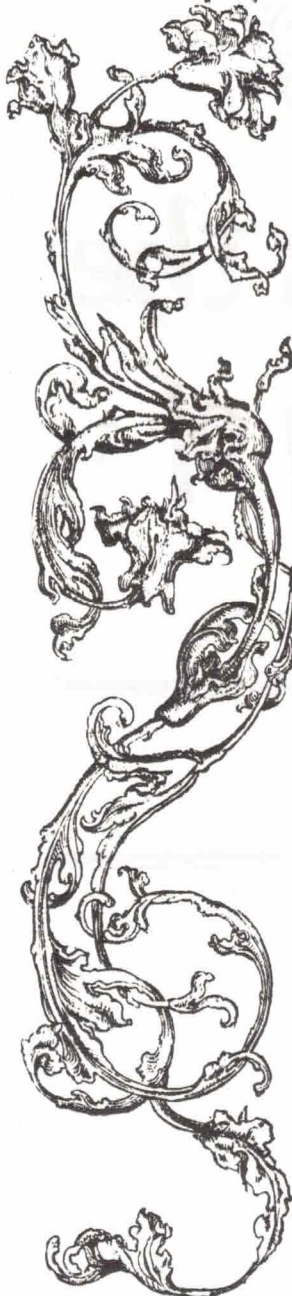


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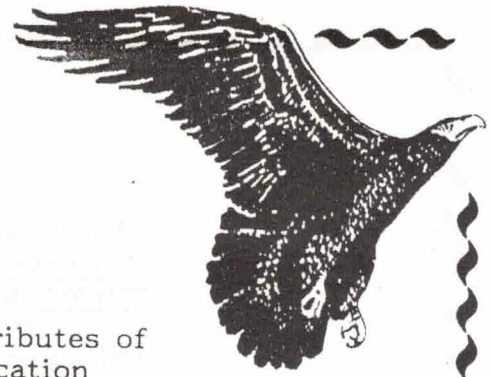


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PREPARING FOR SERVICE.

This opening lecture raises some important attributes of Freedom. While it is true that upbringing, education environment and social conditions have a bearing on freedom, ultimately a free person is one who has responded to these external stimuli in a way which enhances the balance, judgement, wisdom, peace and joy which are the attributes of freedom.

The individual who has developed these attributes is increasingly able to surmount external circumstances. A truly free person is free in the meanest prison cell.

However, the person who has identified freedom as synonymous with material benefits, or the accumulation of power has a perception which denies the contentment which is the fruit of true freedom.

Thus, we have to choose whether to live at the expense of others, or in the service of others. By striving to increase the freedom of others, our share of freedom compounds. By seeking to gather advantages at the expense of others, our personal freedom stultifies. Our advantages are illusory.

However, the gradual realisation of these truths are, to some extent, dependent on the range and depth of stimuli provided by the conditions in which we live. A free society, operating on correct principles, stimulates the development of free individuals.

The process by which external stimuli - social, cultural and economic - are synthesised into personal freedom is a spiritual one, best described as "character-building", or self-development. The way we approach our environment will decide the level of growth.



GROWTH IS AN ENDLESS PROCESS, NOT A DESTINATION.

Growth is far more than mere perception. It is a process of active participation, involving challenge, difficulty, disappointment, fear and intimidation. All of these are aspects which are enhanced or diminished by the attitude we have learned to exercise. Each can be diminished by exercising the three "Cs" of self-development, which are:

* CONFIDENCE.

* COURAGE.

* CULTURE.

How we exercise these three "Cs" will determine whether we are participants in life, or simply observers.

Nicholas Murray Butler once claimed there are three types of people in the world:

- * THOSE WHO MAKE THINGS HAPPEN;
- * THOSE WHO WATCH THINGS HAPPEN;
- * THOSE WHO WONDER WHAT HAPPENED

Participation therefore, and the acceptance of challenge head-on, is a vital part of the growth process. Apprehension can be overcome by the exercise of the following rule:

- * IF SOMETHING WORTH DOING IS DIFFICULT,
DO IT OFTEN!

