

## FACTS THAT EVERY LABOR CANDIDATE SHOULD KNOW AND BE ABLE TO RECALL INSTANTLY.

The notion of the Liberal Party as the sound guardians of our economy is a myth; One that their sycophantic followers accept far too readily.

During the Howard/ Costello years foreign debt grew at the fastest rate in Australia's history – up by more than \$100 billion between 2003 and 2005 alone.

This is the one part of John Howard's legacy that nobody in his government wants to talk about: Australia's foreign debt during his reign. But then Labor never brings it up either.

This is the question every Labor candidate should ask as soon as the economy is mentioned: What was the net foreign debt at the start of the Howard/Costello years? What was it at the end of the Howard/Costello years? And what did John Howard promise to do?

**Howard said before the 1996 election that he was concerned about the net foreign debt because:**

*'This idea that foreign debt is in some way removed from and remote from the daily lives of Australians is completely false.*

*If it weren't for the level of foreign debt, interest rates in this country would be much lower. And every Australian today who owes money on his or her home is paying a higher interest rate than would otherwise be the case because of the size of our foreign debt.'*

And again at his campaign launch speech in February 1996, Mr Howard said this was **the most important indicator of a government's economic credibility.**

He also said at his campaign launch speech:

*'We now owe the rest of the world \$180,000 million. Nothing my friends symbolises absolutely and comprehensively more than that disgraceful figure, the total failure of Labor's economic management over the last 13 years.'*

All through the Howard years, despite his rampant rhetoric about the net foreign debt of 180 billion that he was about to inherit from Labor (including the 'truck stunt' where he travelled with a large truck with the amount written on the side,), the net foreign debt went up and up, heading past 600 billion and with no infrastructure and no industry to show for it.

In another interview he said 'I can promise you that we will follow policies which will, over a period of time, bring down the foreign debt . . . our first priority in Government economically will be to tackle the current account deficit.' - John Howard, Doorstop interview, Debt Truck Launch, 20 September 1995

What actually happened?

Foreign debt was \$361 billion at the end of September 2003, an increase of 90 per cent on the September 1995 level. The current account deficit was \$11.9 billion at the end of September 2003, an increase of 112.5 per cent on the September 1995 level. - Australian Bureau of Statistics, ABS, Time Series Spreadsheets (Balance of Payments and Investment Position, Australia 5302.0, Reserve Bank of Australia (H) Bulletin, Current Account)

- See more at: <http://www.awu.net.au/news/truth-overboard-35-lies-told-john-howard-and-counting#sthash.VnPdMfEx.dpuf>

John Howard and Costello knew the problem. But a decade later, Australia's foreign debt had not fallen. It hadn't stayed the same, increased at the rate of inflation, or even increased at the pace of Australia's economic growth.

It had blown out to two and a half times the level it was when John Howard took responsibility for the economy.

Export growth had halved from 10.8 per cent under Labor between 1983 and 1996, to 5.3 per cent since John Howard took office.

After ten years, John Howard became too arrogant to even acknowledge the problem, let alone work on the solution. Everybody said the economy was going 'gangbusters'. Well it wasn't. When a country is losing two thousand million dollars a month and has been doing that for the entire term of office of the Howard government then we are listening to spin not living in reality.

National debt went from a third of GDP in 1996 to more than half when Howard left office in 2007.

Peter Costello had a formula for assessing the burden of foreign debt in 1995. It broke down as \$10,000 for every man, woman and child in the country. By the time he left it was well over \$20,000 for every man, woman and child in the country.

They were seduced by the revenues from a credit boom. They were so seduced by the tax revenues from the boom that they did not cool it in the period 2000-2006 when it obviously needed cooling.

There was much crowing about paying off Labor's government debt of 96 billion. Well it wasn't Labor's debt, it was part of Australia's debt and so was the new 610 billion dollar debt they left.

