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SEEK THE TRUTH AND SERVE HUMANITY

THE CHOICE IS OURS!

The Australian federal elections have taken place in a world in turmoil and the results have exposed capitalist parliamentary politics even more clearly than the dismissal of the Whitlam government. The conclusions are clear: Australia is almost evenly divided. Both major parties have been rejected as suitable to govern, the media has lost the respect of the people, xenophobia deliberately created by politicians to divert from scrutiny of their lying and contempt for the people has been exposed. Our country has emerged from this election ungovernable, weakened, wounded, and labelled racist in front of the world.

The United States elections (contested mainly by millionaires) has resulted in two candidates remaining in the race, with neither fit to govern 'Gilligan's Island', let alone the world's most belligerent superpower.

In the UK the Brexit vote has resulted in the decision to withdraw Britain from the EU, with Scotland wanting to secede and remain in Europe, and Northern Ireland taking a similar position. England is split between the disadvantaged north and the more prosperous south and racism is rampant here as well. The only rational, sensible voice, that of Opposition Leader Jeremy Corbyn and his followers for a program that will meet the needs of the majority, is being viciously attacked by Blairite Labour MPs, the mass media, the Tory Party and the establishment. Meanwhile the Blairites of 'New Labour' have been mortally wounded by the damning Chilcot Report that finally exposes the lies, collusion and treachery of Blair along with that of arch criminal George Bush Junior, with the full collaboration of Australian Prime Minister of the time, John Howard.

France has been in turmoil with hundreds of thousands demonstrating daily against attempts by government to lower workers' living standards in order to protect profits.

So what conclusions should we draw from all of this? What are our responsibilities as supporters of world peace, as advocates of social justice, as honest purveyors of our commitment to 'seeking the truth'?

Should we cringe before the establishment and avoid that truth, pretty up what is really happening, pretend that our biggest problem is how to get rid of the Greens and the Liberal right wing or should we tell it like it is and face the criticisms of those who will do anything to protect the status quo?

Beacon has always spoken the truth even when it was unpalatable to those unwilling to accept it. We have been labelled and vilified by enemies and sometimes those who should be friends for doing this because we live in a capitalist society where truth is the first victim and many are scared to speak out.

The political turmoil, the divisions in society, the emergence of corrupt, dishonest and self-seeking politicians, the murder and displacement of innocent people, wars of aggression, the imposition of austerity, attacks on trade unions, treatment of the displaced, homelessness and poverty are all the result of the excessive manipulation and deliberate lying and cheating of the one per cent determined to control the world's resources for themselves.

We can either continue to be yoked to that one per cent or we can take action to oppose them. A famous Spanish revolutionary once asked whether it is better to live on your knees or die on your feet? **The choice is ours!** ✠

EDITORIAL





BY JAMES O'NEILL*

AUSTRALIAN FOREIGN POLICY: AN EERIE SILENCE

Australia has now completed more than six weeks of an eight-week election campaign. There have been the usual claims and counterclaims from the major parties, dubious statistics, hyperbole, and a relentless focus on peripheral issues at the expense of clarity and insight.

Expenditure promises totalling billions of dollars have been made, with the principal beneficiaries being electorates with very small majorities, and therefore most susceptible to changing allegiance with the vagaries of shifting sentiment for or against the governing party or the main opposition party.

What is completely missing from the election campaign rhetoric or promises however, is any discussion of foreign affairs, defence or refugee policy.

This coyness is not unique to this election. The past several decades have seen major decisions taken without discussion as to their strategic context, the objectives of the policy, any exit strategy when the decision involves foreign wars (invariably at the behest of the Americans). This is currently the case with the wars in Afghanistan, Iraq and Syria.

Neither is there any discussion by the major parties as to whether the decisions taken about going to war, or taking steps that may lead to war, are advantageous or prejudicial to the national interest.

Also completely absent from debate is any attempt to understand and respond to a rapidly changing geopolitical

context. The Asia-Pacific region is in a major state of realignment, but one would not know that from listening to the political leaders or reading the mainstream media.