The speed at which self-development occurs depends not only on exercise by participation, but also on an accurate and intelligent appraisal of what has been learned and tested by others. There is little point in repeating mistakes. Accurate history is a record of the experiences, successes and mistakes of our predecessors. The transmission of accurate history gives each new generation advantages with the potential to expand freedom further than before. The Roman statesman and historian Cicero correctly said in 43 B.C.:

"MAN, WITHOUT HISTORY, IS FOREVER A
CHILD"

Each person, therefore, must choose by what spirit he will live - the spirit of self-indulgence, or the Spirit of Freedom.

"You can only protect your liberties in this world by protecting the other man's freedom. You can only be free if I am free."

Clarence Darrow, 1857-1938, American
lawyer, Address to the jury, Communist trial, Chicago,
1920.





FREEDOM AND SERVICE.

Freedom is a 'macro-product': In other words, either everyone in a community or a society shares freedom - or it is available to no-one.

It is an illusion that some can be free while others are in bondage, appearances notwithstanding. The gaoler's freedom is almost as restricted as that of the prisoner. The food-hoarder lives in fear of the starving.

How can freedom be defined? Save in abstract terms, it is for no man to say. Because no two people are the same, each person expresses freedom differently. What is stimulating to one is restrictive to another. As William Blake, the English poet and artist who lived from 1757 to 1827, wrote in his "Marriage of Heaven and Hell":

ONE LAW FOR THE LION AND OX IS OPPRESSION.

Yet for everyone freedom is expressed through choice - the right to think, feel and act without stopping others doing likewise.

The human being conceited enough to imagine his own choices are superior enough to justify their imposition on others is an example of corruption.

Perhaps the most adequate of definitions for freedom is:

"THE RIGHT TO CHOOSE, OR REFUSE, ONE THING AT A TIME."

enabling our neighbor to do the same; from which stems a natural law:

"ACTION AND REACTION ARE EQUAL AND OPPOSITE."

"If you enrich others, you will be enriched."
"If you love others, you will be loved."

If, however, we have the right to choose, we must also bear responsibility for the choices we make - hence the traditional phrase "RESPONSIBLE FREEDOMS". Unless we accept responsibility for our choices and actions we have turned freedom into licence.

It is the traditional belief of western culture that the individual best develops himself by choosing to love God by doing His will, demonstrated by loving our neighbor as ourself, expressed in the phrase:



"(God)...Whose Service is Perfect Freedom."

or, in Christ's words:

"....AND YOU SHALL KNOW THE TRUTH, AND
THE TRUTH SHALL MAKE YOU FREE."

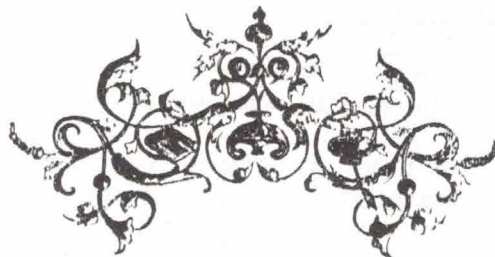


Message to Youth

"To follow reason, however arduous be the way; to accept such truth as may be revealed to us, however unpalatable; to refuse to put a rose-pink veil between ourselves and reality; to see life as it really is, without flinching, and without flinching to see oneself as one really is; this is the life for men, this is to be of the aristocracy of earth, let who will wear the crown or the mitre. As for the poor creatures who shrink from the cold blast of reality — those who must needs look at the world through drug-dimmed eyes, those for whom thought is too strenuous, and the truth too dangerous — leave them to their picture shows and their crooners and their comforting sermons and their games — sympathize with them if you will, pity them as much as you like, but — come out from among them! If I were on my deathbed, that would be my last word to young Australia".



WALTER MURDOCH — (Great Australian Scholar and Writer)



THE PROBLEM STATED.

Insoluble problems often seem that way because they have been incorrectly appraised. A fur coat will not save a man dying of thirst in the desert.

"A problem correctly stated is already half-solved".
(C.H. Douglas, 1879-1952)

Problems, therefore, should not be seen as barriers, but as challenges which will yield to applied truth.

"AS DARKNESS YIELDS TO MORNING LIGHT,
SO TRUTH SENDS ERROR INTO FLIGHT."

Our nation's problems, therefore, great as they may seem, are challenges which can be overcome if they are assessed correctly and remedied with the right solutions.