Government debt is a good thing if it is spent on infrastructure. Paying off government debt, by selling government assets, as was the Howard/Costello formulae, makes no correction on the balance sheet. Tendering government infrastructure to private companies, who have to borrow money overseas, does not lower the debt either, it just shifts it someplace else. In fact and hardly surprisingly, the federal government can obtain the best interest rate on overseas borrowing. This new type of debt, which we never hear about, may not be Government debt, but it is still a debt owed by the people of Australia.

The Howard Government's major economic triumph was to convince voters through the compliant media, that domestic budget surpluses equalled immense economic management, even though monkeys could balance a domestic budget. The monkeys would simply let out less money than they took in; or take in more than they let out, whichever monkeys prefer. And they did. They pretended they were feeding the country economically while bleeding the life out of it. The plea of a generous diet will not hold good against bleeding a man to death.

This is an example of the lies that the Libs get away with

In this interview by the ABC, Broadcast: 07/07/2009, Reporter: Matt Peacock

*MATT PEACOCK: But under the Howard Government, that foreign debt, combined public and private, soared.*

*The debt that Malcolm Turnbull's truck is now focused on according to economist Ross Gittins is purely the Government's debt.*

*ROSS GITTINS: Were they to talk about the foreign debt, the Government would say, "It trebled under your watch." So they don't want to talk about that. They want to talk about the one that's happened under this Labor Government.*

Then Turnbull went on to say this and was not corrected

*MALCOLM TURNBULL: The problem with Labor's debt is that they've taken Australia, in a little over 18 months, from being a country which had no debt at all - no debt at all, and cash in the bank, and now we're heading for the biggest debt in our history. And that debt will have to be repaid, the interest on it will have to be paid, and it means, inevitably, higher taxes and higher interest rates.*

That is as big a lie as it is possible to make about Australia's debt and it went uncorrected, worse still he parroted the same lie day in and day out without anybody telling him he was lying.

The press is complicit. Speaking to Liberal Party members at the party's Melbourne headquarters around the time of the GFC Mr Howard said it took 10 years for Australia to repay \$96 billion in federal debt left when his government came to office.

This is what he had to say:

*'We can only contemplate the length of time needed to liquidate the \$200 billion of debt at the very least our nation now faces as a consequence of recent policy decisions.'*

*'Malcolm Turnbull (note it was Turnbull as the leader at the time) and his colleagues were absolutely right to oppose the Government's stimulus package.*

*'It needlessly plunges Australia deeply into debt with a poorly-targeted spending spree.'*

Note how it is always 'Australia' never the 'government'. During the Howard years Australia was borrowing money in billions of dollars and we didn't even know about it. Where was it coming from?

Well, we didn't have inflation and high interest rates because of a miracle economy.

We had inflation and high interest rates because of an ever spiralling national debt, caused by a never ending trade deficit. Every month the country was losing billions of dollars. Every year Australia's deficit in goods, services and investment in a quarter could be as high as \$15 billion. That is the equivalent of the country borrowing cap-in-hand \$15 billion a quarter or \$60 billion annually. That happened throughout the great Costello/Howard economic miracle years and nobody even talks about it. The only answer the economic snake oil merchants in the Howard government had after creating a false boom on borrowed money was to mastermind 'Deregulating' the labour market; always a code word for lowering wages. That was all they could come up with, in ten years, to stave off high interest rates and our looming foreign debt crisis. Party now, pay later; 1996 = 180 billion 2008 = 610 billion (CIA The World Factbook: the entry gives the total public and private debt owed to nonresidents) – the figures speak for themselves.

Foreign Debt under Labor	\$180 billion
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Foreign Debt under Coalition	\$610 billion
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Increase in debt	\$430 billion
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Low wages was their answer. Turn us into Bangladesh. Investment – never. Howard/Costello in their own step-fatherly way, gently took each toddling Australian industry by the hand, led its childish footsteps to the brink of the bottomless pit, and gave it a push, so ending its troubles forever.

Of course they were also selling the farm bit by bit. Assets we already owned were considered assets we no longer needed. Well yes if we could afford to buy them a second time as with Telstra. Telstra had a return on assets of 20.8 per cent on equity of 32.1 per cent.

