NEVER EVER, EVER DISCOUNT
GOVERNMENTAL STUPIDITY! We have always been strong supporters of almost everything that the recent administrations in Australia have done, but we are shocked, dismayed and stunned by the decision on the part of the Australian government to impose a huge 40% tax on profits on that nation’s mining industry! What in the world is this government thinking? What purpose shall this serve other than to get an increase in tax receipts this year and perhaps for another year or two, but at the same time chase a highly productive, highly important and highly labour intensive industry out of the country and send it elsewhere? This decision is true and utter nonsense, and we shall state for the record that our previously strongly held wish to own the Aussie dollar has weakened materially as a result of this decision. We will be adjusting positions accordingly as a result of this idiocy. Again, what is this government thinking... and why?

Prime Minister Rudd has taken a decidedly populist perspective, noting that in the past decade the profits of the Aussie mining companies have risen by A$80 billion while... as he notes... “only” A$9 has been taken by Canberra in the form of taxes. He went on to take a decidedly anti-foreign company perspective, noting that BHP is 40% foreign owned; that Rio Tinto is more than 70% foreign owned and that means these massively increased profits, built on Australian resources, are mostly in fact going overseas.

We expect such nonsense out of Hugo Chavez in Venezuela. We expect it out of Rafael Delgado, Ecuador’s President. We expect this sort of nonsense out of Juan Evo Morales in Bolivia, but never did we expect such nonsense from Australia. We knew that Mr. Rudd was centre-left, but we saw him as a centre-leftist in the same vein as “Lula” in Brazil... a wise, market friendly, centre-leftist. Now we know he is otherwise, and now we know he is willing to put Australia at risk. Our propensity, suddenly, to own and to support Australia in the same manner that we have in the past has fallen sharply. Shame on Mr. Rudd; he really should know better!