To help us, we have many historical examples. The mistakes made by modern societies have been made in many previous civilisations and empires.

On August 23rd, 1976, TIME magazine commemorated the 1500th anniversary of the final collapse of the Roman Empire in its feature essay. The United States was, in that same year, celebrating the 200th anniversary of its birth.

The writer drew attention to the signs of decay evident in both civilisations. The similarities were startling:

"...The echoes of the Old World and this one are chilling. In the final days of the Empire, military catastrophe drained the national morale and the public treasury. Inflation grew rampant; unemployment burgeoned and citizens complained about inequities in the imperial tax structure. Complained Salvian, a 5th century presbyter at Marseille: 'Taxation, however harsh and brutal, would be less severe if all shared equally in the common lot. But the situation is made more shameful and disastrous by the fact that we all do not share the burden together.' The consequence, observes Grant, was that thousands of disaffected peasants and slaves went underground. 'These guerilla groups' he reasons, were 'the equivalents of today's drop-out terrorists, likewise thrown up and thrown out by social systems they find unacceptable.' Corruption infected a swollen bureaucracy and licentiousness became the ordure of the day The massage salons of American towns are versions of Petronian ritual; 'Penthouse' and 'Hustler' proliferate on New York newstands; Pompeii had its pornography memorialised in frescoes"

In the end, Rome suffered less from barbarians, less from civil strife and debt than from a failure of its collective imagination and spirit. The Empire that built the ancient world's greatest roads, that created a profound system of laws, that gave the world a culture, a language and a sustained peace succumbed at last to a deficiency of energy and will Reflecting on the collapse of Rome, Edith Hamilton, one of the most eminent classical scholars of this century, observed: "It is worth our while to perceive that the final reason for Rome's defeat was the failure of mind and spirit to rise to a new and great opportunity, to meet the challenge of new and great events"



A Centurion





Of all the causes of decay in societies and civilisations, none seems to exceed the corruption of power. Throughout history, statesmen have warned of the consequences of too much power in too few hands:

"There is nothing, absolutely nothing, which needs to be more carefully guarded against than that one man should be allowed to become more powerful than the people."
Demosthenes, (Greece) 384-322 B.C.

"The more laws, the less justice."
Cicero, (Rome) 106-43 B.C.

"The more corrupt the State, the more numerous the laws."
Tacitus, (Rome) 55-117 A.D.

"There has never yet been a great system sustained by force under which all the best faculties of men have not slowly withered. Deny human rights, and however little you may wish to do so, you will find yourself abjectly kneeling at the feet of that old-world god, Force - that grimmest and ugliest of gods that men have ever erected for themselves out of the lusts of their hearts. You will find yourself hating and dreading all other men who differ from you; you will find yourself obliged by the law of conflict into which you have plunged, to use every means in your power to crush them before they crush you; you will find yourself day by day growing more unscrupulous and intolerant, more and more compelled by the fear of those opposed to you, to commit harsh violent actions."

Auberon Herbert, British MP, 1838-1906.

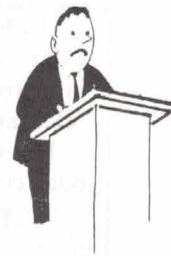
"It is one of the few "laws" of human relations that not only those who suffer from arbitrary authority, but also those who wield it, become alienated from others and thus dehumanised."

Thomas S. Skasz, American psychologist,
1970.

"Power tends to corrupt, and absolute power corrupts absolutely."

Lord Acton, British historian, 1834-1902

"A great civilisation is not conquered from without until it has destroyed itself from within. The essential cause of Rome's decline lay in her people, her morals, her class struggle, her failing trade, her bureaucratic despotism, her stifling taxes, her consuming warsRome was not destroyed by Christianity, any more than by





barbarian invasion; it was an empty shell when Christianity arose to influence and invasion came....."

Will Durant, American historian, 1885-1981.

A number of modern parliamentarians have warned of the same developments in our civilisation. In 1966 the Tasmanian MP, Mr Charles Falkinder, said in his final speech that the relationship between the executive and the parliament was gradually but surely militating against parliamentary democracy. Members were giving away their right to express their views on what became law. The trouble was that "members sublimate their minds to the wish of the party". Once elected, Members of Parliament were bound to vote on party lines - "the fate of the man who tries to pursue an independent course is pretty certain". The result, said Mr Falkinder after 20 years of the system, is that "Parliament as such has lost its real touch and ability to be a law-making force ..."

