Australian Alert Service

Membership Issue

CITIZENS ELECTORAL COUNCIL

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The party is over—prepare emergency program!

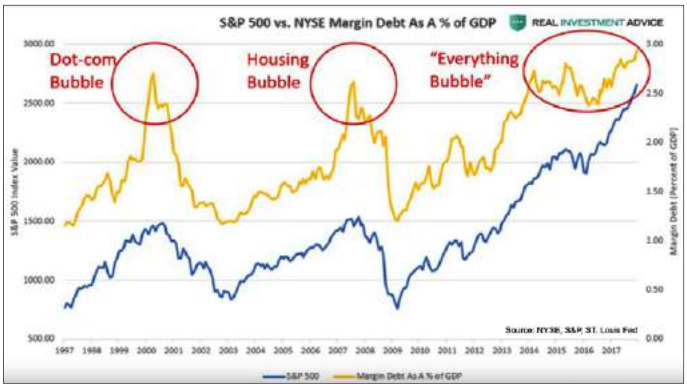
Jesse Colombo, the American financial advisor who coined the term "everything bubble" and had warned of a crash before the 2008 global financial crisis (GFC), is now alerting people that today's even bigger bubble is about to burst. From the US stock market bubble, the housing market, corporate debt, leveraged loans, auto loans and energy junk bonds, to emerging-market currency crises, derivatives and hyperinflated debt, the everything bubble is a truly worldwide phenomenon, which is outside of the control of any central bank or government. Unprecedented collusion between the world's central banks to save the system, exposed by former investment banker Nomi Prins in *Collusion: How Central Bankers Rigged the World*, has made the crisis worse. Colombo showed various gauges, ratios and measures indicating similar warning signals as prior to previous major crises in a YouTube video, "Why the stock market is heading for disaster".

Prins, in an analysis for *Daily Reckoning,* noted the consternation over US Federal Reserve rate rises, given that "the markets have fallen out of bed", and warned that regardless of what the Fed does, such extraneous fiddling is "the only game they know how to play".

Yale economics professor Robert Shiller, co-creator of leading house price index, the Case-Shiller Index, told Yahoo Finance on 4 November that momentum in the US housing market is slowing: "It reminds me of 2006". "By the way, we're overdue for another recession", he said, suggesting a housing downturn could spark it.

Long-time market "bull" Ralph Acampora, known as the "godfather" of chart analysis, is warning the US stock market is "much, much worse" than most people think. He cited the downturn of so-called FANG stocks—Facebook, Amazon, Netflix and Google—as a sign the worm has turned, saying the market reminds him of 1987.

One consequence of US attempts to boost the economy with tax cuts is that this year share buybacks will exceed the capital expenditure of businesses for the first time since 2007. Goldman Sachs estimates over US$1 trillion will be spent by companies buying their own shares, while capital expenditure has also increased. But any optimism about earnings is already built into stock prices, observed market guru Peter Schiff. Following dramatic global stock market crashes in October, Schiff told Fox Business that "the market is going to collapse" as a result of the last Fed rate rise: "They just haven't figured this out yet, we have a gigantic bubble."



Margin debt (borrowing to invest) spikes just before a crash. Current US stock market margin debt is at record highs.

Any number of triggers could blow this cluster of bubbles. It could be the Italian crisis, where if one ratings agency downgrades government bonds to junk, investment banks across the world will be forced to sell all holdings. It could be the detonation of the Australian housing bubble, which is overdue. According to news.com.au on 23 October, nearly 1 million interest-only mortgages begin resetting to interest plus principal in January, costing households an average extra $400 per month they can't afford. Morgan Stanley's risk indicator betrays that of major advanced countries, Australia "leads the world in dangerous debt"; a massive wealth devaluation is coming. Graham Cooke of finder.com.au commented, "There are a lot of perfect storms brewing in the housing market at the moment."

On 6 November, the *Daily Telegraph* revealed that former Treasury boss Ken Henry expects a US recession "shortly", which would have a big impact on Australia. Our government may have to take "emergency action pretty much overnight" he warned, saying, "You probably cannot overwargame this stuff."

The CEC's Five-Point Program, available at cecaust.com.au/5pointprogram, does not require a dry run. All the measures are historically tried and tested and must be implemented *before* the oncoming crash. As Digital Finance Analytics principal Martin North reminded viewers on his and economist John Adams' latest show on Australia's "bail-in" law, in the throes of a crisis there is no time for debate—vital decisions must be made now!

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* Ipswich fortnightly with Des 0403 023 818
* Lyne electorate, weekly, call Graeme Muldoon 02 6553 4330
* Melbourne and regions call CEC office 03 9354 0544
* Nightcliff, weekly, call Trudy 0414 677 968
* Parap Market Saturday weekly 8:00 AM–2:00 PM
* Perth suburbs weekly, call Jean 0409 954 320 or Barry 0412 443 893
* Sydney, weekly, call Ann 0428 686 297 for when and where
* Toowoomba area call Jim 0418 728 240

NOVEMBER

9 (Fri)	Laidley, QLD—CEC literature stand outside post office in the main street, 8:30 AM–1:00 PM
9-10 (Fri-Sat)	Albany, WA—Albany Ag Show, CEC stand
16 (Fri)	Gold Coast, QLD—Table site 10:00 AM–3:00 PM
17 (Sat)	Collie, WA—Collie Ag Show, CEC stand
21 (Wed)	Brisbane, QLD—National Agriculture Day, Raddacliffe Place. Distribute 5-Point Plan including debt moratorium, from 8:00 AM
22 (Thu)	Brisbane, QLD—Deployment 123 Eagle St under the big fig tree.10:00 AM–2:00 PM
26-30 (M-F)	Melbourne—Royal Commission resumes and CEC teams deployed. Call 1800 636 432 to volunteer to activate.

DECEMBER

1 (Sat)	Melbourne, VIC—Victorian state seminar, Mercure North Melbourne, "Hotham Room", registration $50, 9:00 AM–5:00 PM
8 (Sat)	Manjimup, WA—Cherry Festival, CEC stand

Call your State Secretary for more details or to notify of upcoming events.

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WA Jean Robinson on 0409 954 320 or jeanr59@bigpond.com
VIC Noelene Isherwood on 1800 636 432 or nwi@cecaust.com.au
NT Trudy Campbell on 0414 677 968 (SMS if no answer) or trudy@cecaust.com.au

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Australian Alert Service

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Reappointment of APRA boss an attempt to pervert the course of justice

MEDIA RELEASE

7 Nov.—Prime Minister Scott Morrison and Treasurer Josh Frydenberg have delivered a message to Commissioner Kenneth Hayne that bank regulator APRA and its chairman Wayne Byres are untouchable. Their rush to reappoint Byres to another five-year term as boss of the Australian Prudential Regulation Authority, eight months before his current term expires, comes just weeks before he is scheduled to be grilled by the Financial Services Royal Commission for APRA's failure to police the banks. Since 2014 Byres oversaw and ignored the banks' crimes that led to the royal commission, but this rushed reappointment tells Commissioner Hayne that the government has no intention of holding APRA to account, whatever he recommends. This is a corrupt act and an attempt to pervert the course of justice, which should make Commissioner Hayne and the Australian people very angry.

