, which opened the door to all manner of government abuses and intrusions on our privacy.

I don't like the Department of Homeland Security (DHS), which has become America's standing army. I don't like military weapons such as armoured vehicles, sound cannons and the like being used against the American citizens. I don't like government agencies such as the DHS, Post Office, Social Security Administration and Wildlife stocking up on hollow-point bullets. And I definitely don't like the implications of detention centres being built that could house American citizens.

I don't like the fact that since President Obama took office, police departments across the country 'have received tens of thousands of machine guns; nearly 200,000 ammunition magazines; thousands of pieces of camouflage and night-vision equipment; and hundreds of silencers, armoured cars and aircraft.'

I don't like America's infatuation with locking people up for life for non-violent crimes. There are over 3,000 people in America serving life sentences for non-violent crimes,

including theft of a jacket, siphoning gasoline from a truck, stealing tools, and attempting to cash a stolen check. I don't like paying roughly \$29,000 a year per inmate just to keep these nonviolent offenders in prison.

I don't like the fact that those within a 25-mile range of the border are getting a front row seat to the American police state, as Border Patrol agents are now allowed to search people's homes, intimately probe their bodies, and rifle through their belongings, all without a warrant.

I don't like public schools that treat students as if they were prison inmates. I don't like zero tolerance laws that criminalise childish behaviour. I don't like a public educational system that emphasises rote memorisation and test-taking over learning, synthesising and critical thinking.

I don't like police precincts whose primary purpose – whether through the use of asset forfeiture laws, speed traps, or red light cameras – is making a profit at the expense of those they have sworn to protect. I don't like militarised police and their onerous SWAT team raids.

I don't like being treated as if I have no rights.

I don't like cash-strapped states cutting deals with private corporations to run the prisons in exchange for maintaining 90% occupancy rates for at least 20 years. I don't like the fact that American prisons have become the source of cheap labour for Corporate America.

I don't like feeling as if we've come full circle back to a pre-Revolutionary era.

I don't like technology being used as a double-edged sword against us. I don't like agencies like DARPA developing weapons for the battlefield that get used against Americans back at home. I don't like the fact that drones will be deployed domestically in 2015, yet the government has yet to establish any civil liberties protocols to prevent them from being used against the citizenry.

Most of all, I don't like feeling as if there's no hope for turning things around.

Now there are those who would suggest that if I don't like things about this country, I should leave and go elsewhere. And there are certainly those among my fellow citizens who are leaving for friendlier shores. However, I happen to come from a long line of people who believe in the virtue of hard work and perseverance and in the principle that nothing worthwhile comes without effort.

So I'm not giving up, at least not anytime soon. But I'm also not waiting around for the government to clean up its act. I'm not making any deals with politicians who care nothing about me and mine. To quote Number Six, the

character in the British television series *The Prisoner*: 'I will not be pushed, filed, stamped, indexed, briefed, debriefed, or numbered! My life is my own!'

I plan to keep fighting, writing, speaking up, speaking out, shouting if necessary, filing lawsuits, challenging the status quo, writing letters to the editor, holding my representatives accountable, thinking nationally but acting locally, and generally raising a ruckus anytime the government attempts to undermine the Constitution and ride roughshod over the rights of the citizenry.

As I make clear in my book *A Government of Wolves: The Emerging American Police State*, we're at a crisis point in American history. If we don't get up off our duffs and get involved in the fight for freedom, then up ahead the graveyard beckons. As Martin Luther King Jr warned, 'The hottest places in hell are reserved for those who in a period of moral crisis maintain their neutrality.' ■

Source: *The Rutherford Institute*

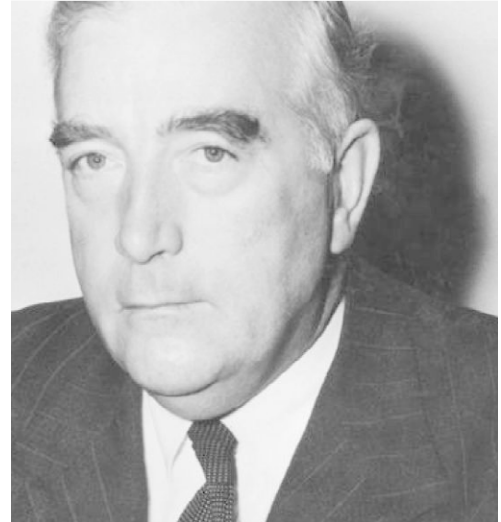
<https://www.rutherford.org/>

## The Conversation

29 August 2014

<http://tinyurl.com/q5vyhqx>

# Menzies, a failure by today's rules, ran a budget to build the nation



**RICHARD DENNISS** Adjunct Professor, Crawford School at Australian National University

*Robert Menzies may be a Liberal hero for John Howard and his successors in the current government, but his budgets fit their definition of 'disaster'.* **AAP/Alan Porritt**

Robert Menzies left Australia in far worse financial shape than he found it, at least according to current treasurer Joe Hockey's favourite debt and deficit benchmark. Having inherited budget surpluses from the Chifley Labor government, the Menzies Coalition government ran small budget surpluses from 1949–50 to 1957–58.