In its last full year of public ownership, in 1996-97, it paid a dividend to the government of \$4.5 billion.

The sale of 49 per cent of Telstra's equity for \$30 billion saved the government about \$1.8 billion a year in interest expense – which didn't justify the loss of 50 per cent of the dividends.

The sale of Telstra did not create wealth, it consumed wealth.

Major asset sales under the Howard Government totalled \$46.1 billion under Hawke-Keating asset sales were around \$6 billion.

Howard talked on principle, but acted on self-interest. There was, and still is, much crowing about paying off *Labor's* debt of 96 billion. (What they don't crow about is the fact that retirement costs in unfunded superannuation of the Commonwealth defined benefit scheme was estimated at close to \$100 billion at the time the Howard Government left office: up some \$60 billion during their reign. Their answer to that one was to close the scheme to new entrants.) Add the unpaid retirement costs to the sale of Telstra and you have the 96 Billion they paid off. This can be found in the same Hansard that Costello crowed about paying off the last of the 96 billion). Nobody ever checks to see what 'Labor's debt' was actually spent on but anybody would think it was spent on an election campaign.

And despite all the (Joyce) talk about leaving a debt for our children to pay off; it is far better to leave them infrastructure with debt than to leave them infrastructure free and debt free. Inflation reduces the burden of debt into the future in the same way we all wish we had gone into debt to buy real-estate in the sixties, seventies or eighties. Think of the Goldfields Pipeline – Perth to Kalgoorlie – at a cost of around £2.5 million. O'Connor, the engineer, was subjected to prolonged criticism by members of the press and also many members of the Western Australian Parliament over the cost of the scheme and he committed suicide as a result, less than a year before it was completed. Today many houses, in Perth, are valued at more than the cost of that great infrastructure that was such a 'waste of public money' and it is still providing water to the towns along the way to Kalgoorlie which still produces about 800,000 ounces of gold a year. The pipeline continues to operate today, supplying water to over 100,000 people in over 33,000 households as well as mines, farms and other enterprises.

Why is government debt better than private debt for major works? Let's say that there is an infrastructure project such as a section of highway that will cost around \$5 billion. The project is contracted out and funded by the private contractor. The money has to be borrowed and it will come from the internationally banking system because it is not available in Australia. The ledger shows no increase in government debt but the country has nevertheless incurred the debt. It is necessary to look at foreign debt to find it but it seems nobody looks at that any more. In that fiscal year there is a domestic budget surplus of \$5 billion to crow about but that is just deceitful accounting? The money has been borrowed to do a project on behalf of the country in general; it just has not been borrowed in the name of the government. But it is owed by the country in exactly the same way. And the government could have borrowed at the best interest rate.

That type of thinking is now prevalent in Queensland under the Newman government. Sell schools and take the money, then have contractors build new schools and lease them back. The money is still borrowed overseas, but not by the government. We still owe it; we are just not told about it being there on the books.

You were told that a current account deficit wasn't a problem because most of it was going into capital goods to increase the productive capacity of the economy. Well we could believe

that for one year maybe two years maybe even five years but not twelve years. It is quite obvious that most was going into consumer goods because we don't manufacture anything.

Clearly, one way to deal with the negative balance of payments would be to increase exports. This, however, requires huge investment in industry, research and development, human capital and infrastructure, urban and freight rail networks as well as ports, on a scale to dwarf what we have seen during the Howard and Costello years, to pull ourselves out of this hole. The investment in manufacturing cannot be left to private enterprise. Nobody is going to mortgage their house and start a shipbuilding industry. There needs to be sizable government investment particularly in freeing up red tape and in the form of tax incentives (which were abolished). It is absolutely essential that we rebuild our manufacturing industry and create decent jobs.

Instead of slowly working our way to trillions in debt with nothing to show for it, it would have been much better if we had borrowed the money to begin with. Then we could build our lagging infrastructure and rebuild our manufacturing industry. We could buy our way into business; we could buy the technology – the latest Japanese or German machine-tools.