One year earlier, the former Clerk of the House, Frank Green, warned:

"With increased party organisation and discipline the initiative of the private member has gone . . it has divided parliament into two disciplined forces, a major force whose primary objective is to keep the government party in office, and a minor force whose aim is to discredit and replace it. Because the Opposition will seize every opportunity to discredit the government, the government party must swallow its objections to government policy and support it, abdicating the duty of frank and candid criticism. That debate is unimportant, because whatever is said, that the division will be on party lines is well understood. But there is a deeper implication — the futility of modern party debate in itself . . . neither party is anxious to discuss the issue fully for fear that such discussion would reveal its own divisions . . ."

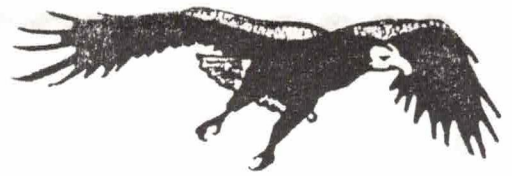


As Professor Bland, former Liberal Member for Warringah once put it, parliamentarians could save their electors a great deal of money by staying at home, merely sending a telegram to Parliament when their votes were needed.

In 1977, former Tasmanian Senator R.J.D. Turnbull wrote:



" . . . There are very few individuals in Australia who do not believe that politicians are "out for themselves", and personally I have yet to find a politician not prepared to change his political opinion if he found it would otherwise affect his re-election, upon which he is dependent for the 'goodies' of political life . . ."



In April 1978 another Tasmanian, Senator Rae, wrote:

"... The Parliament has permitted itself to be starved of power, status and even of money to carry out its functions. It has permitted the Executive, and particularly the administrative executive (the bureaucracy) to substantially avoid accountability. It has permitted even the necessary knowledge of what is happening in the country to be kept from it . . ."



In February 1980 the former Queensland Treasurer Sir Gordon Chalk said:



"Parties of all political persuasions are ready to promise cradle-to-the-grave security, redistribution of wealth, equality instead of equity, less work and higher standards of living . . ." He added that parliamentary elections had become just public auctions.

In September 1980, the retiring Federal Labor MP Clyde Cameron stated:

"We've got an elected dictatorship, we haven't got a parliamentary democracy in the proper sense of the word. The parliamentary system has been completely castrated by the need for parliamentary expediency and mere survival . . ."



The result has been a growing cynicism about the integrity of Parliament and the honesty of politicians. An article by Richard Farmer in THE AUSTRALIAN (June 28, 1989) captures the cynicism perfectly:

"...The idea that political parties should be bound to the promises they make in election campaigns would revolutionise Australian politics. There would not be a government - State or Federal - elected in my lifetime that would have passed the test. Telling what turn out to be lies is part and parcel of election campaigning. It always has been and always will be, and the voters well realise it. They have been disappointed too often when the value did not return to the pound and when the fistful of dollars disappeared to take the words of politicians too seriously...."

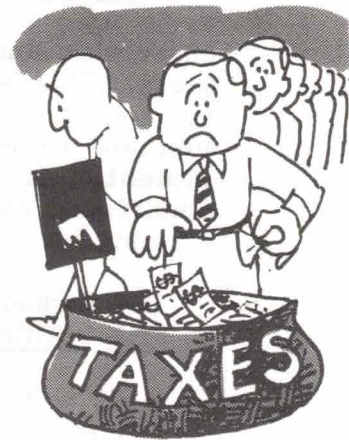
Under the heading "POLITICIANS' VOWS 'MADE TO BE BROKEN'" The Australian, (Jan 9, 1990) said:

"Australians were apathetic about politics because they knew election promises would not be kept once politicians were in office, the outgoing South Australian Opposition Leader, Mr Olsen, said yesterday ... "There's a recognition - even a resigned acceptance - that the

promises made in policy platforms will be disregarded as soon as the question of which party should govern is settled" he said ... "We have tended to regard their (the public's) interest as things only to be taken out of the cupboard and dusted off when there is an election," he said....."