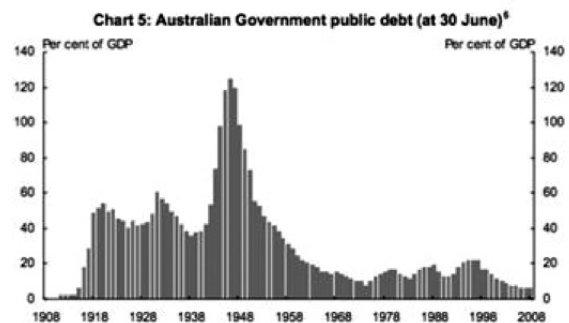
But then Menzies' 'irresponsible profligacy' began, running budget deficits for the last nine years of his reign.

Between 1958–59 and 1966–67, Menzies averaged budget deficits of 1.8% of GDP. His biggest deficit of 3.3% of GDP in his final year in office was larger than the last Swan deficit, which the Abbott government has called a 'disaster' and a 'budget crisis'.

While Hockey borrowed his 'lifters and leaners' line from Menzies, he has not borrowed his fiscal strategy. Spending as a percentage of GDP rose steadily and substantially under Menzies, from 19.4% of GDP to 24.5%. The public sector that Hockey so derides grew by around 25% while Menzies, a Liberal hero to prime ministers John Howard and Tony Abbott – as well as Hockey – was calling the shots.

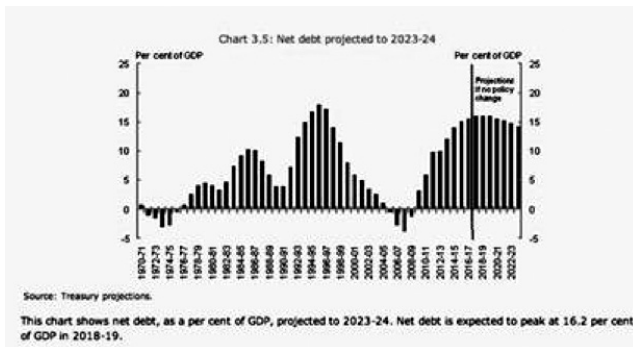
Tax grew steadily under Menzies as well. The tax-GDP ratio rose from 19.6% of GDP to 21.2% over his time at the helm. Because tax didn't rise as fast as government spending, the Commonwealth deficit grew steadily.

As budget deficits are typically funded by government borrowing, they usually result in an increase in public debt. Menzies had been paying off wartime debt early in his term, but debt increased to be at 41% of GDP when Menzies retired.



A history of public debt in Australia, Commonwealth Treasury (2009), Katrina Di Marco, Mitchell Pirie & Wilson Au-Yeung

To put that into perspective, Commonwealth net debt stood at 12.5% of GDP at June, up from 10.1% in June 2013.



Commonwealth Treasury, Mid-Year Economic and Fiscal Outlook 2013-14

## Menzies focused on the economy

So, what was Menzies up to? He clearly wasn't obsessed with the budget deficits or worried about numbers of public servants that so concern Hockey. The economy grew quite steadily, often growing at more than 6% in real terms. Unemployment was mostly around 2% or less, and only 1.6% when he retired. Over his time in power, you couldn't even argue that Menzies was trying to balance the budget over the business cycle.

Menzies was interested in nation-building. He not only wanted rapid population growth, but he wanted infrastructure growth and growth in the health and education services that make a society both cohesive and productive.

Like any successful corporate leader, he was willing to use long-run debt financing to fund long-run investments. Menzies knew that a lot of his budget spending was for capital projects that would deliver benefits for decades, so why should he have funded them entirely out of one year's revenue?

*Tony Abbott's claim that 'you can't fix the economy unless you fix the budget' would have bemused Menzies.*

### AAP/Julian Smith

Hockey, on the other hand, wants to fund a big increase in infrastructure spending with no increase in tax and no increase in debt. He wants to fund more capital spending by cutting spending on essential services and income support for poor people.

The simplistic notion that a deficit is evidence that a government is 'living beyond its means' is complete economic nonsense. Leaving aside that historic and international evidence provides no support for the claim that budget deficits cause long-run economic problems, the argument is contradicted by the corporate decision-making that politicians pretend to emulate.

During the mining boom, BHP ran large and repeated 'budget deficits'. The company's annual reports provide clear evidence that BHP spent far more than it earned. But rather than criticise BHP for its 'irresponsible' borrowing, shareholders reaped billions in dividends and watched their share price grow. How could this be?

Contrary to virtually every word spoken by our political leaders, there is absolutely no relationship between a budget surplus and a profit. They aren't just different concepts, they are unrelated concepts. They have nothing

in common except that people generally think both of them sound good.

## Budgets require long-term vision

The reason that BHP ran very large deficits during the mining boom is that, like Menzies, the company was spending large amounts of money on long-lived assets that would deliver benefits for decades to come. First-year economics and accounting students could tell you that you don't treat purchasing an asset as an 'expense' in the year in which the cheques are written.

What corporations do, and what governments used to do, is to distinguish between capital spending (spending that delivers future benefits) and recurrent spending (spending that delivers transient benefits). Only the portion of capital spending that is 'used up' in the current year is included as an expense, and this portion is called 'depreciation'.

So, when BHP spends A\$3 billion building a mine that is expected to last 30 years, the company might record a 'depreciation expense' of \$100 million.

*Joe Hockey is wrong to liken the budget to businesses or households 'living beyond their means'.*

### AAP/Paul Miller

The same is true for households. While political leaders like Hockey often tell us that governments are like households and shouldn't 'live beyond their means', in reality most households aspire to rack up huge 'budget deficits'. If you earned \$60,000 a year and borrowed \$500,000 to buy a house, then, assuming you didn't spend a cent on anything else that year, you would have incurred a 'budget deficit' of \$440,000.