The dilemma Australia's foreign policy faces and which urgently needs addressing was set out by the former Prime Minister Malcolm Fraser when he said that Australia's relationship with the United States had '*become a paradox. Our leaders argue we need to keep our alliance with the US strong in order to ensure our defence in the event of an aggressive foe. Yet the most likely reason Australia would need to confront an aggressive foe is our strong alliance with the US. It is not a sustainable policy.*'

It has become impossible in the Australian context to even contemplate, let alone discuss, a possible foreign policy stance independent of that alliance with the US. This is notwithstanding a series of foreign policy disasters and quagmires that are a direct result of that alliance, including but not limited to Vietnam, Afghanistan, Iraq and now Syria.

That another potential disaster was only narrowly avoided has come to light in a lengthy essay by James Brown (Quarterly Essay #62, 2016).

Brown, a former Army Captain who happens to be the son-in-law of the current Prime Minister Malcolm Turnbull, recounts how former Prime Minister Tony Abbott sought planning contingencies from the Australian military about the possible deployment of a brigade (about 3000 troops) to Eastern Ukraine in the aftermath of the shooting down of MH17 on 17 July 2014.

The initiative by Abbott was apparently taken without reference to the Cabinet, without debate in Parliament, and certainly without reference to the Australian public.

Abbott was dissuaded from this hare-brained scheme on the advice of the Dutch Prime Minister Rutte and his own military advisers alarmed at the prospect that it could potentially lead to a direct conflict with Russia.

Although rightly critical of the lack of strategic planning in Australian foreign and defence policy, Brown is himself equally a victim of the Anglo-American mindset that bedevils Australian strategic thinking.

He refers, for example, to what he says are the 'brutal geopolitics' of Russian actions in Ukraine, and a 'war for conquest remains a threat'.

That such a proposition could be seriously advanced is of deep concern. Brown completely ignores, for example, the February 2014 American financed and organised coup d'état that violently overthrew the legitimate Yanukovich government of Ukraine.

Further, he ignores the fascist nature of the present regime in Kiev, its systematic discrimination against the Russian-speaking citizens of Eastern Ukraine, and the Kiev regime's persistent violation of the Minsk accords. He also fails to note what is an extraordinary lack of judgment by Abbott in joining Ukrainian President Poroshenko's Council of Advisers.

Brown is on stronger ground when he criticises the procurement of 12 submarines and 72 F35 fighter aircraft. The submarines, which will not be delivered before 2030, are said to cost \$50 billion, not including the additional \$5–6 billion for their armaments.

The cost of the F35 fighters has been variously quoted at between \$17 and \$25 billion dollars.

The wisdom of these purchases, their strategic value, if any, and the implications of their potential use in an actual war, is not open for discussion in the present election campaign. Nor are they likely to be properly analysed by whoever wins the 2 July election. Perhaps needless to add, public discussion and media coverage are conspicuous by their absence.

The 2016 Defence White Paper identified China as the most likely potential threat to Australia. Quite how this threat would manifest itself is unclear. China has no history of imperialism or military aggression in the Pacific region. Nothing in its present policy stances or conduct would suggest that is likely to change.

Australia actually fighting a war with China on its own is unthinkable. Any such conflict could only be as part of an American war, which takes one straight back to Fraser's paradox quoted above.

When one looks at actual US behaviour in relation to China, then there is significant cause for concern that Australia could become embroiled in an American provoked war. The basis for such concern would include, for

example, the American's provocative behaviour in the South China Sea that Australia has publicly supported. Australian navy vessels take part in an annual exercise, Operation Talisman Sabre that practises blocking the vital Malacca Straits essential to Chinese trade.

Other developments, such as the Trans Pacific Partnership, specifically exclude China, and are designed to assert American commercial interests at the expense of the national sovereignty of the non-American participants to the TPP.

America's strategic policy, as set out in the 2002 Defence Department document Vision 2020 is based upon the assumption that America should exercise 'full spectrum dominance' over the entire world, including for present purposes the Asia-Pacific region.

