

Face reality of economic collapse and war

The *Australian Alert Service* is the weekly publication of the Australian Citizens Party.

It will keep you updated on strategic events both in Australia, and worldwide, as well as the organising activities of the Citizens Party.

To subscribe to the *Australian Alert Service*, it's easy, and it's secure.

Click for subscription options to the *Australian Alert Service*

Lead Editorial

9 February 2022
Vol. 24 No. 6



The drumbeat for war is almost deafening, fostering a very dangerous environment. Photos: Screenshots

Inflation at the highest rates in 30-odd years is sweeping the world, with serious consequences, but an even greater danger to economic recovery would be a concerted global deflationary impetus, with rapidly rising rates and austerity budgets. Such a scenario is eerily similar to that which followed World War I and was a direct incubator of World War II, in combination with geopolitical drivers.

Obviously, neither an inflationary nor deflationary spiral is desirable. Only a completely new financial architecture would solve both threats by creating a stable framework to build out of the crisis. A functional banking system would funnel credit into the real economy, reinforcing energy and other infrastructure, restoring broken supply chains, calming prices and stimulating business while taking the heat out of bloated speculative asset bubbles. It would be able to simultaneously arrest inflation and prevent rising interest rates from smothering potential growth.

In the UK, with prices already soaring, the energy regulator has just raised the cap on prices by over 50 per cent, which will add around £700 (over \$1300!) to the average annual power bill. The government is proceeding with planned tax increases and the Bank of England on 2 February raised interest rates for the second time in three months, by 0.25 per cent. The Bank warned that this year families will face the biggest fall in disposable income in thirty years. As financial journalist Nick Corbishley summarised in a 4 February article for Naked Capitalism, "the BoE warned of a record slump in living standards". BoE Chief Andrew Bailey justified the rate rise, saying, "If we don't take this action it will be even worse. It's a hard message. I know it's a hard message."

But seesawing between extremes of ultra-low and rapidly rising rates will not solve anything. Crude and lagging monetarist policy dials will not cut it in the coming crisis. In and of themselves they have no bearing on real economic growth. Decisions are not made with the population in mind, only the stability of prices, currencies and the overall global financial system.

A unique voice of sanity, echoing that of US President Franklin Roosevelt in the 1930-40s, Chinese President Xi Jinping has warned of the consequences of undercutting the economy at this crisis point (p. 7). China and Russia, in a newly released joint statement (p. 9), are setting the standard of cooperation required to prevent a global economic cataclysm and thermonuclear World War III.

Over the last week we have seen US State Department Spokesperson Ned Price claiming, but not

presenting, “evidence” that Russia is making a fake video showing graphic scenes in Ukraine that would justify an invasion; and an incendiary 4 February Bloomberg headline, “Russia invades Ukraine”, which it later claimed to be a mistake (“We prepare headlines for many scenarios...”) but failed to correct for a full 30 minutes.

Kremlin spokesman Dmitry Peskov called it “a perfect demonstration of how dangerous the situation is when provoked by the endless aggressive statements” from Washington, London and some European governments. This is further fuelled, he added, by the beefing up of Ukraine with weapons and sending more troops near the Russian border.

Australia is recklessly contributing to the war danger. Ahead of US Secretary of State Tony Blinken’s visit to Melbourne to attend a meeting of the anti-China Quadrilateral Security Dialogue (the “Quad”—UK, USA, Australia and India), Defence Minister Peter Dutton told the *Sydney Morning Herald* that Australia will “lose the next decade” if it continues to acquiesce to China over control of the South China Sea. The *SMH* is running a four-part series “assessing whether Australian forces could defend the nation from an attack” or “meaningfully project power deep into the region”. Part One is titled, “Is Australia ready for war?”

These inextricably tied economic and strategic crises are the issue—don’t be distracted by sideshows!

In this issue:

- Sterling Inquiry report: Senator Roberts demands full and immediate compensation
- Additional comments from Senator Malcolm Roberts
- ‘Red’ herring torches Aus-China research collaboration
- EU sees the light on nuclear energy; Australia still in the dark
- The development framework for China’s ‘green’ policies
- China-Russia diplomacy at Olympics—a ‘tectonic shift’
- The paradox of the ACP
- Australia is putting a rover on the Moon in 2024 to search for water
- ALMANAC: UN direct appeal to state department: Save Afghanistan from ‘mass death’

[Click here for the archive of previous issues of the Australian Alert Service](#)