The reason that companies and households rack up huge debt is because they think the things they are investing in will deliver long-run benefits that far exceed the combination of the upfront costs and interest paid on the debt. Investment markets rarely complain about the 'interest burden' carried by such companies. Rather, they often accuse them of having a 'lazy balance sheet', which means they haven't borrowed enough to invest in growth.

This year, the Australian population will grow by around 400,000 people. Since Sydney hosted the Olympics in 2000, Australia's population has grown by 22% from 19.3 million to 23.6 million. That is why Australia's roads, trains and hospitals are crowded.

If the government wants to double Australia's population by 2060, it can either invest in the new infrastructure the country needs before the population arrives, or it can lower Australians' expectations about how much infrastructure we should expect. It seems clear we are being warmed up for the latter.

If Australians demand more infrastructure, Hockey tells us that the price of funding new roads and hospitals reduces spending on trains and nurses. This is not the logic of Menzies, nor is it the logic of BHP. It is, however, the logic of a treasurer and a government that wants to use vague notions of 'economic responsibility' to drive big reductions in the social safety net. ■

# Nothing is free? Depends who you are.

Written by: **KAYE LEE**



**[The budget] will do for people what they cannot do for themselves, but no more. Nothing is free. Someone always pays.**

**A** common refrain from Tony Abbott and his band of miserly men is that the taxpayer is footing the bill for all those 'leaners' and that people should take more personal responsibility for themselves. User pays seems to be the pervading Coalition strategy in most areas – education, health, fuel excise, road tolls, GST.

It is somewhat ironic that Tony Abbott is leading this spin considering how much he has been given.

Tony came from England to Australia for free when his parents took advantage of the Assisted Passage Migration Scheme. His father became a wealthy man who paid for

Tony to attend private Jesuit schools.

Tony then benefited from a free university education thanks to Gough Whitlam.

In a 1979 interview printed in *Honi Soit*, the Sydney University student newspaper, Tony said:

'I think too much money is spent on education at the moment,' adding that 'departments such as general philosophy and political economy should be the first to go'.

This contempt for philosophy and political economy seemed to disappear when it was suggested to Tony that he might be able to get a free ticket to Oxford via a Rhodes Scholarship. He applied to study philosophy, politics and economics.

University and college fees are paid by the Rhodes Trust. In addition, scholars receive a monthly maintenance stipend to cover accommodation and living expenses.

After returning from England, Tony decided to let the Catholic Church pay for his education and keep and entered St Patrick's seminary at age 26, significantly older than most of his fellow seminarians.

While at the seminary, he wrote articles for *The Catholic Weekly* and *The Bulletin*.

In 1987, he quit the seminary and started looking at a future in politics, although he continued writing for *The Bulletin*.

After marrying Margie in 1988, Abbott decided that writing for *The Bulletin* was boring and he wrote to a number of 'business leaders' asking them for a job.

His plea for a job was answered by Sir Tristan Antico, a 'prominent member of the wider Jesuit network' who offered Tony Abbott the position of plant manager at Sydney Concrete in Silverwater even though he had no experience or qualifications for the position.

Abbott soon quit the job as it wasn't paying enough money and accepted a position with *The Australian* as a journalist. He continued writing at *The Australian* until John Howard recommended him for a position as the then federal Liberal leader John Hewson's press secretary. Tony was responsible for the speech when Hewson said 'you can tell the rental houses in a street'.

In 1992, he was appointed director of Australians for Constitutional Monarchy, a position he held until 1994, when he was successfully elected to parliament when gifted pre-selection for the Warringah by-election.

From the age of 36 Tony lucked into the highest paying job you can get with no qualifications, experience or specific skills, and then in 2009, he was gifted the leadership in return for becoming a climate change denier. Some may say that the Labor Party then gifted him the prime ministership.

He has had free air travel, chauffeur-driven cars, and tickets for him and his family to anything they want to attend.

We pay for his books, his volunteering, his charity work. We pay for his petrol and his phone and his food and his electricity.

We buy him new jets so he can fit in the hundreds of photographers and businessmen that now travel everywhere with him.

Cont'd page 9

# Thinking about debt in Australia PART I



By **Rob Watts** RMIT University

**A**ustralia has one of the largest capitalist economies in the world. By any measure we are one of the wealthiest societies on the planet – though how well or equally that wealth is distributed or used is quite another matter. Using the statistics that economists use, we can say that in 2013, Australia's total wealth was \$6.4 trillion dollars. Alternately, using a different but still standard economic measure like gross domestic product (GDP), we can say that the Australian economy was worth \$US1.560 trillion at the end of 2013. This makes it the 12th largest national economy in the world by nominal GDP in 2013. If you divide the GDP by the total population, we are the fifth and tenth wealthiest nation on the planet. The ASX in Sydney is the largest stock exchange in Australia and in the South Pacific and ranks 9th in the world in terms of market capitalisation. Our currency is the fifth most traded currency in the world. So, for a medium-size country, we do well.

Where our wealth comes from is a bit less clear. Since the late 1990s, and as has long been the case since the 1850s, our good fortune seems to be found mostly underground: the mining sector that represents 10% of GDP and the 'mining-related economy' that represents 19% of GDP has been the big export earner for the past decade or so now.