To this should be added the progressive increase in American military bases in the Asia-Pacific region, with nuclear weapon capability, and an American provoked war with China is far from unthinkable. There is of course historical precedent for current US policy, and that was the encirclement and economic warfare waged on Japan in the late 1930s early 1940s specifically designed to provoke a Japanese attack upon the US. That is exactly what happened.

American policy in the Asia-Pacific region is replicated in Europe, where it is pursuing equally provocative and dangerous policies on the Russian borders.

If Australia did become involved in a shooting war with China, as its current military

and strategic posture would almost certainly guarantee, it is very difficult to see what role the hugely expensive submarines and F35 fighters would play.

That they would play any role at all would seem to depend on a number of assumptions. The war would have to start before 2030, as that is the earliest possible date for the delivery of the submarines.

It further assumes that the F35 fighter might actually fly in a combat effective manner. Neither assumption seems to have an evidential foundation.

Any Australian involvement in a war with China also appears to seriously underestimate the effectiveness of modern Chinese weaponry. Their supersonic cruise missile, for example, would quickly eliminate the aircraft carrier based system the US Navy is built around.

Similarly, a single Dong Feng 41 supersonic ICBM missile would destroy the two crucial American military installations at Pine Gap and North West Cape that are a vital component of military communications and targeting. The Dong Feng 41 has 8–10 independently targetable nuclear warheads that would eliminate Australia's major cities in addition to the specifically military targets noted.

Australia's involvement in such a war would therefore last at most about 30 minutes, with huge casualties and its major cities smoking ruins. That is the very real risk Australia runs with its present alliance with the US. It is something that deserves proper debate, and this election,



with both major parties complicit, is not providing such a debate.

The refusal to contemplate and discuss these military and geopolitical realities has a number of possible bases. An unspoken but potent spectre over Australian politics is the fate of the 1975 Whitlam Labor government. Whitlam had made clear his intention to close the Pine Gap spy installation, which while located in Australian territory was and is completely American controlled.

The evidence is now overwhelming that Whitlam was removed in a CIA orchestrated coup (Rundle 2015). After Whitlam was re-elected in 1974, the White House sent Marshall Green to Canberra as the US ambassador. Green was known in American circles as the 'coupmaster'. He had been instrumental in the coup against the Sukarno government in Indonesia in 1965 and Allende in Chile in 1973. His presence in Canberra in 1975 was not a coincidence.

It is doubtful if such an extreme step would be necessary in the foreseeable future. Both main political parties go to extraordinary lengths to remain on side with whoever occupies the White House.

This goes well beyond participating in the aforementioned wars of choice. It includes Australia's voting record in the United Nations where it is a regular supporter of the Israeli regime, contrary to the overwhelming weight of opinion expressed in that body. Israel's constant breaches of international law are never criticised by either the Australian government or the Opposition.

None of this is the subject of informed discussion and debate. It is not an overstatement to suggest a conspiracy of silence by the major parties to avoid asking what should be the obvious questions.

It is difficult, if not impossible, to point to any actual material benefit to Australia that flows from this ritual obeisance to American wishes. The illusion of security that it fosters, is as Fraser pointed out, a paradox and unsustainable as a policy.

The likelihood of a disastrous outcome for Australia from the American alliance is many times greater than any assumed benefit. The inconsistency of present foreign and defence policy with Australia's national interests should be a matter of debate. It is not.

The geopolitical centre of the world is re-establishing itself in Eurasia, just as Halford Mackinder predicted more than a century ago. Russia and China, and other members of the Eurasian Economic Union and the Shanghai Cooperation Organisation are forging a new military, economic, financial and political framework. These changes are undermining the unipolar American centred world that has dominated for the past 70 years.

The question for Australia is whether it recognises the geopolitical realities dictated by its geography, its trade, and the wishes of its people for peace and stability ahead of the destruction being wrought by its traditional ally.

These are questions that need to be addressed. The major political parties and the media are failing in their obligations by refusing to discuss these issues. Their resolution is vital to the peace and prosperity of this nation.

Wilful blindness, strategic incoherence, and a misalignment of national interests are not a sound policy basis.

