

## NOTES FOR TREVOR

April 1982

Dear Trevor,

You asked that I put on paper my thoughts about Australia's future before I took off for what could be another long absence.

These are not final thoughts and yet they are not just the thoughts that occur to me today. They were germinating in my 1972 paper on "Continental Defence".

In what follows I am denying the notion that China and Japan have any intention of developing into Western type societies and cultures. I am sure that they have no such intention. I am also sure that where China and Japan go the rest of Asia is sure to follow, like Mary's lambs. These other Asian societies share the same assumption that stable societies can only be built on the design principle of redundant parts.

I also take as a fact that the World War II demand by the Japanese for a New Asian Economic Order has been fulfilled. The imperialist orders of Britain, France, Holland, Portugal no longer exist in Asia. The Philippines is no longer a US colony.

Australia and New Zealand stick out like a sore thumb in this new world of ascendant Asian nations. They are to Asia what the Falkland Islands are to Argentina – a geographical extension that happened to be occupied by the European imperialists in the brief historical period of their expansion. By Asian standards the seventeen millions of European extraction that occupy this area is trivial.

I suggest that the Asians are increasingly seeing the Europeans in ANZ as undesirable and redundant. There is nothing they want from this country that they could better extract themselves, with their labour and their management.

The matter does not rest there. The Western powers are locked into the 'super-power' confrontation of the US and the USSR. This allows other nations to make war on each other provided it does not disturb the confrontation of the super-powers. ANZ are not critical to that balance of power and hence their continued survival will be left to local determination. Already we see in London, Washington and Brussels a stifled yawn when ANZ is mentioned.

There are three major developments that are likely to deprive these two European colonies in Asia of any desirable future and lead to massive emigration.

*First* is the deepening of the Depression. From the historical statistics on national imports I have found that each of the five past Depressions (In 1977 when I wrote of *The Fifth Wave* I was unaware of Phyllis Dean's data on the English Depression of mid eighteenth century) has been both deeper and more lasting than the preceding ones. The onset of this one will probably be dated at 1975 so we would not expect a recovery till the mid-nineties and we would expect that the Western economies would be pushed back to the levels they had achieved in the first half of the 1950's. What happens to the newly developed manufacturing nations such as Taiwan, South Korea, Hong Kong, Singapore, Philippines is likely to be ruinous because they have created a large proletariat without a fall-back position in subsistence agriculture. The other LDC's have not got so far to fall but their problems in the countryside will be increasingly like that of China in the thirties Depression. How will the major nations of Asia respond? Obviously I cannot know, only guess. My guess for India is a second-rate military dictatorship with a flourish of the intolerant right-wing Hindu ideology (Swaraji or whatever the people who gunned down Ghandi). I guess Mussolini's state would be the nearest recent parallel. Japan? Since the Meiji Restoration they have planned their "imperial path" through the great depressions of the 1880s – 90's and the 1930's. Each time they crushed internal resistance and extended their rule over Asia. The continuity of their elite was not disrupted by their defeat in World War II and there is just no reason to believe that will do other than press forward on the same "imperial path". They will, however, have the military conquests they desire fought by proxy as they will not at this point challenge either of the super-powers. With respect to China I no longer think that the Japanese will seek any sort of partnership in fuelling the growth of Asia because the Chinese path has become so erratic. It is more likely that they look forward to a Sino-Soviet conflict. China itself is already in desperate economic straits and dumping everything possible on the world markets. It will be difficult enough for them to maintain any effective centralized government let alone embark on military ventures.

For Australia the Depression is likely to be worse than any previous one, including the thirties. We were already deeply into international debt before the crazy gamble of the 'resource boom'. Now the situation is beyond recovery. We cannot repay, or even service our borrowings from mineral exports that sell below cost of production and we can expect no relief from agricultural exports when, again, commodity prices are below costs. A sharp reduction in standards of living, future expectations and job prospects is inevitable.

Our response to this situation has two facets that I thin are pretty relevant (undoubtedly there are others that are equally relevant). This time we have very few people on the land and very few urban dwellers who have kin ties to people on the land. 'Going bush' and 'humping the swag' are not going to be viable survival tactics but, of course, we should not underestimate the more positive role that may be played the fairly widespread acceptance of communal living, work cooperatives and rural communes. These latter are a potential that did not exist in the thirties in Australia. They have further advantage that they first emerge as a positive moral alternative to

affluence. The other facet is that we go into this Depression with much greater wealth. Our stocks of housing, roads, cars, swimming pools, recreation facilities, household durable, etc. is many times greater than that which we entered the depression of the thirties. Despite severe reductions in the average household income it is possible that quality of life may be held at levels well above that of the early 1950's.

*Secondly*, let us consider our nearest and most powerful neighbour, Indonesia. I was involved with John Burton in the design and running of the search conferences that led to the end of the 'Indonesian confrontation' and the deal to withdraw the British Strategic Reserve from Singapore. I was deeply impressed with the difficulties of moulding a single nation out of the diversity of the Indonesian archipelago and with the volatility of their peoples. The incredible scale of their slaughter of the 'communists' does not suggest that their social processes work like those of a western society – nor does it suggest any particular concern with the value of individual life. The power of the central government has been drastically weakened by the failure of its Japanese markets for oil and gas. At the same time the failure of the commodity markets has seriously reduced the cash flow to the villages. This situation will only get worse. The Indonesians will try confrontation again, for the same reasons as last time, but in the absence of the British it will be with Australia. Of this I do not any doubt. The Celebes, West Irian and Timor were only the first signs of the imperial appetite of the Indonesian Armed Forces that already shadow-govern all levels of government in that country.