How we keep our collective standard of living up is another matter. As Australian economists like Steve Keen (e.g. *Debunking economics: The naked emperor dethroned?* London, Zed Books, 2011) have been pointing out for some time, we are relying on debt and our reliance on debt is getting worse.

At the same time, and since September 2013, we have had an Abbott government telling a story that the problem of debt in Australia is a problem of government debt. PM Abbott and treasurer Hockey have told us the previous ALP Rudd-Gillard governments had spent money they didn't have, had cranked up 'too much government debt' and that we were all facing ruin and now we need to 'reduce debt' by cutting government expenditure and reducing services so as to do the 'right thing' by our children and grandchildren.

Let's think about this. Australians do need to think about debt but we need to do so on the back of clear thinking and relying on good evidence to work out what if anything we ought to be worrying about. That is the purpose of this paper. We will start by asking, what is debt and how much we have, what sort of debt we have and what, if anything, is the problem?

## ON DEBT

Economic activity is often financed via debt in modern economies such as Australia's, and this is the case for governments and corporations, households, individuals and even NGOs and churches. Debt is not intrinsically good or bad. It depends on what you are doing with it and what human 'goods' such as justice, fairness, long healthy lives or cultural creativity it is serving.

There is good debt and bad debt. Good debt involves investing in and building things we all need such as schools and hospitals and public transport or community centres and national parks. Bad debt increases social inequality or funds the building and provision of things we do not need such as fuel use that increases our carbon footprint, sustaining slave labour, or freeways we really don't need.

And in spite of the fantasies perpetrated by neoliberals that only businesses and markets matter, what governments do is fundamental to the way modern economies work and that includes the things they do to promote good debt or bad debt. This needs to be said because Australians need to put more pressure on their governments to choose and make good policies. There are always alternatives and we need a much more robust political culture that examines and promotes real alternatives instead of believing the very narrow band of neoliberal ideas currently promoted by the major political parties that say there are no alternatives to low taxation or privatisation.

Governments, even neoliberal ones, set the ground rules, including the legal and regulatory frameworks, manage the currency, set interest rates and devise policies on levels of public spending and raising revenue vital for all the basic economic activities.

There are policies that support the use of debt for good purposes such as borrowing money to build physical infrastructure (rail lines, hospitals and schools) and social infrastructure such as employing people to provide healthcare, education or community services. There are policies that encourage the use of bad debt that, via the privatisation of basic physical infrastructure, funds the growth of roads (think CityLink) or of social infrastructure (such as post-secondary students going into debt to pay for their university or TAFE education). Other policies support the use of debt to bad ends (like negative gearing that massively distributes property-based wealth to already advantaged individuals and families, increasing social inequality and doing so at taxpayer expense).

Having said all that, let's now try to get a picture of debt.

## HOW MUCH DEBT AND WHAT SORT OF DEBT?

One important big picture view of the total level of debt – of all sorts – is the net international investment position (IIP) of the country. This measures the *difference* between a country's external financial assets and its liabilities. A country's external debt includes both its government debt and private debt and, similarly, its public and privately held (by its legal residents) external assets are also taken into account when calculating its NIIP.

Let's first get a big picture overview globally.

TABLE 1: LEVEL OF TOTAL EXTERNAL SELECTED COUNTRIES – 2013

| External debt (USD trillions) | % of GDP |       |
|-------------------------------|----------|-------|
| Australia                     | 1.5      | 95    |
| US                            | 17.3     | 106   |
| UK                            | 10       | 406   |
| Germany                       | 5.7      | 142   |
| France                        | 5.2      | 182   |
| Japan                         | 3        | 60    |
| China                         | 3        | 37.5  |
| Netherlands                   | 2.6      | 344   |
| Luxembourg                    | 2.6      | 3,443 |
| Italy                         | 2.4      | 108   |
| Spain                         | 2.2      | 167   |
| Ireland                       | 2.1      | 1,008 |
| Belgium                       | 1.4      | 266   |
| Switzerland                   | 1.5      | 229   |

Australia's net IIP liability position was \$850.4b at 31 March 2014, an increase of \$11.9b on 31 December 2013. Australia's net foreign debt liability decreased \$3.2b to a net liability position of \$855.6b. Australia's net foreign equity decreased \$15.1b to a net asset position of \$5.2b at 31 March 2014. Not surprisingly, Australia has a negative relationship between its IIP (of \$A850B) that as a percentage of its GDP was –64.6%. That is one measure of our total debt.

There is another way of getting a big picture of a country's total level of debt that assesses the Current Account Balance that can be in deficit or surplus. In simple terms, the Current Account Balance and the IIP measures the extent to which we have a surplus or a deficit.

Our Current Account Balance in Australia has long been in deficit and averaged –4642.62 AUD million from 1959 until 2014. (For purposes of comparison, the UK has an IIP = –1.3% of its GDP while USA has an IIP worth –26.8% of its GDP. There is nothing new about this. Our Current Account Balance has mostly been in deficit across the twentieth century.

What does this tell us?

Countries with positive balances have a mix of a strong export-based economy, produce a lot of the goods they consume, and don't borrow excessively. Some countries have a strong positive Current Account Balance and a favourable IIP like Singapore – that has an IIP of \$S303b that as a share of its GDP is +224% of GDP, or Switzerland that has an IIP worth +184% of its GDP.

