

## Australia Dossier by Allen Douglas

### Economic Cracks Expand Rapidly

*But, when LaRouche proposes solutions to the collapse, the establishment whines that he is "anti-Semitic."*

Over the last several months, Australia has been rocked by a series of major corporate collapses. In April, the huge HIH Insurance company went under, owing \$4 billion, in the largest company failure in Australian history. That has sent shock waves throughout the insurance business, and caused the federal government of Prime Minister John Howard a major political headache, as well. Not only has Howard been forced to come up with a \$640 million rescue package (highly inadequate to cover \$4 billion in claims), but the sheer size of the collapse has forced him to announce a "royal commission" inquiry into the failure—Australia's highest form of judicial review. The government is trying to pin the collapse solely on "mismanagement" by HIH's principals, rather than admit it for what it is—a symptom of the economic crisis the government's own globalist policies have helped create.

No sooner had HIH blown up, than the One.Tel telecommunications firm, one of the shining stars of the late-1990s Internet bubble, crashed. One.-Tel owed more than \$1 billion to creditors, including \$650 million to Lucent Technologies, itself very shaky, on top of its announced first-quarter loss of \$3.7 billion.

One.Tel's collapse cost thousands of jobs and hit some of Australia's richest people very hard. Billionaire media mogul Kerry Packer (who had already lost \$2 billion in other ventures in the past year), and expatriate billionaire media mogul Rupert Murdoch, lost more than \$1 billion between them. Their sons and heirs, James Packer and Lachlan Murdoch,

also face potential civil and criminal charges for their role as One.Tel company directors, if an Australian Securities and Investment Commission investigation finds that the board of directors allowed the firm to trade while insolvent.

Other indications of collapse are breaking out all over the place. Coles Myer, Australia's biggest retailer, which commands 18% of the entire Australian retail market, issued a 15% downgrade on its profit forecast, and its market value immediately plunged by \$1.2 billion. Telstra, Australia's partially privatized state telecommunications company, lost 19% of its market value in just one week to June 19, because of a combination of the crash in telecommunications stocks worldwide, and its own profit downgrades. The shares bottomed out at 26% below the price at which the federal government sold them in 1996 and 1998 to millions of "mom and pop" investors, many of whom who had been lured into the market for the first time by the hype surrounding Telstra's partial privatization.

In other collapse indicators, new housing construction in the first quarter slumped to its lowest level in 18 years, down 40% from a year earlier. Skilled vacancies for the quarter were down 25.4%, and vacancies for construction trades were down 81% on the previous year. And, there was a 33% surge in business bankruptcies, on top of already record levels from previous years. Also very telling, studies by independent experts released in June estimate that Australia's unemployment rate, officially 7-8%, is actually 10-14%, when various statistical tricks

are factored out (such as not counting people who have given up looking for work), and 20%, when underemployment is counted in.

This background of financial crisis sets the stage for some bizarre political developments. It is extremely well known in Australian political circles, that one individual has long forecast this collapse, and precisely what to do about it: Lyndon H. LaRouche, Jr. While other stocks crash, LaRouche's "stock" is soaring, a fact which has Australia's establishment apoplectic. In a desperate attempt to wipe out his growing influence, and denigrate his Australian associates in the Citizens Electoral Council (CEC), the Murdoch press and the Anti-Defamation Commission (ADC) have ludicrously branded LaRouche's "New Bretton Woods" proposal as "anti-Semitic," as in a June 26 column in Murdoch's *Courier Mail*, entitled "Katter's Name on 'Jew Plot' Petition." This piece of buffoonery attempted to brand federal MP Bob Katter as anti-Semitic, or perhaps mentally unbalanced, for signing the petition of the Ad Hoc Committee for a New Bretton Woods, along with thousands of other political leaders worldwide.

If anyone is mentally unhinged, it is Murdoch and the ADC, as witnessed by this looney-tunes description of the New Bretton Woods in the *Courier Mail*: "The Citizens Electoral Council petition calls for a new economic policy U.S. extremist Lyndon LaRouche wants to use to counter a so-called Jewish conspiracy."

In a related move, federal MP Michael Danby on June 12 called for a federal investigation of the CEC, squawking that LaRouche's associates are "anti-Semitic." He let the cat out of the bag about his real concerns, however, when he moaned that the CEC's "anti-globalization message" appeals to "older voters."