Experienced banking analyst Martin North of Digital Finance Analytics and former Liberal Party economics advisor John Adams slammed Byres' reappointment in a 6 November video post. Adams questioned whether the move was demanded by the international financial cabal centred in the Bank for International Settlements (BIS), where Byres worked before taking over APRA. The BIS is the global authority dictating "bail-in" laws by which ordinary bank deposits can be stolen to prop up failing banks, which the government rushed through Parliament in February for Wayne Byres and APRA to use in a crisis. Watch "Adams/North: Shock Announcement Collapses Confidence And Trust In Australia's Financial System".

What financial stability?

Josh Frydenberg claimed reappointing Byres early was "important for stability during this time of reform in Australia's financial system", the 5 November *Australian Financial Review* reported. *AFR* columnist John Kehoe also emphasised financial system stability is his gushing praise for Byres. "Wayne Byres is a world class bank supervisor", Kehoe wrote. "APRA's chief responsibility is to protect depositors and insurance and superannuation policy holders from institution collapses, while working with the Reserve Bank of Australia to maintain financial stability. *Measured against this benchmark Byres has done a good job over the past 4½ years*." (Emphasis added.)

Absolute rubbish! APRA has defined financial stability as the four too-big-to-fail banks that control 80 per cent of the financial system making massive profits. It is time to recognise, in light of the revelations of the royal commission, that those profits have not been real! The banks' profits have not come from legitimate activity, but have been fuelled by massive fraud in mortgage lending, and industrial-scale gouging of their customers. Bank analysts, commentators and the government have all warned that cracking down on the banks would reduce credit and hurt the economy, but the real fear is that it would prove that far from being stable, the banks are a house of cards. This has implications for their credit rating and their ability to borrow internationally, which in turn raises the prospect of higher interest rates that will have a massive knock-on effect on the housing bubble and economy.

Incredibly, therefore, we are witnessing the government's early moves to ignore the royal commission and continue with business as usual, and Wayne Byres represents business as usual. Are they afraid that if the banks can't defraud and gouge their customers, they might go under?

APRA's record

For years APRA and Byres, and his predecessor John Laker, consciously ignored the banks' crimes and misconduct that led to the royal commission, and even incentivised some of the misconduct, because those practices made the banks more profitable, and supposedly more stable!

APRA's lower risk-weighting for mortgages made mortgage loans far more profitable than other loans, and incentivised the mortgage fraud that banks resorted to in order to lend money to people who couldn't afford it. APRA ignored an internal warning in 2007 that lower lending standards could lead to a crash, and when Byres eventually initiated an inquiry into mortgage fraud in 2017, he kept it secret and even misled the Senate to do so, to protect the banks.

APRA ignored internal warnings that bank-owned retail superannuation funds were massively overcharging for financial services provided by in-house divisions of the same bank, allowing them to extract billions of dollars a year in hidden fees and charges.

APRA ignored CBA's money laundering for drug syndicates and terrorists, which it would have known about under its 2007 Memorandum of Understanding with the Australian Transaction Reports and Analysis Centre (AUSTRAC) that provides for the "full and timely exchange of information". When the money laundering scandal prompted Wayne Byres to appoint an inquiry into CBA's culture in 2017, he stacked it with former APRA chairman John Laker, and two former investment bankers, Graeme Samuel and Jillian Broadbent, who slapped CBA with a wet lettuce.

Bank victims have recounted to the CEC firsthand how APRA executives told them that the regulator had no interest in how the banks treated their customers as long as the banks could honour their obligations, i.e. it didn't matter who the banks ruined as long as they were profitable and strong. Likewise, former APRA Principal Researcher Dr Wilson Sy told the 24 October *CEC Report* that none of APRA's key performance indicators relate to consumers, hence it had no intention of protecting consumers from bank fraud and gouging.

All of these crimes and instances of misconduct, and the many more besides, have been hugely profitable for the banks. But in his first response to the royal commission, Wayne Byres put the onus on the bank victims, insisting in an 11 July speech that "It is important that the concept of *caveat emptor* remains in the system". *Caveat emptor* means "let the buyer beware"—if you're ripped off, it's your own fault.

Demand answers

The only way there will be genuine reform of Australia's banking system is if the Australian people demand it. Contact your Member of Parliament today to demand an explanation for this corrupt decision, and their commitment that they will support the overhaul of the banking system, beginning with Bob Katter's Banking System Reform (Separation of Banks Bill) 2018 for a full Glass-Steagall separation of deposit-taking banks from all other financial activities.

NAB perfidy in rural lending: the Priestley case

By Robert Barwick

National Australia Bank evicted siblings Claire and Chris Priestley from their Northern New South Wales beef, wheat and cotton farm in 2013. NAB had gone from being very supportive of the Priestleys' enterprise, to determined to ruin any chance of its success. Their farm, which had been in the family since 1969, ended up in the hands of one of Australia's biggest and most politically-connected agricultural landholders. It is a case study in the power banks have to make and break family farmers, on criteria that has nothing to do with farming. And it is a glimpse into possible, although unproven, financial corruption extending down to regional bank branches.

Left: Chris and Claire Priestley's case featured in this May 2015 *Good Weekend* magazine which noted "our farmers survive droughts and floods—but they can't beat the big banks driving them off their land." Right: Claire (striped shirt) being evicted from their farm in 2013. Photo: Supplied

In 2004 NAB made a significant loan to Claire and Chris to buy their father's 7,100 hectare property near Walgett, Northern NSW, close to the Namoi and Barwon rivers. This was in the middle of the massive 10-year drought on the East Coast, when the property was unproductive, indicating the bank's confidence in their future prospects. Confirming that confidence, in 2006 with no signs of the drought breaking, NAB loaned them more money to buy the neighbouring 1,700 hectare property.

The drought finally broke in December 2009. In the meantime, NAB had been able to recoup money on their loans to the Priestleys from the NSW government's drought relief program. In a comprehensive 16 January 2013 report on the Priestley case for bankvictims.com.au, Associate Professor Evan Jones described the $470,000 that NAB received in drought relief payments from their loans to the Priestleys as a "bonanza" and noted it was "a widespread practice by the banks in extracting ready revenue from the NSW and Queensland governments via their drought relief authorities on mortgaged land then unproductive".

At this point the story should end. The Priestleys had benefited from NAB's loans and were finally able to put their land to work, and NAB, which had already received impressive revenue on the Priestleys' loan via drought relief payments, would be able to expect repayments from the farm's production. That didn't happen.

NAB refused to finance a cotton crop, even though cotton prices were at a 10-year high; the bank recommended Claire and Chris sell the properties. Local and regional branch staff refused to come and inspect the properties, to see the lush grass and conditions ripe for production. The regional manager got cranky when the Priestleys emailed him photos instead. The bank defaulted their loans, and imposed crushing default and penalty interest rates from April 2010 onwards. They were put into farm debt mediation, which is a process that the banks can manipulate, and which had the effect of legitimising the penalty interest rates and the bank's default timetable.

Evans reported that Claire and Chris persisted with farming, only to suffer bad luck: "In the meantime, the Priestleys went ahead with a wheat crop, without the bank's assistance. The bountiful crop was manna from heaven. Alas, what the gods giveth, the gods also taketh away. The rains came and persisted, floods ensued and what crop was left was partially lost due to transportation difficulties (the NAB being non-cooperative in payment of contractors). Millions of dollars literally down the drain. The Mediation 'agreement' required the repayment of $1 million by 31 January 2011. The natural disaster-driven crop failure ensured that the Priestleys' default was further entrenched."