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A SOCIALIST FUNERAL, A TEENY BIT OF BRAGGING

It was my first socialist funeral, conducted by my wife. Dear friend Mildred Gordon, former MP for Bow and Poplar in the East End of London, had died full of years, and Golders Green Crematorium was filled with comrades expecting a 'non religious' funeral, whatever that might be. We sang political hymns. It surprises some to think there are such things. *The Red Flag* and *The Internationale* qualify as such, as does *The Ballad of Joe Hill*. It tells of a trade union martyr whose spirit lives on, in a song made famous by Paul Robeson and Pete Seeger. Political hymns of a different hue were sung by the Nazis, and one wonders about *Land of Hope and Glory*.

A non-religious funeral? It celebrated someone who, in her Eastender Jewish community childhood, joined her parents in opposing Mosleyite street marches. Seeing her unemployed father sobbing apologetically at his inability to find work, she resolved on a life working for those worse off than herself. A career as a primary school teacher was followed by a second career, aged 63 years, as an MP, all in the tough, East End. Her personal credo


was summed up in her maiden speech: 'The mark of a civilised society is one in which people can expect to be decently housed and clothed, to have enough to eat and to have access to healthcare and to education for their children.' Many would regard that as seriously religious.

Among the speakers was Jeremy Corbyn, but as this is a more serious paper, I won't comment on his attire. He mentioned a story about Mildred which appeared in the *Guardian* obituary. It conjures up a delightful picture. I wish I'd been there when this East End Jewish street-fighting social justice campaigner met Her Majesty the Queen. 'At the opening of the Docklands Light Railway shortly after her election in 1987 she told the Queen, who had asked how she liked the new job, that she felt she had little power to help her constituents. The Queen replied understandingly: "Once they find out you lot can't help them, they all write to me."'

The Rev. John Midgley is a retired Unitarian minister
Source: *The Inquirer* (The voice of British and Irish Unitarians and Free Christians May 2016)

INEQUALITY IS WORLDWIDE

1 IN 3
WOMEN 
WORLDWIDE EXPERIENCE
PHYSICAL OR SEXUAL VIOLENCE

GLOBALLY WOMEN MAKE UP
ONLY
22% 
OF NATIONAL PARLIAMENTS

WOMEN EARN

ON AVERAGE
10-30%
LESS
THAN MEN FOR THE SAME WORK

2.6 
BILLION
WOMEN LIVE IN COUNTRIES
WHERE MARITAL RAPE IS NOT
EXPLICITLY OUTLAWED

OVER 4
MILLION 
WOMEN ARE VICTIMS OF
TRAFFICKING AND SEXUAL
EXPLOITATION

943
LAWS 
WORLDWIDE LIMIT WOMEN'S
ECONOMIC OPPORTUNITIES

IWDA **INTERNATIONAL**
WOMEN'S
DEVELOPMENT
AGENCY

UN Women, Infographic: Violence against women, available at <http://www.unwomen.org/en/digital-library/multimedia/2015/11/info-graphic-violence-against-women>. Inter-Parliamentary Union (IPU) Statistical Archive - Women in National Parliaments. Online: <http://www.ipu.org/>. UN Women 2015b, Making economies work for women, UN Women Annual Report 2014-2015, available at: <http://annualreport.unwomen.org/~media/annual%20report/attachments/sections/library/annual%20report%202014-2015.pdf>. International Labour Organization (2012) ILO Global Estimate of Forced Labour: Results and Methodology. Geneva: International Labour Office, available at: http://adpfinet ilo.org/resources/il0-global-estimate-of-forced-labour-2012-results-and-methodology/at_download/file, p. 14. World Bank (2015) Business and the Law report available at: <http://ebl.worldbank.org/>.

INTERGENERATIONAL EQUITY AND THE LIBERAL GOVERNMENT

PART TWO



Large multinational companies have also used other devices to avoid Australian tax. Chevron Oil has been raising debt in the US at 2 per cent and lending the money to their Australian arm at 9 per cent with the interest payments cutting its Australian taxable income. US tech giant Apple has an Irish marketing arm, Apple Sales International, which takes ownership of Apple products manufactured in China while they are on the boat to Australia and Europe, adds a huge mark up and resells them to local Apple retailers before they reach port. It is a rort and we shouldn't allow it.