Australia does not work like these countries: it has a weak export base – though we have been spectacularly lucky

across the past two-and-a-bit centuries. We are overly reliant for our national income generation now on exports of resources such as oil, gas, coal and iron ore: we import far too much of what we need to live well (cars, consumer goods and clothes, business equipment, leisure items, even food). Finally, we borrow a lot of money to keep our total levels of consumption and standard of living at high levels.

So let us look in more detail at Australian debt, remembering the way the Abbott government has been tirelessly arguing that we have a 'debt problem' and that it's all because we have 'Big Government' and that under Labor we 'spent too much' and 'borrowed too much'.

Let's be clear: debt comes in two kinds. There is public debt and there's private debt.

**Public debt** = All levels of government (federal, state and local government)

**Private debt** = Household plus business debt

Let me start with public debt.

### THE BIG PICTURE (I): PUBLIC DEBT

General government, as defined by the Australian Bureau of Statistics (ABS), comprises all government units (of local, state and national governments) and non-profit institutions controlled and mainly financed by the government. Australians do not need to worry too much about having a lot of public debt. If anything, we ought to have a bit more of the good kind of debt that comes from thoughtful investment for the future.

The general government gross and net foreign debt currently stands at 14.1% and 12.3% of gross domestic product (GDP) respectively. There has been no change in the gross debt, but there has been an increase of 0.1 per cent in net debt as a percentage of GDP since March 2013.

Using a slightly different measure, we can say the total Australian public sector (including general government, and financial and non-financial corporations controlled by governments) gross and net foreign debt currently stands at 19.5% and 13.5% of GDP respectively. Gross and net foreign debt has decreased 0.7 and 0.8% points respectively since March 2013.

By world standards this is a very small level of public debt. Our level of public debt is dwarfed e.g. by the USA or UK that have roughly three times as much public debt or by Italy that has four times that level of public debt.

TABLE 2: LEVEL OF TOTAL PUBLIC DEBT FOR SELECTED COUNTRIES – 2013

| COUNTRY     | Public Debt as % of GDP |
|-------------|-------------------------|
| Australia   | 29.3                    |
| US          | 80                      |
| UK          | 90                      |
| Germany     | 79                      |
| France      | 89.9                    |
| Japan       | 214                     |
| China       | 31.7                    |
| Netherlands | 68.7                    |
| Luxembourg  | 18.4                    |
| Italy       | 126                     |
| Spain       | 85.3                    |
| Ireland     | 108                     |
| Belgium     | 99                      |
| Switzerland | 52.4                    |



## ON GOVERNMENT DEBT AND THE DECEPTIONS OF THE ABBOTT GOVERNMENT

The Abbott government has made a lot of the huge public sector debt and the 'huge' amount of interest paid on it running currently at \$1 billion a month. Should we be worried?

If a state or federal government needs to raise money either to pay for specific projects or to cover any shortfall between the government's annual revenue and expenditure – known as the deficit – it will issue bonds or notes.

These operate like a loan, where the government agrees to pay the person who buys the bond or note the full purchase price at the time the loan matures, usually 2, 5, 10 or 15 years from the date of issue. The government pays interest on the loan at fixed intervals, usually twice a year. The initial purchaser of the bond or note can sell it on the open market at the prevailing price that is based on traders' views of the likely direction of the economy.

According to the 2014–15 budget Australia's interest-bearing liabilities in the year to June 2014 are expected to reach \$358 billion. About 97% of these liabilities are Commonwealth Government Securities (CGS). These come in three forms: Treasury bonds, Treasury indexed bonds and Treasury notes.

At the moment, there are \$329 billion worth of Commonwealth securities on issue.

- **Treasury bonds**, defined in the budget as having a fixed annual rate of interest payable every six months (face value \$301 billion)
- **Treasury indexed bonds** where the capital value is adjusted for movements in the consumer price index, with interest paid quarterly, at a fixed rate, on the adjusted capital value (face value \$23 billion)
- **Treasury notes** that are short-term securities, generally maturing within six months of issuance (face value \$4 billion).

## Unitarian E-Newsletter

The Melbourne Unitarian Church has decided to move into the digital world by launching a bi-monthly E-Newsletter that will bring you up-to-date information and comment from home and around the world. If you would like to be part of our exciting E-Newsletter, please send an email to us at [admin@melbourneunitarian.org.au](mailto:admin@melbourneunitarian.org.au) and we will add you to our growing database. If, on receipt or at any point you decide you no longer wish to receive the newsletter, you can easily unsubscribe.

## WHAT IS THE INTEREST OWING ON OUTSTANDING DEBT?

Each federal budget provides details of how much interest the Commonwealth pays on its debt each year.

The 2014–15 budget shows \$13.2 billion will be paid to service CGS liabilities for the year to June 2014, and \$13.5 billion next financial year rising to a projected \$16.4 billion by June 2018.

In the market, Commonwealth securities are traded by investors including fund managers and foreign reserve managers. The government always pays fixed interest rates on the notes and bonds it issues that are set at the issue date. Pricing for new issues is affected by market movements. The market rate for the 10-year Treasury bond is currently about 3.7% per year. A back-of-the-envelope calculation says an interest rate of 3.7% of \$329 billion gives an annual interest bill of \$12.2 billion, or about \$1 billion a month.

This is a reasonable approach to calculating interest. But it is not the way it is done – that is much more complex and that involves going through each of the 20 bonds and notes on issue and calculating the annual interest payable, including for the more complex inflation-linked bonds of which there are six. New bonds and notes are being constantly issued while others are maturing throughout the year. ■

END OF PART ONE.

