

## Foreign debt - Australia's black hole

by flake gordon *Wednesday, Jun 6 2007, 12:39pm*

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An economic fact that everyone understands is crushing debt, personal or national. Think twice before you swallow the double talk and gobbly-gook of the conservative Howard government. Good management means high production, minimal debt, and low personal tax rates. Compare economic facts with the nonsense that issues from the mouth of the Federal Treasurer.

There are no excuses whatsoever for mismanaging a national economy in times of unprecedented boom! Over the past two decades we have been witnessing the largest economic boom since the second world war, and yet Australia carries an unprecedented \$15+ billion dollar foreign debt; that equates with almost 1 billion for every man, woman and child in Australia! In view of this economic travesty the supercilious prick Treasurer likened the Oz economy to a "finely engineered racing car", which should not be left in the hands of a learner driver!

An interesting (unfortunate) analogy to say the least; the Oz population is faced with allowing a dim-witted fogey to 'drive' this 'finely engineered racing car' in first gear or giving the wheel to a younger driver willing to drive the vehicle at speeds it was designed to easily achieve.

The present Howard government boasts CRUSHING PERSONAL DEBT and CRIPPLING FOREIGN DEBT - that is the REALITY behind all the deceptive, meaningless gibberish that issues from the mouths of the Federal Treasurer and his fellow 'racing driver', the 68 year old John Howard.

To compound their stupidity, Howard and Treasurer Costello actually believe they are the best choice as economic managers - well, living in denial is an American plague that fortunately has not infected the Australian population (as yet!)

Whenever you hear the Treasurer or the Prime Minister lying about their 'expertise' in economic management simply recall and focus on the most horrendous debt this nation has ever known, if that is not a sobering experience then a quick calculation of your personal debt should awaken the most profound somnambulist!

In view of unprecedented opportunity and unprecedented global economic growth, the demented fogey behind the wheel of the 'finely tuned racing car' economy of Australia should learn how to change gear and drive us out of a debt that threatens to plunge the nation into a horrific recession.

**IT'S TIME FOR A NEW DRIVER!**

The following story confirms the outrageous debt level and incompetence of the present government:

by Jacob Saulwick - smh.com.au

AUSTRALIA'S current account deficit improved slightly in the three months to March following a

blowout at the end of last year, but the picture is marred by ballooning foreign debt.

A boost in export volumes fuelled the improvement in the current account deficit, which narrowed \$121 million to \$15.38 billion after the surprisingly hefty \$15.5 billion deficit in the December quarter of last year, Bureau of Statistics figures showed yesterday.

But with the economy supposedly booming on the back of trade to Asia, some economists were not impressed by the nation's inability to narrow the deficit further.

"The fact that we are still running a howler of a current account deficit looks pretty bad," JPMorgan's chief economist, Stephen Walters, said.

Mr Walters said the main reason for the large deficit - which is hovering at about 5.7 per cent of gross domestic product - was not the country's trade performance but the growing liabilities owed to foreign investors and financial institutions.

"A lot of Aussie corporates have been borrowing offshore, drawing on cheaper interest rates," he said.

But with interest rates around the world going higher, it is going to become increasingly expensive to pay off the offshore borrowings.

"This is a structural problem," Mr Walter said. "The risk is that foreign borrowing is building up a bigger structural component of our current account deficit."

Adding to the repayments overseas is a flood of money leaving the country in the form of dividend payments to foreign shareholders in cashed-up mining companies.

"This means that we need to keep exporting to earn the money to pay the dividends on those liabilities," an economist at ABN Amro, Felicity Emmett, said.

The trade position was boosted by gains in coal, manufacturing and services exports, which helped the deficit on the balance of goods and services to fall by 9 per cent to \$3.3 billion.

However, the sustained impact of the drought on rural exports and falling overseas sales of metal ores and minerals choked off any broader growth.

The outlook for exports is expected to brighten over the second half, with improving weather conditions prompting a boost to farm production.

In another measure of a more positive mood among manufacturers, there was a sharp boost in business confidence over the three months to June, as measured in a survey by Westpac and the Australian Chamber of Commerce and Industry.

The dollar traded higher after the release of the figures and was at US83.58c yesterday afternoon, 0.26c up on Monday's close.

On the trade weighted index, which gauges the currency's strength against those of Australia's major trading partners, the dollar hit 67.7, matching the 17-year high reached in April.

<http://www.smh.com.au/articles/2007/06/05/1180809516519.html>

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Cleaves Alternative News. <http://cleaves.lingama.net/news/story-534.html>