NAB's hardball tactics forced Claire and Chris to attend court hearings in Sydney which the bank refused to reschedule even when their father had a stroke in February 2012. While they were away in Sydney for their second futile hearing in a month, their father passed away.

At a December 2010 court hearing, an expert testified that if NAB had financed the Priestleys 2010 cotton crop, they would have had a major turnaround in their financial position: "The net operational surpluses that could have been realised if operating capital had been forthcoming to the River Station Partnership from 2009 until the present time is in the order of $3.67 million for grain enterprises and $5.42 million for the irrigated cotton enterprise. In total these equate to a figure of $9.09 million [with supplementary income obtainable from grazing]. ... This is not an insignificant amount and one that … would have been sufficient for the River Station Partnership to meet its obligations with financiers and other creditors, pay down debt levels and allow it to progress to a more secure basis of operating into the future with greater equity."

The question is, what explains NAB's actions in this case? When they were finally evicted in 2013, with a $1 million debt still hanging over their heads and still being charged penalty interest rates for another nine months, Claire and Chris's property was purchased by Peter and Jane Harris of P&J Harris and Sons, one of Australia's biggest landholders. The Harris family is very well connected to the ruling National and Liberal parties. In November 2016, ABC Lateline exposed that the Harris business was brazenly flouting NSW's draconian land clearing laws, which in the Harrises' case NSW's Liberal government refused to enforce, raising questions about their political connections. However the Harris family is now facing criminal charges for water theft.

Claire Priestley commented simply to *AAS*: "NAB chose to foreclose on us and treat us like criminals and sell the land to the Harris business which is now on criminal charges." The Priestleys cannot prove what motivated NAB, but their case, one of thousands across rural Australia, demonstrates Australia's need for a public banking institution that can assist family farmers through the hard times, and not prey on them in the good.

ABC Four Corners reveals glimpse of Windsor Inc. crimes

By Jeremy Beck

A glimpse of the British Monarchy's actual power was revealed on 29 October in ABC's Four Corners "Windsor Inc." documentary. While revealing enough to ensure Her Majesty would not be amused, Four Corners nevertheless ignored Prince Charles's arms deals with Saudi Arabia; Crown sponsorship of terrorism; the House of Windsor's control of Britain's intelligence agencies; and the murder of Princess Diana, judged an "unlawful killing" by the jury of the official Inquest.

"For the past two weeks, Australia has felt the full force of a Royal charm offensive", said presenter Sarah Ferguson to introduce the documentary. "Tonight we explore how the House of Windsor has rebuilt its reputation and reinvented its brand." In particular, Four Corners notes the Way Ahead Group (WAG) which was designed to "salvage the Monarchy's reputation" after a series of family scandals became public. The WAG, established by the Queen, included senior members of the Royal Family. The Queen ordered her children to sort out their private lives and WAG meetings started in November 1992 just prior to Prince Charles and Princess Diana's official 9 December announcement of their separation.

On Princess Diana's death, Four Corners ran with the usual media focus on the paparazzi: "The death of Princess Diana as she was chased by paparazzi in a Paris tunnel was a turning point for the House of Windsor." But as the late forensic investigator John Morgan documented in ten comprehensive books, including the 802-page *How They Murdered Princess Diana: The Shocking Truth*, the official story has zero credibility. Morgan concluded the Crown ordered the 1997 assassination, and MI6 carried out the order. Conspicuously, Prince Charles is the Royal Patron of the Intelligence Services.

As Morgan noted, the *Mirror* of 31 August 1997 singled out Prince Philip as central to the Windsors' campaign against Diana and Dodi. "Prince Philip, in particular", reporter Andrew Golden wrote, "has made no secret as to how he feels about his daughter-in-law's latest man, referring to Dodi as an 'oily bed hopper'." But the Queen herself was intimately involved. Reported the *Mirror*, "At Balmoral next week, the Queen will preside over a meeting of The Way Ahead Group where the Windsors sit down with all their senior advisers and discuss policy matters. *MI6 has prepared a special report on the Egyptian-born Fayeds which will be presented to the meeting*. The delicate subject of Harrods and its royal warrants is also expected to be discussed. And the Fayeds can expect little sympathy from Philip". (Emphasis added.)

Keith Allen, director of the film *Unlawful Killing*, provides evidence of the assassination's cover-up. In the *Guardian* of 7 May 2011 under the headline "*Unlawful Killing*—the film the British won't get to see", Allen writes: "Strangest of all was the media coverage of the verdict. Inquest evidence showed conclusively that the crash was caused by an unidentified white Fiat Uno and several unidentified motorcycles, vehicles that were certainly not paparazzi, because uncontested police evidence confirmed that the paparazzi were nowhere near the tunnel at the time of the crash. The jury understood this, bringing in a verdict of "unlawful killing" by unidentified "following vehicles"; yet within seconds, the BBC was misreporting that the jury had blamed the paparazzi, and the rest of the media meekly followed suit. Which is why—three years on—barely anyone realises what the jury's troubling verdict really was."

Charles and Camilla with Saudi Prince Bandar bin Sultan, who is implicated in the 9/11 terrorist attack and has been a central figure in arms trading, which Princess Diana campaigned against. Photo: AFP/Fahd Shadeed

Four Corners does give away a little. Patrick Jephson, former royal private secretary, says: "What we see and read about the Royal Family is pretty much controlled by them. And they do that by heavy investment in digital media, through a very sophisticated series of trades and favours with their favourite news outlets." ABC reporter Louise Milligan also notes Royal threats: "We've spoken to Royal correspondents who say they've received an extraordinary dressing down from Royal spin doctors for seemingly innocuous stories, and they get threatening legal letters from the Queen's London law firm, Harbottle and Lewis." Author of *Royalty Inc.* Stephen Bates adds that "Harbottle and Lewis are probably the Praetorian Guard of the Royal Family. The Royal Family is an institution which has very little accessibility … ultimately they are an opaque body of people."

The Four Corners coverage of Prince Charles's personal Duchy of Cornwall exposed the anachronistic and undemocratic essence of the House of Windsor. Established in the 14th century to fund future Kings, the Duchy of Cornwall controls massive land holdings in Britain. House of Lords member Tony Berkeley said the Duchy is "very anachronistic and totally unsuitable for the 21st century. It should have changed a hundred years ago or so". The Duchy doesn't pay the 19 per cent Corporations Tax. Instead Prince Charles choses to pay only income tax, at a rate nominated by him. Additionally, "the Crown Estate owns vast swathes of land around the United Kingdom", reported Milligan. "But one of the most surprising things that it owns, dating back centuries, is the entire British seabed, stretching out 12 nautical miles from the coast." One quarter of offshore wind farm profit goes to the Palace through the Sovereign Grant. Such profits flowing to the Royals would not be possible without taxpayer subsidies and legislation to enforce so-called "renewable energy". When Prince Charles lectures governments and business they must act on climate change, he doesn't reveal that he personally profits from public spending on renewable energy.