## DID YOU KNOW...

### AUSTRALIA FAIR?

- The richest seven people in Australia hold more wealth than the 1.73 million households in the bottom 20 per cent.
- The wealthiest 20 per cent of households account for 61 per cent of total household wealth.
- Over the past decade, half the total growth in incomes went to the richest 10 per cent.
- During that time the richest 10 per cent received more income tax cuts than the bottom 80 per cent combined.
- The unemployment benefit is 20 per cent below the poverty line, the lowest of all OECD countries.

**Sources: Advance Australia Fair, Income and Wealth Inequality In Australia**

It cost about 75 cents to kill a man in Caesar's time. The price rose to about \$3,000 per man during the Napoleonic wars; to \$5,000 in the American Civil War; and then to \$21,000 per man in World War I. Estimates for the future wars indicate that it may cost the warring countries not less than \$50,000 for each man killed.

**Senator Homer T Bone**



As Opposition leader, Tony claimed over \$1 million a year in 'expenses'. I shudder to think what his time as prime minister will cost us, particularly considering his accommodation decisions. It should be remembered that Abbott is living in public housing.

The lavish Canberra home Tony Abbott refused to move into while the Lodge was being renovated has cost the government nearly \$120,000.

The full cost of the ill-fated lease – including termination fees and legal advice – was confirmed at a budget estimates committee hearing in May.

The budget for the prime minister's official residences (the Lodge and Kirribilli House) will increase from \$1.61m in 2013–14 to \$1.7m next financial year, rising to \$1.77m, \$1.81m and \$1.86m in subsequent years. This is 'for items, staff and cooking within the residences and to maintain the gardens', but does not include the building upkeep.

Howard, the only other prime minister to refuse to move to where his job is, racked up over \$18 million in flights between Sydney and Canberra during his term.

Tony's daughters have also been fortunate.

His daughter Louise was appointed executive assistant to Australia's Permanent Representative to the UN in Geneva that is headed by former Coalition staffer Peter Woolcott.

There was internal disquiet at DFAT in Canberra about what some staff saw as a lack of transparency in the hiring and how Ms Abbott came to be doing high-level work, such as delivering a public statement on disarmament, when there were up to 14 policy specialists attached to the mission.

But a spokesman for DFAT said the job helping represent Australia to the United Nations was awarded 'on the basis of merit.' Just like the unadvertised \$60,000 scholarship thrust upon Frances Abbott even though she hadn't even applied to go to the college let alone for any scholarship.

Regardless of what happens in the future, Tony will continue to be supported by the public purse for life.

Each former PM is entitled to at least two staff, including a senior private secretary, and the annual wages bill of each is about \$300,000.

In 2010 it was reported that John Howard's office was the most expensive, with expenses averaging \$850,000 a year. Mr Howard's expenses blew out well in excess of the other four former prime ministers no longer in Parliament thanks to a \$450,000 office refit in 2008/09 to his swanky digs in Sydney's MLC building, which was already costing nearly \$14,000 a month to rent.

In the seven months after leaving office, Mr Howard spent \$109,892 on limousine services, evenly split between the government Comcar service and private hire cars.

The former PMs also have their home and mobile phone bills paid by taxpayers, as well as unlimited allowances for publications, a private self-drive car, and air fares for them and their spouse.

These are in addition to their pensions under the generous former parliamentary superannuation scheme, which gives them a pension indexed to current MPs' salaries for life.

Assuming Tony Abbott remains prime minister for the next four years, he could walk away with an annual pension of more than \$380,500 and that's not including the rest of the perks. ■

## Corrupt government? We think so!

**Secrecy in and by government facilitates corrupt behaviour: secrecy is required only if government fears the anger of the people.**

No more blatant example of corruption in this government can be found than in the secrecy and media manipulation relating to those seeking asylum from tyranny, torture and death.

Not content with forcing those seeking our humanitarian care into concentration camps in other impoverished countries, government uses our taxes to bribe the said countries, paying them to ignore breaches of international laws that we as a nation have endorsed. They then compound their crime in demonising those seeking our help by calling them 'illegals'. By whose laws are they illegal? And the situation is further manipulated by having an army general stand in on the early press conferences given by Morrison to suggest we are at war with these victims.

What is happening to our democratic processes affects every one of us. When government, without consultation, indeed with great secrecy, breaks UN agreements that we have ratified, allows those in our

care to be treated as less than human, brutalised, deprived of hope, physically treating asylum seekers as if they are 'enemies of the state' as in Nazi Germany, is this not corruption at its worst and destruction of democracy as we have always known it?

Are these policies and actions corrupt? What do you the readers think?

George Carlin, American satirist, writer and standup comic summed it up well when he said:

'Forget the politicians. The politicians are put there to give you the idea you have freedom of choice. You don't. You have no choice. You have owners. They own you. They own everything. They own all the important land, they own and control the corporations that've long since bought and paid for the senate, the congress, the state houses, the city halls, they got the judges in their back pocket, and they own all the big media companies so they control just about all of the news and the information you get to hear. They spend billions of dollars every year lobbying to get what they want. Well, we know what they want. They want more for themselves and less for everybody else. But I'll tell you what they don't want. They don't want a population of citizens capable of critical thinking. They don't want well informed, well educated people capable of critical thinking. They're not interested in that. That doesn't help them.' ■