The 2014–15 Federal Budget eliminated 3000 jobs in the Australian Tax Office. Things like this greatly reduce the ATO's capacity to fight tax evasion by wealthy individuals and multinational corporations.

Michael West has pointed out that Australia should copy the US and the UK when it comes to parliamentary scrutiny of tax avoidance by large corporations. Capitol Hill in Washington is where the bosses of large corporations are required to account for their conduct. In Westminster the Public Accounts Committee examines the chief executives of multinationals. But in Australia the Senate Economics References Committee allows corporations to select their

own witnesses. This means we don't get to hear from the real decision-makers, and they do not have to account for their decisions. Our parliamentary committees should make a point of examining the real decision-makers.

The Australian Government should tackle debt-loading abuse by eliminating entirely interest deductions and other financial payments on loans from foreign subsidiaries located in low or no-tax jurisdictions. Hong Kong protects its tax revenue in this way, by prohibiting corporations from claiming tax deductions for any interest paid to related entities based overseas. This prevents corporations using debt loading to shift their income to a lower-tax jurisdiction.

With the rise of digital, more and more corporations make money from intangible assets – allowing them to make use of profit alienation to avoid paying tax. Revenue lost through this loophole will continue to rise unless Australian tax laws are brought into line with this new reality.

The government should require that foreign multinationals comply with the same accounting standards as domestic companies, including the full disclosure of related party transactions and executive remuneration. In addition,

company financial reports submitted to the ATO and ASIC should be made publically available.

Another driver of intergenerational inequity is negative gearing. Investors in property often negatively gear their investment. This means that the property investor is deducting interest and other expenses against their personal income. This provides investors with a tax advantage. Estimates suggest that negative gearing has a budget impact that is likely greater than \$2 billion annually.

Advocates of negative gearing consider it as an important policy that increases the supply of new housing, putting little pressure on house prices. Critics argue that the majority of negatively geared property is established property, and therefore does not increase the supply of housing. These critics note that negative gearing confers a direct tax benefit on those that can afford an investment property, at the expense of first home buyers, many of whom are young people and young couples. I share the latter view.

Changes Labor is proposing to improve tax fairness:

- Negative gearing to be restricted to new houses from 1 July 2017 – this will level the playing field for first home buyers and families who are competing with investors
- **No change** for **existing** negatively geared properties – no one will be worse off.

Tax distortions actually divert economic activity away from potentially more productive and income enhancing investments. The Prime Minister knew this back in his 2005 tax reform paper when he said that negative gearing and the capital gains discount are ‘skewing national investment away from wealth creating pursuits’.

Education

The International Monetary Fund Discussion Note, Causes and Consequences of Income Inequality: A Global Perspective says education policies are key. Improving education quality, eliminating financial barriers to higher education, and providing support for apprenticeship programs are all key to boosting skill levels in both tradable and non-tradable sectors. ‘In a world in which technological change is increasing productivity and simultaneously mechanising jobs raising skill levels is critical for reducing the dispersion of earnings.’

I agree with the IMF that education policies are key. It is troubling, therefore, that since the end of the Whitlam years they have failed to make any contribution to addressing inequalities in intergenerational mobility.

Before the election, the Liberals promised ‘no cuts to health, no cuts to education’. But after the election, the Liberal government decided to dump the Gonski reforms and cut over \$30 billion from our schools. The Liberal government cuts will lock in mediocrity, inequality, and an uncertain future for our children.

Without investment in our schools, TAFEs and universities, the Prime Minister’s talk about innovation and the future economy is just that – talk. The Government has no plan to fix the crisis they have created for our schools.

Nothing is more important to addressing inequality, strengthening our society and growing our economy than making sure every child gets the best start possible.

Labor’s plan for Australian schools is a \$37 billion commitment over 10 years to deliver the needs-based Gonski reforms on time and in full, reverse the Government’s cuts to education, and provide the resources needed to drive permanent improvement in our schools.

A proper plan for jobs and growth would promote jobs in the renewable sector and prepare our economy for a less carbon-intensive world. A proper plan for jobs and growth would not maintain cuts to the CSIRO – so important to our economic future. This Budget mentions climate change not once. Not once in a 308-page document.