As the CEC documented in *Stop MI5/MI6-run Terrorism!*, the inescapable reality is that MI5 and MI6 swear allegiance to the Crown and report to the Crown and its Privy Council. But this is the same Crown which, in the person of Prince Charles, supervised the construction of the Saudi-funded mosques that spread Wahhabism in the UK from the 1980s on, bringing into being the terrorist infrastructure within the country, while Charles is also the Patron of MI5, MI6 and GCHQ, which have blocked serious attempts to investigate that network. All of this was just a bit hot for Four Corners' otherwise useful report.

Morrison re-commits Australia to US military hegemony, confrontation with China

By Richard Bardon

Recent media reports would have it that Prime Minister Scott Morrison is presiding over a "thaw" in Australia-China relations, as ministerial visits to Beijing resume after an eighteen-month hiatus brought on by the needless antagonism of his predecessors. Morrison's first speech on foreign policy, however, confirms that nothing of substance has changed: Canberra remains committed to ever-deepening military entanglement with the United States, and is actively encouraging the expansion of US forces and arms manufacturers in Australia, and the broader Asia-Pacific region.

Speaking 1 November at a meeting of the Asia Society Australia in Sydney, Morrison opened his discourse with the bizarre statement that "Our foreign policy defines what we believe about the world and our place in it." It might be thought that he meant it the other way around, but his further remarks suggest that in this, at least, he can be taken at his word, given he then defended Australia's various pointless, counterproductive and outright evil foreign military adventures as the necessary result of our having "sought to be a citizen that plays its part in the world".

"This has been particularly true in the Middle East", he said, "from the Great War a century ago [read, Gallipoli] to Iraq and Afghanistan more recently. We have turned up, we have played our part, we have done our share and we have paid the price through great sacrifices. We have done this because we believe it is right." Presumably this means Morrison shares then-US Secretary of State Madeleine Albright's 1996 assessment that the needless deaths of half a million Iraqi children just from the first Gulf War and subsequent sanctions were "worth it". Be that as it may, he certainly must believe that the 2003 invasion of Iraq on false pretences and in violation of international law—which to date has killed at least another 204,885 civilians, caused a mass exodus of refugees, and led to the rise of ISIS—was "right".

It is unsurprising therefore that Morrison did not once refer to international law when elaborating his government's foreign policy, instead peppering his speech with references to the "values", "beliefs" and agreed "rules" that serve our perceived interests—which must be enforced by US military might, since Australia lacks the ability to do so. The United States, he said, "remains vital to the sort of [Asia-Pacific, a.k.a. 'Indo-Pacific'] region we want to see. … A strong America—centrally engaged in the affairs of our region—is critical to Australia's national interests." He hastened to add, however, that "Australia does not seek a free ride when it comes to regional security and prosperity. We support the strongest possible US political, security and economic engagement in the Indo-Pacific in tangible ways, including by lifting our defence spending" to 2 per cent of GDP, just as though Australia were a member of NATO (which to all intents and purposes we are). Per the so-called Defence Industry Capability Plan, published this May, in the next decade Australia will spend $200 billion on military hardware almost wholly sourced from American and European "global prime" contractors, entrenching Australia's reliance on foreign suppliers for critical technologies.[1] The intention, according to the Plan itself, is to support "a larger, heavier, and more complex force operating at a higher tempo … [and] the US Force Posture Initiatives in Northern Australia", which make it a forward base for war with China.

PM Morrison speaking at the Asia Society. Photo: Screenshot

China still the enemy

Morrison labelled China "the country that is most changing the balance of power, sometimes in ways that challenge important US interests"—and therefore, according to him, our own. He offered platitudes that the US-China relationship must not "become defined by confrontation", and that "there must remain room for dialogue and cooperation"; but his already stated commitment to the "strongest possible" US military engagement in the region demands that the concessions all be on China's part. Moreover Morrison went on to invoke the 2016 Defence White Paper, which—as Beijing is surely aware—explicitly subordinates Australian defence policy to that of the USA, and dubs China the greatest threat to the "rules-based global order" of globalised Anglo-American neoliberalism on which Australia's prosperity supposedly depends.[2] That White Paper was written before Donald Trump's shock victory over war-hawk Hillary Clinton in the November 2016 presidential election. But despite a promising start in which he developed a good professional relationship with China's President Xi Jinping, Trump has continued the US Navy's provocative "freedom of navigation operations" in the South China Sea, and has added a raft of punitive tariffs and trade sanctions. This suggests the success, thus far, of the Anglo-American establishment's plan, laid out in the Australian government's November 2017 Foreign Policy White Paper,[3] to convince Trump to stick with his predecessors' confrontationist policy.

Yet for all this, Morrison acknowledged that China is "vitally important" to Australia's economy (ironically, because the neoliberal policies of Morrison and his ilk have destroyed Australia's industrial base), and announced that he will meet with Chinese leaders to discuss "deepening our Comprehensive Strategic Partnership" later this month. How long this cognitive dissonance on China can last is anyone's guess; but if the Anglo-American-Australian war party gets its wish in the meantime, we will never find out. If we are stupid enough to start a war with China, the US military installations we host—especially Pine Gap near Alice Springs, which provides targeting data for America's intercontinental ballistic missiles and global ballistic missile defence system—will make Australia a target for Chinese ICBMs in turn. As the late former PM Malcolm Fraser recommended in his 2014 book *Dangerous Allies*, the Gordian knot that is the Anglo-American alliance must be cut if we are ever to attain *true* national security.

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1. "'Sovereign' defence industry plan entrenches Australia's colonial status", *AAS* 16 May 2018
2. "'Black-is-White' Paper singles out Russia, China as threats to 'global order'", *AAS* 30 Mar. 2016
3. "Foreign Policy White Paper: Australia begs Trump to stick with containment of China", *AAS* 29 Nov. 2017

Sydney academic shreds anti-China scaremongering

By Richard Bardon

Have you been spooked by constant negative media coverage into a reflexive fear and distrust of China, or do you find yourself arguing with friends or family who have? If so, Professor James Laurenceson, deputy director of the Australia-China Relations Institute (ACRI) at the University of Technology Sydney, has provided you an invaluable resource. In a research paper entitled "Do the claims stack up? Australia talks China", published in late October, Prof. Laurenceson dissects the key claims made against China by media, pundits and politicians over the past several years, and shows that all have been either blown drastically out of proportion or, more often, are altogether unfounded. The report is available to download at www.australiachinarelations.org/content/do-claims-stack-australia-talks-china. Laurenceson has his own misgivings about China, as is evident in his report; but if anything this lends more credibility to his positive findings. The most important are summarised below.

Chinese political donations

Beginning with a joint Fairfax Media/ABC *Four Corners* investigation in June 2017, and amplified by the cash-for-comments scandal that brought down Labor Senator Sam Dastyari six months later, it has become generally accepted that, as Prof. Rory Medcalf, director of the Australian National University's National Security College put it, "[Australian] political parties have become dependent on foreign funding", with a "persistent increase" in Chinese donations since 2006-07, "spiking in each federal election from 2006 to 2017". Laurenceson shows that in fact, *all* foreign donations over the last seven elections cycles have ranged between 0.03 per cent and 6.13 per cent of total donations, of which Chinese donations in most years comprised only a small fraction. Moreover the two most prominent "Chinese billionaire" donors could not fairly be called Chinese at all. One, Dr Chau Chak Wing, had been an Australian citizen for 20 years; the other, Huang Xiangmo, retains Chinese citizenship but has been a permanent resident of Australia for many years—a residency the government has recently extended. In answer to allegations of buying influence, Mr Huang has pointed out that both major parties approached him for donations, not the other way around. "This has not been disputed", Laurenceson observes.