Confrontation will most likely take the same form as last time – an endlessly dribbling in of small forces with no declaration of war. It is probable that they would first seek to draw Australian forces into the defence of PNG's western frontier. BHP's involvement in the border mine at OK Tedi is first class bait from that point of view. A long drawn out war of this kind would impose severe economic burdens on Australia as we would have to fight it with machines whilst Indonesians would rely on cannon-fodder. The lack of foreseeable end to such a war would require regimentation of the society. It is to be expected that immigration would dry up and many people and businesses would leave rather than put up with heavy taxes for the war budget, the uncertainty and possible conscription.

A *third* development that was unthinkable, and certainly undiscussable, ten years ago, is climate change. Historians have now begun to realize that the crises of the fourteenth and seventeenth centuries were produced by 'little ice ages' existing for about one hundred years. These findings have led us to wonder similar climatic changes explain the explosion of the Vikings and the Islamic people in the tenth century and the massive and turbulent 'folk-wanderings' of the fifth century AD. At very least our assumption of climatic stability since the last big Ice Age is falsified. It now seems that we were lucky that another little ice age had not settled on us in the earlier part of this century. The major disturbances in world weather patterns since the early seventies suggests that we may now be drifting into a little ice age that could

last for the greater part of the twenty-first century. Just in the period 1973-80 the southern ice-cap has shrunk by twenty two per cent (from 12.7 million sq. km to 9.9 million sq. km). The massive bodies of cold water released into the Humboldt and other north flowing currents in hindering cloud formation and hence causing draughts in the three southern continents – South America, Africa, and Australia. At the other pole there is no sign of melting and the signs of colder and wetter climate in the northern hemisphere. The overall picture is as if the tropics had moved further south with the consequent desertification of the Sahelian, right across Africa. The single most important implication is that we will not be able to support the world population levels that we currently sustain. Once again the Plague and the folk-wanderings will be on, and of course, things like the Hundred Years War.

For Australia we can see a retreat behind the Goyder Line in South Australia and similar movements in the other States. Areas that were bountiful crop producers will have to resort to thin grazing. Our export earnings will fall accordingly and our 'Oakies' will be seeking relief funds. (The Oakies being the Oklahoma farmers who fled the 'Dust Bowl' conditions in the Mid-West of USA in the 1930's).

### *Likely Developments in Australia*

(I dislike putting together this sort of scenario as 'trigger events' are totally unpredictable, e.g. a scandal like Watergate, and they typically short-circuit a build-up of tensions between emerging and predictable trends before one expects them to clash).

1982-3. World debt crisis breaks confidence in world monetary system with collapse of world trade and suspension of major industrial development projects around the world. Australia under severe pressure to meet payments on overseas debts despite collapse of its mineral and agricultural export markets. The debtors demand austerity budgets.

1983-4. New government elected, Hayden or Fraser, to carry through the austerity measures: confrontation with unions to break their strength and achieve reduction of real wages, de-indexing of pensions and dole, cuts in subsidies to industry and agriculture, cuts in H.E.W expenditures and cuts in infrastructure expenditures e.g. roads, ports, airfields, water, power, sewerage, workers housing.

The economy of Indonesia sorely distressed (by March 1982 Indonesia could only sell 80 per cent of the oil they could sell in 1979). PNG is disastrous straits and 'reverting to the bush'. OH Tedi project abandoned and Bougainville Mines in moth-balls.

Australia asked by PNG to help defend their western frontier from Indonesian incursions. UN, USA and UK express indifference to the emerging

Indonesian-Australian conflict. Japan, China and S.E. Asian nations express friendship with Indonesia, and supply arms.

1984-5 Austerity, military threats and desertion of traditional western allies create a 'fortress Australia' mentality, on a par with that of the Afrikaans. The union movement is confronted, crushed and shackled by restrictive legislation providing for longer hours and poorer conditions. Compulsory military training reintroduced. Un-Australian activities suppressed. Military activities in Northern Australia commenced. Emigration to the North Atlantic community builds up.

### *Alternative Scenario*

The previous scenario presupposes the joint influence of austerity and external military threat will lead to the old alliance of the RSL and one or other of the traditional parties. For the next two to three years this will be hanging in the balance. An alternative is possible. It is possible that the traditional party-government system will collapse with the first budget introduced after the 1983 election (as happened with the MacDonald Labour government in the UK in 1930 and the Scullin Labour in Australia about the same time). As in those days a 'national' government is likely to be offered to the electorate. The probable actors in this alternative scenario are already well-known – Peacock, Hawke, Chip, and Carnegie with recruitment from state politicians such as Race Mathews and Evan Walker.

In the 1930's the 'national' governments constituted a regrouping to the right. In this instance the grouping has little to do with the class polarization of the thirties. That particular polarization between fascists and communist is now irrelevant. The national government we are referring to would probably be pointed toward a "low energy, more equitable" society. Not 'full employment' but a more equitable distribution of wealth. Not nationalization of the means of production but national agreement about capital investment programs. Not further extension of the bureaucratic control and allocation mechanisms but greater reliance on participative democratic mechanisms.

### **Assumptions in this depressing scenario**

1. The current depression is developing in a two super-power world. Without a Depression Indonesia would not be particularly interested in worrying with Australia. Without the super power bind she would think twice about attacking Australia, even in a Depression (The parallel is the Japanese expansion into Manchuria and North China in the thirties depression – she would not have tried that if the world powers had been in boom conditions).
2. The Atlantic Community has written off the relevance of the South Asian community in ANZ.

3. The Asian community see the continued existence of ANZ as a hated reminder of the European supremacy.
4. The Australian society and culture is too immature for the Athenian solution to its Peloponnesian war.

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