A Labor government will act in the best traditions of Labor: doing the big things, doing the hard things, but most importantly governing in the best interests of the many, not the few.

So what might a new Australian settlement look like? What might intergenerational equity in the twenty-first century look like?

I think five steps are crucial. First, we should wind back our migrant worker programs, which have skyrocketed in the past decade. As recently as the year 2000 the then Immigration Minister Phillip Ruddock said that net migration may average out at 80,000 per annum. A funny thing must have happened on the way to the Forum, because his government subsequently increased it to 200,000 per annum, where it still sits. In a stable or slowly growing population, workforce ageing will help solve unemployment. As workers retire, unemployed workers or young people entering the labour market get job opportunities. This is how things used to be. But when we are running massive permanent and temporary migrant worker programs, the unemployed and young people entering the market find themselves up against ferocious competition from new arrivals.



Before the election, the Liberals promised ‘no cuts to health, no cuts to education’. But after the election, the Liberal government decided to dump the Gonski reforms and cut over \$30 billion from our schools.

Second, we should focus on education, skills and training. The OECD recently warned that Australia needed to do better on education, saying our high school proficiency in science and reading is only around the international average, with a ‘high variation across students’. And what has happened to technical and further education is a scandal.

Back in 2008 political parties promoted the deregulation of vocational education. Competition between the TAFE colleges and new private providers became the name of the game. It has been a disaster. The private training colleges have been quite unscrupulous. Their interest has not been in the students. It has been in making money. They get students in and they churn them through. They have no interest in whether the students get the skills to

find work afterwards. As long as the students, or taxpayers, pay them, they're all right, Jack.

Then there are the universities. Labor governments introduced student fees and uncapped student places. Now the Liberal government wants to deregulate student fees. This would be a disaster. When I went to university there were no fees and places were allocated on the basis of academic merit. If fees are deregulated, the system will have been turned on its head. Academic performance and merit will count for nothing. Your capacity to pay large fees, or more commonly your parents' capacity to do so, will count for everything. How are academic standards and quality expected to survive such an onslaught? Some of the many billions of dollars we now spend on family payments would be better directed towards reducing, with a view to eliminating, post-secondary student fees.

Third, we need to back science. There have been massive, shortsighted cuts to the CSIRO.

And we should rebuild engineering expertise in government, and insist that companies building infrastructure invest back into the engineering profession, for example, through cadetship graduate programs.

Fourth, we need to back manufacturing. During the mining boom we acted as if it didn't matter if all our manufacturing went offshore. But to have all our eggs in the mining and agriculture baskets is foolish and shortsighted. We need a diverse economy, and manufacturing provides good jobs in the middle of society – not rich but not poor. It brings with

it research and engineering expertise: the kinds of things that distinguish successful nations from unsuccessful ones. We should be wary of entering into trade agreements that kill off manufacturing and render our economy narrow and vulnerable.

Finally, we should back the home team – Australia. Our personal buying habits, our government buying habits, and our foreign takeover laws should support Australian jobs and Australian industry. We should have food labelling laws that spell out what food is Australian and what is imported, so consumers can make an informed choice. We should not enter into trade agreements that contain investor state dispute settlement clauses or other provisions that act as a barrier to governments carrying out the wishes of the electorate.

I do not believe future generations will look on us fondly, if we leave them a legacy of a degraded environment, of weather extremes, of cities that are soulless concrete jungles, of job insecurity, housing unaffordability and student debt.

There is a lot that we can do to foster intergenerational equity, and create a new Australian settlement, and it needn't involve trashing the environment. We have an obligation to give future generations the kind of opportunities that so many of us have had.

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REFLECTIONS ON 'THE THIRD WAY'

BY JOHN ENDACOTT

Robert Reich's article (*Beacon*, May 2016) is a welcome discussion starter, and shines an overdue light on a grossly defective part of our capitalist economic system. However, Reich describes the sensible *modus operandi* of Hamdi Ulukaya as a refreshing innovation. Wonderful as his proposals are, they are anything but new.