Chinese diaspora's 'allegiance to a foreign power'

Various pundits have insisted that a large proportion of Australians of Chinese descent are loyal to Beijing rather than Australia. Notably, former Greens candidate turned academic Clive Hamilton, author of the China-bashing book *Silent Invasion*, put the number at 20-30 per cent, or up to 210,400; while former deputy defence secretary and unreconstructed Cold Warrior Paul Dibb claimed that "the last 10-15 years [intake] of highly indoctrinated young Chinese" into Australia—about 315,600 of them, by Laurenceson's count—"are going to create a problem".

Laurenceson wrote: "When Clive Hamilton was challenged about the estimates he cited … he responded that he had asked two friends to 'take an educated guess' and, in his opinion, 'the guesses seemed plausible'." Dibb's evidence, meanwhile, turned out to comprise two items: an open letter on the South China Sea issue from an apparently fictitious "community group" called the Federation of Chinese Associations of the Australian Capital Territory, which has no known membership, no website in either Chinese or English, and has made no other representations of any kind; and "a musical concert [in honour of People's Republic of China founder Mao Zedong] that never materialised"—due to the objections of other Chinese Australians!

Chinese students at war with academics

Beginning August 2017, media began reporting that Chinese students had elicited "forced apologies" from their professors for perceived slights against the Chinese Communist Party, and that academics were "walking on eggshells" for fear of giving further offence. "The evidence base reveals a mere four incidents", wrote Laurenceson. "Meanwhile, in 2017 there were 133,891 Chinese students at more than 30 Australian universities." None of the four (minor) incidents that did occur involved forced apologies, and "In not a single case was freedom of expression compromised or classroom discussion stifled. There is, however, evidence to support the proposition that the freedom of expression under threat is not that of Australian academics, but rather that of Chinese students as they are labelled as 'brainwashed' or identified as carriers of 'racial chauvinism'."

China's military on Australia's doorstep

A near-hysterical article in the 9 April 2018 *Sydney Morning Herald* reported that China had "approached Vanuatu about building a permanent military presence in the South Pacific in a globally significant move that could see the rising superpower sail warships on Australia's doorstep." Every major media outlet picked up the story and ran with it, no questions asked. Defence pundits piled on in droves. But it never happened. Laurenceson: "Pacific island experts all confirmed Vanuatu was a committed member of the non-aligned movement. Nowhere was Chinese or Vanuatuan interests in provoking this strategic competition explained. Vanuatuan officials with detailed knowledge of the relevant matters swore they'd never even heard hints of talk of a Chinese military base." Even PM Malcolm Turnbull acknowledged that this was the case.

A Chinese 'dragonhead' in Darwin

ABC News reported in October 2015 that "the highest levels of the Australian Defence Force (ADF)" had expressed concerns over the "security implications" of the 99-year lease of the Port of Darwin to Chinese company Landbridge. Australian Strategic Policy Institute director and former deputy defence secretary Peter Jennings and ANU visiting fellow Geoff Wade (a career anti-China propagandist) claimed that Landbridge was controlled by the Chinese government, which would use its access to the port to monitor Australian and US ship movements, and could even take over the port and use it as a base of operations for its navy. The heads of the Defence Department, Australian Security Intelligence Organisation and the Australian Defence Force all stated before Parliament that they had approved the lease arrangement. Then-Defence Secretary Dennis Richardson dismissed Jennings' spying claim as "absurd", and Wade's notion that the Chinese Navy could gain access to the port as "alarmist nonsense … without foundation in any way".

Chiang Mai Initiative expanded to tackle financial crisis

By Elisa Barwick

In October Abe and Xi revived their agreement initiated at Chiang Mai, Thailand in 2000. Right, ASEAN Plus Three nations. Photos: AFP/Japan pool/Jiji Press; Wikipedia

Among the agreements signed by the leaders of China and Japan during Japanese Prime Minister Shinzo Abe's visit to Beijing on 25-27 October was a US$30 billion currency swap arrangement. The agreement, made at the first formal Sino-Japanese summit in seven years, re-launches bilateral cooperation to defend Asian economies in the event of a new financial crisis. China and Japan were key participants in the so-called Chiang Mai Initiative, a series of bilateral currency swap agreements initiated in May 2000 following the 1997-98 Asian financial crisis. The agreement between China and Japan lapsed, however, in September 2013 as tensions between the two nations, mainly over territorial disputes, reached a high point. The renewed cooperation is a sign that nations are willing to rise above their differences and work together to face the perilous economic conditions ahead.

Japan and China, with their large US dollar reserves, underpinned the original Chiang Mai Initiative (CMI), which had been preceded by the 1997 Association of Southeast Asian Nations (ASEAN) Swap Arrangement between five ASEAN nations. The CMI included all ASEAN countries—Indonesia, Thailand, Singapore, Malaysia, the Philippines, Vietnam, Myanmar, Cambodia, Brunei and Laos—plus China, Japan and South Korea. The group effectively created a pool of foreign exchange reserves upon which any member nation facing currency destabilisation or liquidity problems could draw. Borrowers from the fund would receive US dollars loaned at a fixed interest rate in exchange for local currency; after three months the swap could either be renewed or the loan paid back.

In 2010 the CMI was formalised as a multilateral contractual agreement and was strengthened thereafter as a functional financial safety net which was tested and is operationally ready. A crisis prevention facility was established in 2014.

The original aim was to prevent a recurrence of the Asian financial crisis, or in the event of a crisis to provide a mechanism for Asian nations to deal with it regionally rather than relying on the International Monetary Fund (IMF) and other global organisations. As Malaysian prime minister during the Asian crisis Dr Mahathir Mohamad has fulminated at length, currency speculators set off that crisis, subverting Asian economies and forcing them into the death-squeeze of the IMF. ("Mahathir: China is not the neo-colonial threat", *AAS* 10 Oct.)

With two crisis reference points at ten year intervals, 1997-98 and 2007-08, another ten years later Asian nations are wary of a new financial crisis, combined with a reversal of currency "carry trades" which were greased by the cheap credit of "quantitative easing" (QE) pumped out by the world's major central banks, including the Bank of Japan. Carry trades pick up near-zero interest rate credit in one location and channel it into higher-rate markets elsewhere. When this goes into reverse the consequences of tightening credit and loaded debt will be dire. With a sea of cheap US dollar-denominated debt suddenly becoming more expensive as QE is wound up and rates are raised, emerging markets have already been hit hard.

The deal

On 26 October Japan and China signed a US$30 billion currency swap arrangement, in order to strengthen financial stability and spur economic activity in both nations, according to the Bank of Japan. The two countries have been in talks to allow for the exchange of their currencies between the two central banks since May. The previous arrangement, as part of the CMI, was worth US$3 billion.

Having established a yuan clearing house in Japan, the two central banks also signed a memorandum of understanding (MOU) to share information on the offshore market for the Chinese currency. Following the 2008 global financial crisis, the Chinese government had challenged global dependence upon the US dollar, moving to internationalise its own currency as a counterweight. Its first preference, however, was to establish the IMF special drawing rights (SDRs)—a basket of currencies comprising the US dollar, the euro, the yuan, the yen and the British pound—as a reserve currency.