# Team Australia and terror laws

BILAL CLELAND August 2014

Prime Minister Abbott, having decided upon new anti-terror legislation, decided to hold much publicised ‘consultations’ for an hour or two with the Muslim leadership in NSW and Victoria. This would have no impact on an already decided course of action but would serve a political purpose. As Stacks the Law Firm pointed out in a recent article about these proposed laws:

*Bills before parliament ... grant immunity from prosecution to intelligence officers engaged in special operations, and open the possibility of jailing journalists and whistleblowers for publishing information about a terrorism investigation. Foreshadowed are new laws under which anyone who travels to certain locations will have to prove they weren't involved in terror activities – reversing the traditional legal onus of being innocent before being proved guilty.*

[<http://www.mondaq.com/australia/x/335370/Terrorism+Homeland+Security+Defence/How+proposed+terror+laws+could+affect+you>]

What caused great offence was his announcement, with specific reference to the Muslim community, that the changes to the Racial Discrimination Act were being dropped to strengthen these proposed anti-terrorist measures. As Australia's Race Discrimination Commissioner Tim Soutphommasane pointed out: ‘As far as I am aware there was never any suggestion, from any community, that retaining racial vilification laws was necessary to fighting domestic terrorism.’ And he explained that the law does not protect religion as an attribute anyway. [The Guardian 25/8.2014]

Muslims feel that their loyalty to the nation is being unfairly questioned.

Just what Prime Minister Abbott sees as ‘Team Australia’ is fascinating. He obviously sees himself as its captain and in charge of its composition. That would make for some very interesting play.

For a start, he is the inheritor of the ideology of BA Santamaria, described in an article by Paul Collins in *Eureka Street*, a Jesuit publication, as ‘the most divisive man in the history of Australian Catholicism’.

[Eureka Street 17/8/2010]

At the January 2007 launch of Santamaria's Selected Letters, Tony Abbott said, ‘I was lucky to know BA Santamaria for the last 22 years of his life, to have attended diligently to his writing and speaking.’ Santamaria, he says ‘left Australian Catholicism more intellectual and less politically tribal’, by which he presumably means there are now Catholics in Coalition as well as Labor ranks.

As well as numbering Cardinal Pell amongst his disciples, Santamaria earned fame in the 1930s for his support of Franco the fascist who overthrew the democratically elected Spanish Republic, and Benito Mussolini who tried to recreate the Roman Empire in bloody campaigns in Libya and Ethiopia.

Paul Collins wrote: ‘Essentially Santamaria embraced a form of theological integralism which sees everything in the world as tainted unless it is “integrated” or brought into the orbit of Catholicism. Integralism assumes that the Church has an unchallengeable, complete and accessible body of doctrine that gives guidance in every possible eventuality – social, political, strategic, economic, familial and personal.’

This philosophy is a very dangerous one that does not in any way fit in with Australian values as they are commonly conceived. Indeed Collins adds: ‘Integralism has much in common with Italian Fascism, Franco's Spain or Salazar's Portugal. It is also at odds with the Vatican II Declaration on Religious Freedom: “Freedom means that all are to be immune from coercion ... in such wise that no one is to be forced to act in a manner contrary to his own beliefs.” It is a real threat to democracy and to freedom that Catholics have to make their own decisions on a whole range of issues, particularly political.’

The Race Discrimination Commissioner suggested if ‘Team Australia’ is simply shorthand for an Australian liberal democratic community, for a community of equal citizens, I don't think any one of us would have an issue with it ... But if “Team Australia” is meant to suggest something else we are entitled to ask for an explanation. Manufacturing patriotism can sometimes do more to divide than to unite.’

The echoes of Santamaria, reactionary European Catholicism and integralism do not seem to fit well with what most of us would see as democratic Australian values. Just what is Abbott demanding of those he demands should belong to this team he talks about? ■

## PAY BY DIRECT DEPOSIT

If *Beacon* readers would like to pay their subs via a bank, details are below. (You will need to go to an ANZ bank if you do not want to incur fees.)

**Bank:** ANZ  
**Account Name:** Melbourne Unitarian Church  
**BSB:** 013 275  
**Account No:** 3011 30386

You need to add your surname and postcode in the reference.

## PAYPAL ACCOUNT

The church has now opened a PayPal account. If you have access to PayPal – all you need do is log on and the church's PayPal address is [admin@melbourneunitarian.org.au](mailto:admin@melbourneunitarian.org.au) Visit our web page and click on the link. You will be able to pay your subscription and make donations.

# from our readers



**Dear Editor**

## **Aussie fighter jet upgrade**

In July 2014 the *Herald Sun* reported that the first two of a total of 72 state-of-the-art, single-seat, multi-purpose F35A fighter jets were delivered to the RAAF by the US-American manufacturer Lockheed Martin to replace the ageing F18 Super Hornets by 2018. The cost of the 72 jets is expected to exceed A\$12 billion. This equates to at least \$166.7 million per unit, making it the most expensive fighter jet ever designed and built. The US military has ordered well over 2400 units, followed by Britain (138), Italy (131), Holland (85), Canada (65) and a few other pro-Western countries have placed limited orders.

The F35A has a wingspan of just 10.7 m, is single-engined with a top speed of 1,930 km/h and a service ceiling of 18 km. At maximum speed it can stay airborne for about an hour before needing to be refuelled. The armaments vary, but may consist of a combination of 10 pieces of air-to-surface and air-to-air missiles mounted internally and externally plus a 4-barrel canon with 182 rounds. It cannot yet carry an atomic bomb. 'Stealth' capabilities make it invisible to radar. Engine replacement takes a long 52 hours.