If Ulukaya's announcement really 'raised eyebrows all over corporate America' this is a disturbing indication of how insular and out-of-touch corporate America has become. A few examples may serve to briefly illustrate the historical success of the enlightened business principles espoused by Ulukaya.

Many people will fondly remember the legendary clothing manufacturer Fletcher Jones. It was notable for many reasons. Its headquarters always remained in the south-west Victorian coastal town of its origins, Warrnambool. The quality of its garments was unsurpassed, its materials selection rigorous and demanding, and its levels of service outstanding. The company's name epitomises its corporate philosophy: 'Fletcher Jones & Staff'.

I recall my delight at ordering clothing from a company that provided such excellent service, knowing that the

success of the company was shared by all of its staff. Doing business with FJ provided considerable satisfaction, on both sides of the counter. Apparently Fletcher Jones & Staff was not the only Australian company to operate in this way, but was one of the more notable examples.

In one of the international business magazines in the late 1980s the SEMCO story was told. At a young age, Ricardo Semler inherited the Argentinian heavy industrial company SEMCO, following the unexpected death of his father. In due course he commenced the introduction of some thoughtful but radical changes that affected every aspect of this family business. Amongst many other changes, he altered the relationship and pay structures of all of the employees; and gave everyone a say in the running of the company.

Of course there were nay-sayers, and predictions of doom; but the company survived and apparently prospered, and seemed to be on a new and exciting trajectory when this article was published.

With a 12-month trial period, the employees were allowed to set their own wages/salaries. It looked chaotic for the first year. As may be expected, the personnel of the managerial class set their salaries at high levels – reflecting their own senses of importance. Unsurprisingly, the workers who got their hands dirty on the factory floor saw themselves as less important, and typically gave themselves pay cuts in order to ensure the survival of the company – and their jobs.

The entire operation of the company was discussed in regular meetings, with all employees invited and expected to participate. After the 12-month trial period everyone

had a better understanding of the scope of the company, and all could see how their own contributions (and others also) fitted into the operation of the business. With this realisation of the teamwork required, and the importance of others' contributions, the staff then renegotiated their pay packages. The managerial staff recognised that the company relied heavily on the shop-floor workforce, and those factory workers realised that they were more important than they had assumed. The pay-scale range then swung into a more balanced and fair equilibrium.

Perhaps the most notable changes occurred on the factory floor; once the imagination and courage of those workers were liberated by the changes wrought by the visionary Ricardo Semler. Those people were able to translate their acknowledged heavy-industrial capacity into new and novel lines of production.

One example of their new-found enterprising spirit was the decision to start manufacturing washing machines. First, they had to decide that they were capable of this change of direction. Then they developed the designs to satisfy practical and social needs, and worked out the means to efficiently manufacture these appliances. At the factory floor level they solved the tricky problems of tooling and set-up times, and the intricacies of scheduling limited production runs to fit in with the routine factory

output. In remarkably sophisticated system design they managed the complexity of component manufacture by different departments at different times; and the associated warehousing, storage, and retrieval of materials and components. All of this experimentation had to dovetail with the established operations of the company. It originated and was conducted by the workers on the factory floor, and facilitated by the management in a harmonious and integrated endeavour.

This is only an over-simplified precis of small parts of a detailed and extensive article that I read a long time ago. It is written from memory, and I hope that I have not misrepresented the people, company and events described. That inspiring article was titled 'Managing without managers' and I recall that it was written by Ricardo Semler himself.

There is an equally extraordinary earlier story that holds lessons of similar importance, but for the sake of brevity, I will keep that for another edition — hoping that I find the time and means to research it more thoroughly than has been possible for this hasty response.

from our readers



Dear Friends

I have just deposited \$20.00 to your account for two years' subscription (concession). The 1st year was due Oct.'15. Sorry for the late payment. I really enjoy reading the *Beacon* and I would like to continue reading it!

Thank you for the great articles!

M Comminos, NSW

Greetings!

Please find enclosed cheque for \$30 being three years' concession.

Love your magazine that so often prints truth that goes against government or other church 'policy', especially the one in this magazine (May 2016) about Julian Assange.