Overall, more than 50 MOUs were signed, with both the Japanese and Chinese leaders pronouncing their intention to work together more closely for peace and stability and in the spirit of cooperation rather than competition.

Following Abe's return to Japan, Indian Prime Minister Narendra Modi visited Tokyo, and on 29 October the leaders signed a US$75 billion bilateral currency swap agreement, to bring greater stability to foreign exchange and Indian capital markets, according to an Indian statement, Reuters reported. This significantly expands upon Chiang Mai arrangements, and in conjunction with the Japan-China shift, is evidence of an effort to create a new financial architecture ahead of the oncoming financial crisis.

At the BRICS summit in South Africa on 25-27 July, progress was made towards denominating trade in national currencies rather than the US dollar, which is steadily increasing. Russian Minister of Economics Maxim Oreshkin has spoken about the need for a "deep integration of the financial systems of [the BRICS] countries" to make this work. The plan to expand BRICS with a broader BRICS-Plus circle of nations will enhance the capability to ensure economic stability if the dollar system crumbles ("BRICS summit looks ahead 'as old order falls apart'", *AAS* 1 August). Pakistan and China also agreed to trade in their own currencies during new Pakistani PM Imran Khan's visit to Beijing on 3-4 November.

The Fed stokes ‘Bancomania’

By Nancy Spannaus, for americansystemnow.com

1 Nov.—It should be no surprise that at its 31 October (Halloween) meeting, the Federal Reserve decided to loosen regulations not only for the banks with a US$250 billion net worth, but also for those with assets up to the US$700 billion level. This decision reflects a phenomenon called “Bancomania”, a term coined by First Treasury Secretary Alexander Hamilton back during the speculative rampages of 1791-92.

Hamilton took aim at the speculators thus: “These extravagant sallies of speculation do injury to the government and to the whole system of public credit by disgusting all sober citizens and giving a wild air to everything. … The superstructure of credit is now too vast for the foundation. It must be gradually brought within more reasonable dimensions or it will tumble.” He added that such “banking activity” reflected “a spirit of gambling”, and promptly took action to defuse it.

Not since Franklin Roosevelt has the United States had a President who shared Hamilton’s (and President George Washington’s) contempt for speculators, and was willing to do something about it. It was FDR who shepherded through banking regulations such as Glass-Steagall (which was specifically aimed at reducing speculative excesses) and the rules of the Securities and Exchange Commission (SEC), thereby setting the stage for the “golden age” of US economic productivity. When the Wall Street banks refused to invest in the infrastructure, industry, and agriculture which the country needed, FDR then added a new source of government-backed credit through the Reconstruction Finance Corporation (RFC).

These historical precedents point to the alternatives available to the deregulation mania being exhibited by the Congress and the Fed. One need only rely on the American System principles exhibited by Hamilton and FDR to find the means to crush the speculators, before they bring on a new, more severe financial and economic collapse.

Buybacks dwarf investment

Protagonists of the liberalisation just announced by the Fed will argue that the new measures will aid the economy by encouraging expanded investment. That argument defies recent experience.

As JPMorgan Chase CEO Jamie Dimon predicted after the Trump tax cut passed last December, the increased cash flow into the corporate sector during 2018 has flowed not into jobs and capital investment, but into stock buybacks. The total spending on that form of purely financial speculation is expected to amount to anywhere between US$800 billion and US$1 trillion dollars for 2018. According to *Investopedia* on 18 October, a JPMorgan analyst identified stock buybacks as the key driver of not only the current stock market highs, but of the nine-year bull market.

Stock buybacks do absolutely nothing to build the physical economy of the country; rather they create what can accurately be described as a bubble. Even worse, under current circumstances, many corporations are borrowing money to buy back their own stocks (at higher prices, as a necessary incentive). It’s the banks who are lending them that money, as well as “investing” in stock buybacks themselves. Indeed, former FDIC vice-chairman Thomas Hoenig excoriated the top four banking behemoths (JPMorgan Chase, Bank of New York Mellon, Citigroup, and Morgan Stanley) for spending more than 100 per cent of their earnings on dividends and buybacks back in August of 2017. That trend has certainly not changed.

For this reason, FDR’s SEC outlawed such transactions as stock market manipulation. That prohibition held until 1982, when radical free marketeers succeeded in getting the SEC to allow the practice.

And what about capital investment? According to Goldman Sachs (CNBC, 17 Sept.), share buybacks will amount to more than capital expenditures for the year. The last time this happened was in 2007, the year before the entire speculative mess came crashing down.

Estimates of the much-touted increase in capital investment have been varied. The Bureau of Economic Analysis presents its figures as GDP, a flawed measure for analysing physical processes. The most sober analysis I’ve seen came from the chairman of the Atlanta Federal Reserve, who, in a 26 July Bloomberg article, was reported to have estimated that the increase would be below 5 per cent year-on-year. Kiplinger on 25 October estimated an increase of 7 per cent year-on-year. No one could credibly characterise this as a “surge”. Numerous analysts note that the major increase in investment in plant and equipment has come in the oil and gas industry, as prices rebounded. The reopening of a number of steel and aluminium plants in the wake of Trump’s tariffs has improved the lives of some Americans, especially in small towns, but does nothing to change the overall picture.

Nothing in what the Federal Reserve just did will encourage investment to correct the country’s massive infrastructure deficit, or aging plant and equipment. By reducing the amount of money that a whole set of major banks (excepting only the top nine) have to keep on hand, and the frequency of stress testing, the Fed has simply given more banks free rein. They will use it to increase their gambling, at the nation’s peril.

Bancomania produces ‘fog wealth’


King O’Malley.
Photo: Wikipedia

King O’Malley, the American founder of the Commonwealth Bank, called himself the Alexander Hamilton of Australia. In a 1939 pamphlet called *Big Battle* he insisted that Australia needed a national bank because speculation, which Hamilton called bancomania, only produces “fog wealth”:

“Permanent wealth is produced by the slow process of industry, combined with skill and the manipulation of capital. Fog wealth is produced by the rapid process of placing one piece of paper in the possession of a bank as a collateral security for two pieces of paper. Some of the enormous quantity of fog wealth which is being created will sooner or later collapse. But with the Commonwealth Bank capable of sustaining legitimate credits, there can come no panic which will again destroy the market value of intrinsic values, ruin debtors, deprive workers of work, and produce general distress.”

New revelations of British entrapment of Trump

Special to the AAS

On 25 October, George Papadopoulos appeared before the House Oversight and House Judiciary Committees to deliver a closed-door account of his role in launching the Russia-gate probe of Donald Trump. If anyone was at the very centre of the allegations that candidate Trump colluded with the Russian government to steal the 2016 presidential election, it was Papadopoulos.