Williamstown, 15 km north of Newcastle in southern coastal New South Wales, is to be the home base for most of the Australian F35As. From here, these jets with their 1,000 km combat radius could conceivably defend cities in southern Queensland, New South Wales and the ACT, Victoria and northern Tasmania, as well as challenge enemy ships up to 1,000 km offshore in the Western Pacific. Notwithstanding enemy fire, an 'in-flight pilot black-out' or failure of its single engine could cause an F35A to be lost with millions of dollars down the drain.

As the jet is still dogged by technical problems and therefore additional cost hikes, taxpayers may well ask whether the federal government should attempt to renegotiate the present deal and instead first purchase a small number of units to enable the jet's performance

to be fully evaluated by the RAAF under Australian conditions before committing to a large order. A less complex and therefore cheaper 2-engined upgrade of a current US or European fighter jet/bomber, with at least 2-crew for in-flight technical support, as well as a larger combat radius and payload, may even be a better option for Australia's future air defence needs. The sad irony is that in a more peaceful world none of the above considerations would be relevant.

**Fred Neumann, Frankston, Vic**

**Dear Editor**

While it is interesting to read the different Israeli perspectives on the conflict in Gaza and the rest of Palestine, there is an almost total neglect in Australia of the Palestinian side of the story. I would have thought that it is important to encourage a diversity of opinion on this question in our newspapers and present readers with different views of the issues involved. Instead, we have had a steady stream of different opinion pieces from Israeli, Zionist and Jewish writers, as if no Palestinian narrative or voice existed on the question.

Indeed, it is as if the outlook of one of the central participants in the conflict that has gone on for over 60 years is almost completely missing from the dialogue. There are, in fact, in Australia and elsewhere many articulate and eloquent Palestinian voices that are worthy of space in our media. And it would be very valuable to our society if we could hear these.

The resolution of such conflicts begins with an understanding of the viewpoints of both parties, not by ignoring the one side. Palestinians deserve to be listened to, as there can be no peace or just resolution to this tragic situation without attention to their point of view and recognising that Palestinians do have rights. In fact, history shows this is really the key to settling such disputes. We need to read a better balance of views on this vital matter.

**Steven Katsineris, Vic**

**Increase our Circulation:**  
Nominate potential subscribers for three free monthly copies without ongoing obligation! (Try before you buy)

**TUNE INTO THE  
Unitarian Half Hour**  
EVERY SATURDAY AT 10.30 AM  
3CR • 855 AM • COMMUNITY RADIO



Our church is a public and usable asset with portable seating and excellent conference, meeting and function facilities. We welcome its use by those who support our motto 'Seek the Truth and Serve Humanity'. Interested individuals or groups can contact the church office – we would be delighted to speak to you. A donation is payable.

# MELBOURNE UNITARIAN PEACE MEMORIAL CHURCH

‘SEEK THE TRUTH AND SERVE HUMANITY’

Tel: 03 9417 4178 (9.30 am – 4.00 pm weekdays) Fax and Answering machine: 03 9417 4178  
110 Grey Street, East Melbourne (opposite the Mercy Hospital)  
Services, Sunday 11 am

## IN THIS ISSUE:

### Editorial

**What I don't like about life in the American police state  
Menzies, a failure by today's rules, ran a budget to build  
the nation**  
**Nothing is free? Depends who you are**  
**Thinking about debt in Australia – Part I**  
**Corrupt government? We think so!**  
**Team Australia and terror laws**

## Beacon Editorial Board

Peter Abrehart  
Marion Harper  
Donna Sensi  
Julie Stafford

**The Editorial opinions  
expressed are those of  
the Editorial Board.**

Opinions expressed in the editorial, articles, letters, etc., in the *Beacon* are those of the writers themselves and do not necessarily reflect the policy of the Melbourne Unitarian Church or any other organisation to which a particular writer is affiliated. Titles and affiliations are used for individual identification purposes only.

## MELBOURNE UNITARIAN PEACE MEMORIAL CHURCH

110 Grey Street, East Melbourne 3002  
Email: [admin@melbourneunitarian.org.au](mailto:admin@melbourneunitarian.org.au)  
Website: [www.melbourneunitarian.org.au](http://www.melbourneunitarian.org.au)

Monthly journal of the Melbourne  
Unitarian Peace Memorial Church  
Est. 1852

Registered by Australia Post

Post Print Approved  
100003043

SURFACE  
MAIL

POSTAGE  
PAID  
E. Melbourne  
Victoria  
Australia  
3002

Simply cut out this form, fill in the details, and forward it along with your subscription. Why not do it now? If you are already a subscriber, send one to a friend.

To: The Editor, **The Beacon**, Melbourne Unitarian Church  
110 Grey Street, East Melbourne, Victoria 3002 Australia  
Please forward a copy of **The Beacon** every month. Enclosed is \$20.00 for twelve months subscription. (A\$20 Overseas and \$10 concession)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

Also send a copy to:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

## A GIFT THAT SAYS YOU CARE

A Gift Subscription to **The Beacon**, the ideal gift that lasts a whole year.  
Please enter my gift subscription to the following:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

Donor's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

Enter payment of \$20.00 (A\$20 Overseas, \$10 Concession) for one year's subscription to the Editor, **Beacon**, Melbourne Unitarian Church, 110 Grey Street, East Melbourne, Victoria 3002 Australia. Cheques payable to Melbourne Unitarian Church.