Thanking you so much.

M Head, NSW

The Editor, The Beacon

I appreciated very much the extra copies of May *Beacon*.

It is a brilliant publication and seeks the truth on behalf of all of us. We are so lucky. Thank you.

Regards
J Wheeler, NZ

Dear Sir/Madam

Re: *Beacon* sub outstanding

We received the June 2016 issue of your wonderful journal. I apologise on behalf of UAW for our tardiness in paying 2015 subscription. Thank you for continuing to send it to us.

Please find enclosed our cheque for \$60, which covers \$20 – 2015 subscription \$20 – 2016 subscription and \$20 donation.

Yours faithfully,
L Forbes, Secretary,
Union of Australian Women, NSW

Dear Beacon staff

Sub enclosed – thank you, folk, for all the amazing research!

Best wishes
A & J Bagnall, NZ

Brexit

The European Union (EU) currently comprises 28 democratic states with a total population of 508 million (or 7.3% of the world's population). It is the largest economic block in the world, ranking just above that of the United States of America (US). Unemployment stands

from our readers



at an unsatisfactory 8.9%, but inflation is down to 2.2%. In 2012, the EU was awarded the Nobel 'Peace Prize' for its outstanding contribution to peace and harmony among the nations of Europe within the framework of NATO.

In recent decades, the EU has lifted people's living standards considerably, particularly in Western and Central Europe, by pursuing high levels in education, health, culture and sport, social justice, human rights, press freedom and environmental protection. Furthermore, technological innovations and leading-edge engineering know-how have been shared among member states. New technological advances in the EU have also benefited Australian industries such as naval shipbuilding and the production of export-oriented high-tech medical products by CSL-Behring. EU policies have led to vast improvements in transport and communication networks and have allowed uninterrupted trade, travel and job opportunities through open borders and common passports for its citizens. Long gone are the extensive queues, passport checks and currency exchanges at internal EU borders.

The above achievements have positioned the EU as a credible partner among the world's superpowers. Nonetheless, the EU faces major difficulties. These include how to (1) lift amicably economically underperforming member states (like Greece) out of crippling austerity, (2) overcome unpopular migration of EU citizens across open borders mainly from East to West and (3) resolve the overwhelming refugee/asylum seeker catastrophe, initiated in the Middle East by the 2003 US and British-led military invasion/occupation of Iraq, with its grossly negative economic impacts on EU member states, notably Greece, Italy, Germany and Sweden. Moreover, the competency of some seemingly extravagant administrative EU bureaucracies e.g. the hard-line European Commission in Brussels, have been questioned. Some over-regulation in commercial and industrial matters (engineered by unelected technocrats), marginal loss of sovereignty, and the occasional EU law deemed inappropriate for specific local requirements, have irritated some people particularly in Britain.

Fierce opponents of the EU, including many influential British ultra-conservatives, have relentlessly plotted Britain's exit from the EU, largely for selfish, nationalistic and xenophobic reasons after 43 years of membership.

They finally succeeded on 24 June 2016, winning the 'Brexit Referendum' by 51.9:48.1%, equating to 1,269,501 winning votes with 28% of electors abstaining. A favourable departure deal now needs to be negotiated with the EU by the British Government within the next 2 years.

Some negative repercussions have been predicted in consequence of British independence from Europe. These include instability in world financial markets and trade, as well as a decline in British and EU global political and economic clout, particularly if (1) the approximately 4 million electors in Scotland (who voted 62:38% in favour of EU membership) gain independence from the UK, (2) anti-EU right-wing parties strengthen in Europe and (3) EU bureaucrats fail to become more accountable to the people.

By a narrow margin, the Brits have rejected the EU motto 'United in Diversity'. Australian and other Western leaders have viewed this outcome with regret, perceiving it to be bad for both Britain and Europe.

Fred Neumann, Vic

Hello to all at the Beacon.

Lynda Forbes from Hunter Peace Group that was recently formed by Union of Australian Women and friends. We read with interest the articles in the April and May issues by Kisten and Fiona McCandless. Wonderful articles.

L Forbes

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