- Papadopoulos briefly worked as a foreign policy advisor to the Trump presidential campaign beginning in March 2016.
- He allegedly told Australian diplomat Alexander Downer that the Russians had obtained emails from Hillary Clinton's account—months before WikiLeaks made those emails public.
- It was Downer's account of his London meeting with Papadopoulos that was cited as the justification for the FBI to open a probe of Trump-Russia connections on 31 July 2016.
- On 27 January 2017, Papadopoulos was interviewed by the FBI, a critical step towards the appointment of Robert Mueller as special counsel, probing Russian interference in the 2016 election.
- On 28 July 2017, Papadopoulos was arrested at Dulles Airport near Washington and charged with lying to the FBI.
- On 5 October 2017, Papadopoulos reached a plea agreement with Special Counsel Mueller, requiring his cooperation in the Russiagate probe.
- On 7 October 2018, after one year of "cooperation" with the Mueller probe, Papadopoulos was sentenced to 14 days in jail, 200 hours of community service and a US$9,000 fine.
- Almost immediately after sentencing, Papadopoulos appeared on Fox News and other conservative news outlets to accuse the FBI and British intelligence of having entrapped him as part of a premeditated plan to sink the Trump campaign and later, the Trump presidency. He charged that all the events which had placed him at the centre of the Russiagate probe were run by FBI informants, British intelligence agents and other Western spies, including several Israelis.

Joseph Mifsud

The man who allegedly told Papadopoulos that Russia had possession of Hillary Clinton's damning emails was a Maltese professor named Joseph Mifsud, whom the anti-Trump forces have labelled a Russian spy. The only trouble with that is that there is no evidence that Mifsud had ties to Russian intelligence agencies, but there is abundant evidence that he worked for Western intelligence—most likely British MI6.

Mifsud worked for two obscure training centres of Western intelligence agents and diplomats: the London Centre for International Law Practice, and Link Campus in Rome. According to *Washington Post* columnist David Ignatius, Link Campus was a site for regular CIA non-classified conferences, including a conference on international terrorism he attended in 2004.

Mifsud counted among his closest colleagues and friends Claire Smith, who served for years on the UK Joint Intelligence Committee, which had oversight over all branches of British intelligence.

When the Russiagate probe became centred on Mifsud's April 2016 meeting with Papadopoulos in London, where he allegedly revealed the Russia-Hillary email tale, a former foreign and interior minister of Italy, Vincenzo Scotti, quietly advised Mifsud to disappear. This was soon after Mifsud had been invited to Washington to consult with the US State Department in February 2017.

Since disappearing from public sight in early 2017, Mifsud has been represented by a former business associate, who says he is Mifsud's attorney, Stephan Roh. Roh and another Mifsud colleague, Thierry Pastor, co-authored a book in early 2018 titled *The Faking of Russiagate: The Papadopoulos Case*. In the book, the authors wrote that Mifsud had "only one master: the Western Political, Diplomatic and Intelligence World". Roh was co-owner of Link Campus, the Rome training centre where the CIA and other Western intelligence agencies hold regular conferences.

Papadopoulos's account

In a recent interview with Tucker Carlson of Fox News, Papadopoulos insisted that Mifsud had not been working for "the Russians", but operating under the guidance of the FBI. He cited Mifsud's attorney Roh as one source of his belief.

Papadopoulos first became an FBI target on 21 March 2016, when the Trump campaign named him as one of its five foreign policy experts. At the time, Papadopoulos was working at the London Centre of International Law Practice, part of the London-Rome nexus of spook-training centres. He had never met Mifsud until he announced he was leaving London to return to the USA to work for Trump. Officials from the Centre invited him to be part of a delegation to Rome before his return to the USA and he gladly accepted the offer. At Link Campus, he was introduced to Mifsud, who soon afterwards came to London to meet Papadopoulos. That is when the purported conversation took place about the Hillary Clinton's emails and alleged Russian plans to disrupt the US elections.

Two weeks after his Mifsud encounter, Papadopoulos was asked by an Israeli diplomat and his Australian diplomat girlfriend to have drinks with Alexander Downer, the ex-Australian high commissioner to the UK. Downer has claimed that Papadopoulos told him about the Russians having Clinton's emails and Downer passed the information to Australian intelligence, which passed it along to the FBI. Thus began Russiagate.

Several months later, Papadopoulos was invited to London to meet with another FBI informant and MI6 asset, Stefan Halper, who had been born an American, but had lived for decades in England and had taught at Cambridge University. Halper was formerly the son-in-law of Ray Cline, a top CIA official. Halper flew Papadopoulos to London and offered him US$3,000 to prepare a paper on energy investments in the Mediterranean, and then attempted to entrap Papadopoulos about his knowledge of Russian operations against the Clinton campaign. This clumsy attempt failed.

As late as March 2017, in the midst of the FBI probe of Papadopoulos and his knowledge of supposed Russian interference in the 2016 US election, Papadopoulos was contacted, through a mutual Israeli friend, by another shadowy figure with a history of ties to US intelligence and the FBI: US-Israeli dual citizen Charles Tawil. In July Tawil asked Papadopoulos to meet him in Israel, to finalise a contract for

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Don’t bank on the Royal Commission!

Glass-Steagall bank separation will be a political decision and can only become law through parliamentary legislation. Recommendations by the Financial Services Royal Commission for structural change that could stop the banks’ vertical integration practices does not automatically guarantee parliament will legislate for it. The government’s reappointment of APRA Chairman Wayne Byres for another five year term, before he testifies at the royal commission hearings in Sydney 19-23 November, and eight months before his term expires, is a clear message to the royal commission (p. 3). From the get-go, neither the government nor APRA wanted a royal commission, which is why the commission’s terms of reference stated that prudential policy, overseen by APRA, was off-limits.

Every week, evidence mounts that depositor’s funds are on the line if bail-in is triggered. In a series of videos discussing bail-in by economist, John Adams and principal of Digital Finance Analytics, Martin North, the path of investigation to get to the truth about bail-in is revealed. These discussions are very important, so watch these videos and forward them to your MP (search for “Walk the world” on YouTube), and in particular the cross-benchers who hold the balance of power in parliament. Ask your bank if your deposits are safe! Adams and North did, and received ambiguous responses—the bank will be guided by APRA! Take the bank’s response to your MP along with today’s media release which poses the question: is the reappointment of Wayne Byres an attempt to pervert the course of justice?

At a public forum in her local town in support of the State MP Thomas George, NSW supporter Aileen Goldthorpe was hoping to put the question to Barnaby Joyce: what would he do to promote Bob Katter’s bill for Bank Separation? While Barnaby was a no-show, the state MP, the Tenterfield mayor, deputy mayor and other community representatives, as well as an audience of about sixty turned up. Walking to the front of the room in question time, Aileen announced her issue was of a federal nature, not so much state politics. In about five minutes of “uninterrupted silence” she elaborated: first her frustration with Barnaby’s party-line response to her questions about bank bail-in of deposits and the necessity for bank separation, and failure to reveal his position on the CEC’s bill before parliament that would make the banks accountable. She outlined the US *Glass-Steagall Act* which Bob Katter’s bill is modelled on, and its 66 year success of reining in the Wall Street banks. She explained how the bail-in bill passed in February and stressed the necessity for all present to take the issue up with their federal member; that is, Barnaby. Not one person interrupted, questioned or disagreed with what she had to say. Later, one lady congratulated her for her courage. The only way to defeat lies and complicity is to expose them!


Organising at the Ipswich Gun Show.

Seven Queensland activists organised 21 contacts at the two-day Ipswich Gun Show at the weekend while two other activists deployed to the Urangan Markets in Hervey Bay where they organised another seven signers on the Glass-Steagall/National Bank petition. A man stopped by an organiser in Fortitude Valley said he knew of the CEC and used to regularly watch the *CEC Report* when it aired on Community TV. He joined as a member. Three activists organised another five signers in the main street of Port Macquarie. They didn’t have a table, only signs, and stopped people in the street. In the NT, State Secretary Trudy Campbell signed up an Old Labor man to the *AAS;* another, who had been to China and seen first-hand the amazing development and improvement in living standards, emptied his pockets for literature and wants to subscribe to the *AAS*. A young man said he follows everything we do online and had even made a submission on the royal commission’s interim report, as directed on the *CEC Report*.