Super funds have done little more with our savings than blow up a housing bubble, much of which could evaporate overnight, especially when the OECD stated that Australian house prices are more overvalued than in any other country.

When there is more money to be made on passive investments like housing who is going to build a factory and go down the risky road of manufacturing?

For industry to compete globally there needs to be Government involvement even if it is in the form of long term low interest loans. Because venture capital is hard to come by businessmen tilt their activities toward short-term projects and the general business mentality comes to view speculation as likely to produce safer gains than investment in projects such as manufacturing that have a long growth period. We need to build factories that are two kilometres long and half a kilometre wide if we are to be competitive.

### **BOAT PEOPLE DYING AT SEA.**

It is not illegal to seek asylum in Australia even if arriving by boat. The lies have taken hold and no amount of truth will ever dispel them. Suddenly the only place refugees die is at sea on their way to Australia. Definitely so according to that hypocrite Bolt. The United Nations High Commission for Refugees said that between 200,000 and 400,000 'boat people' died at sea, fleeing Vietnam after the war. So why did they flee? Dying had been one way out of the nightmare. But there was another. It was death to stay in Vietnam, so the hungry, scared people turned towards the ports. The Irish died in their tens of thousands as well at sea. Suddenly, the Tories have started the crocodile tears for the 300 or so who were lost at sea on the voyage to what could have been freedom.

Around 300 people a year are killed in the workplace and we don't hear them wanting to stop work because of it. It was Jackie Kelly, before the 2001 election that confronted Howard and told him the holders of marginal seats were being killed by racists. That's what it's still about; the marginal seats being killed, not the refugees.

People don't just die at sea you know. They die in the internment camps in their thousands. They die of malnutrition and dysentery and typhus and every other disease. The draconian asylum seeker policy, which should not be forgotten, was a big part of the electoral displeasure that was the downfall of the Howard government. John Howard was even wiped out in his own electorate, the only time this has happened in 80 years. So, they didn't have a

solution then; and they don't have a solution now. What they had and still have is a scaremongering campaign and a slogan.

**Home insulation** via batts etc. was a very good idea with a few cases of bad implementation by bad contractors in the private sector.

A spokesman for Queensland Attorney General Jarrod Bleijie said on Thursday night (July 5) he was unaware an electrician had died in a Queensland school ceiling in January 2013 under their watch. Earlier Mr Bleijie said Prime Minister Kevin Rudd had questions to answer over the failed foil insulation scheme which had been linked to the three Queensland installers' deaths

Obviously, only deaths under the Rudd government count.

When questioned about the safety procedure that would have saved lives, he said the March 2012 recommendation to make safety switches mandatory was "still being considered".

Mr Richards said figures analysed from coronial inquiries around Australia for the past 10 years showed 15 people died from electrocution unnecessarily every year.

"That is 15 people dying from electrocution a year that would have been saved if they had safety switches on all circuits," he said.

In Queensland alone 7 have died since the government installations ceased. Where are the tears for them?

The workplace, for manual workers, is the most dangerous occupation, not the army, but it isn't likely that any will be killed or injured doing projects funded by the Liberals since they don't do any; so they probably don't have to worry about their record.

**Unions are irrelevant otherwise why is union membership declining?**

Unions do the negotiating but everybody gets the raise. So why pay membership fees which low paid workers can ill afford, usually one week's pay, when the benefits are for free? Also State government unions have no negotiating power anymore because many have forfeited their right to withhold their labour. If it wasn't for the union movement they would be still pulling your children up and down the chimneys to clean them (not the children).

**THE OPENING RESPONSE TO THAT CLOWN JOYCE WOULD BE:**

'It is no crime to be ignorant of economics, which is, after all, a specialized discipline and one that most people consider to be a 'dismal science.' But it is totally irresponsible to have a loud and vociferous opinion on economic subjects while remaining in this state of ignorance.'

– *Murray Rothbard*

Martin McMahon