To help gain a better knowledge for organising in Sydney one activist is spending this week working with the field team in Melbourne. Anyone who is keen to organise is welcome to join the team for a day, a week or longer. Fighting for universal truth and solutions requires perseverance and determination.

New revelations of British entrapment of Trump

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research on energy issues. He gave Papadopoulos US$10,000 in 100-dollar bills. Tawil’s Israeli friend was David Ha’ivri, an ally of Prime Minister Benjamin Netanyahu.

Papadopoulos had suspicions about Tawil’s money, so he deposited it with his attorney in Greece before returning to the United States. When he landed at Dulles Airport on a flight from Munich on 27 July 2017, he was arrested upon exiting the plane.

Was the FBI hoping to catch Papadopoulos bringing US$10,000 in cash into the United States without declaring it at customs? Papadopoulos believes this was the case. When he appeared before the House committees to tell his story, he asked for a determination of whether the US$10,000 consisted of marked bills and had originated with the FBI.

A 2006 State Department cable published by WikiLeaks identified Charles Tawil as a “protected” informant, providing information on South African government activities.

The bigger picture

Why does the bizarre saga of George Papadopoulos matter? The brief Downer-Papadopoulos encounter at a London wine bar was the alleged basis for launching the entire FBI/Mueller Russiagate probe. If there had been no alert to the FBI from Downer, the sole basis for the Russiagate investigation would have been the widely discredited Christopher Steele “dodgy dossier”.

George Papadopoulos is convinced he was the target of a series of FBI/MI6/Israeli sting operations. It now appears that some Republican members of Congress are taking his version seriously and are probing the events he described in his House testimony in late October. Representatives Mark Meadows, a North Carolina Republican, and John Ratcliffe, a Texas Republican, both heard Papadopoulos’ testimony and intend to dig deeper.

Victoria defies intelligence establishment by joining BRI

By Elisa Barwick

Australia's second most populous state, Victoria, has been heavily criticised for signing a Memorandum of Understanding with China on its world-spanning Belt and Road Initiative (BRI), with commentators spewing out unfounded claims about ulterior motives embedded in China's "Trojan Horse" project to expand its influence and entrap nations in debt.

Sky News, which sacked Australian TV's only pro-China commentator, Ross Cameron on 2 November, has run wall-to-wall coverage bagging Victorian Premier Daniel Andrews' apparent decision not to make the text of the MOU public, although the Department of Foreign Affairs and Trade has been provided with a copy.

Political and International Editor of the *Sydney Morning Herald*, Peter Hartcher, on Sky on 5 November, congratulated Victoria for joining the "busted arse club", claiming that 33 of the 68 nations which have joined BRI are not regarded as credit-worthy by major agencies, and that eight of them are in a state of severe financial risk. As CEC research director Robert Barwick responded, "that's precisely why China wants them to join—so it can help raise their standard of living through investment in infrastructure", going on to point out that Hartcher's and conservative commentator Paul Kelly's comments—who referred to China's "strategic agenda to build China's influence"—are "straight out of CIA-ASIO talking points".

Hartcher's line that we are not allying with a private sector company or even a Public-Private Project (PPP) here, but a "one party state", betrays the real agenda. China is assisting in building economic development projects which should have been facilitated by international development and finance agencies over the last several decades. Instead, a massive infrastructure deficit has built up, so China is sharing its method for success—which involves applying state credit to the task—a policy in fact pioneered by the young American republic, following its War of Independence, which became known as the American System of Political Economy. Using public credit to fund infrastructure, which the USA developed in defiance of the British imperial free trade system, is seen to be breaking the rules of the liberal economic order in which private finance has dominance over public credit.

Who is expanding influence?

The Anglo-American-Australian agenda, to defend the current "our"-rules-based order, was spelled out clearly when Australia recently ratified the Trans-Pacific Partnership, or TPP11. The TPP was always the economic arm of US President Barack Obama's British-inspired "Asia Pivot" to militarily surround China (*New Citizen*, "Act now! Stop nuclear war!", Oct.-Dec. 2012). The UK has openly stated its agenda to use Australia, and the TPP, to gain influence over trade in the Asia-Pacific region. ("HSBC minister pushes Trojan Horse trade agreement", *AAS* 10 Oct.) British Foreign Secretary David Miliband told the *Herald Sun* in January 2008, that "Britain will relaunch itself as an Asian power with the help of former colony Australia in its biggest foreign policy shift since the Cold War." In January 2011 Foreign Secretary William Hague told Aussies that though "our partnership with Australia is one of our greatest assets in world affairs already", the UK will further upgrade the relationship as part of a "decisive change" in foreign policy towards Asia.

An overpass above high-speed rail line, Xiangyang City. Photo: AFP/Li Fuhua

As the TPP was ratified, talk centred around the TPP consolidating the "rules of the road" for trade. Then-Prime Minister Malcolm Turnbull admitted in a February address to the US National Governors' Association (NGA) that the TPP is about more than trade; it is a political and strategic intervention. Turnbull explained the role of the TPP, *which excludes China*: "And that's why, as I said, we backed the Trans-Pacific Partnership so strongly not just because of the market access it delivers—which is very beneficial, creates jobs and investment—but because *it creates the rules of the road* we need to match the economic journey we're embarking on."

Turnbull linked the TPP to the US-Australian proposal for an "Indo-Pacific" infrastructure initiative, which would also fulfil the task of reinforcing the liberal order. "[W]e need to get on with the post-war project of shaping an environment in which the most competitive and rule abiding companies can succeed", he said.

One wonders if the arbiters of these "rules of the roads", the unwritten standards for project vetting, transparency, sustainability and finance which China is supposedly breaching so unceremoniously, will make them publicly available. And, among other things, will it include the precise mechanisms by which PPPs—which originated with Italian fascist leader Benito Mussolini and were perfected by Macquarie Bank—blatantly rip off the public and profit investment banks? In Australia, governments routinely hide the details of their PPP infrastructure deals, using the excuse that they are "commercial-in-confidence".

China's record of development over the last 30 years is clear: an incredible array of rail projects—20,000 kilometres of high-speed rail, to be 30,000 km by 2020 ("China's magnificent high-speed rail system", *AAS* 28 March); new highways and bridges; canals and dams galore, including the Three Gorges Dam which boasts the world's largest capacity power station, and the South-to-North Water Diversion Project to water dry areas ("Moving water: By land and by air", *AAS* 21 March); and advanced fusion energy and space programs. Between 2011 and 2013 alone, China poured as much concrete as the USA did in the entire 20th century; China has built new housing for 80 million people in the last eight years; built numerous new cities; and lifted 700-800 million people out of poverty. And that's just domestically. (See "China: Great Infrastructure Projects at Home and Abroad", *The World Land-Bridge: Peace on Earth, Good Will towards All Men*, 2015)

These results cannot be faked, which is why, in choosing between working with China economically, or kowtowing to the Anglo-Americans for security, Victoria has broken ranks.