In New Zealand the former Prime Minister Sir John Marshall, addressing the Otago Law Society in 1978, said:

"... The concept of the Welfare State has become firmly established and almost uniformly accepted. With that development comes the need for governments to take more and more of the national income to maintain it. That, in turn, leads to governments taking greater powers to control the economy which produces the wealth needed to feed a welfare state. As power accumulates in the hands of the State, and those who carry out the functions of government, so the area of freedom of the individual citizen is more and more prescribed, limited, controlled and restricted. As the functions of the State expand, so the complexities of administration grow, and the laws and regulations and orders which those who act for the state believe they require, grow in number and complexity too. The accumulation of power and the proliferation of laws demands that excessive power should be curbed and legislation given such powers should be subject to the closest scrutiny ..."



In December 1986 New Zealand's Labour Government passed a Bill - there were only 30 Members in the House at the time - eliminating the Governor-General's statutory power to refuse the Royal assent to legislation. A retired District Court judge, Mr William Brown, warned that this had removed the last check on executive power. New Zealand has no Upper House.

In Canada, economist and author John Farthing, in his book "Freedom Wears a Crown" wrote"

"It is in fact true that we in Canada now possess but the empty shell of a constitutional democracy bereft of all sense of governmental authority and reducing all to the level of mere power-politics.... Our national affairs are now determined by the secret deliberations of ministers who present to parliament and people only a tiresome succession of *fait accomplis*, all to be justified by counting votes on a single day in every 1,825...."





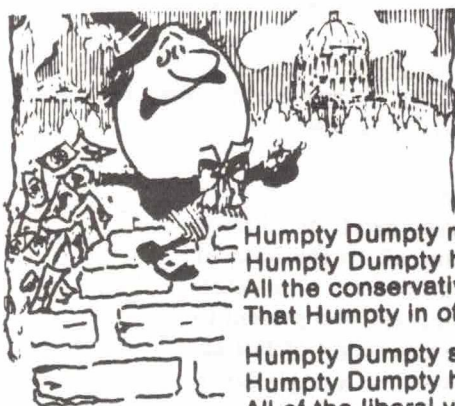
In Great Britain, the same warnings have been given. The great parliamentarian, Edmund Burke, warned last century:

"Whenever Parliament is persuaded to assume the offices of executive government, it will lose all the confidence, love and veneration which it has ever enjoyed whilst it was supposed to be the

corrective and control on the active powers of the State. This would be the event though its conduct in such a perversion of its functions would be tolerable, just and moderate; but if it should be iniquitous, violent, full of passion and full of faction, it would be considered as the most intolerable of all the modes of tyranny."

The former Lord Chancellor, Lord Hailsham, writing in THE SUNDAY TIMES, (July 19, 1970) said:

It is the parliamentary majority that has the potential for tyranny. The thing that Courts cannot protect you against is Parliament - the traditional protector of our liberties. But Parliament is constantly making mistakes and could in theory become the most oppressive instrument in the world"



Humpty Dumpty

Humpty Dumpty made an address;
Humpty Dumpty hollered, "Spend less!"
All the conservative voters agreed
That Humpty in office was sure to succeed.

Humpty Dumpty spoke to the poor;
Humpty Dumpty hollered, "Spend more!"
All of the liberal voters concurred
That Humpty by far was the one they preferred.

Humpty Dumpty stays on the fence;
Humpty Dumpty knows this makes sense;
He'll win all the voters up North and down South
By making full use of both sides of his mouth.

In July 1977, British historian Sir Arthur Bryant wrote

"....This country, and others with us, may revert to the only other form of government known to history and compatible with human nature — an autocracy of some kind or other, marxist or otherwise... As a people, we are drifting, and a large, and possibly major part of a whole generation is growing up without moral purpose, without discipline, without the will to work or the ability to concentrate, and without standards of behaviour, craftsmanship or even elementary reasoning. The creed of egalitarian levelling-down, seedy permissiveness and welfare state mass pauperisation which our fashionable socialist and so-called liberal idealists and mentors have so long advocated is depriving our society of the means of its own preservation and regeneration..."



In August 1979 a just-retired British parliamentarian, Mr John Pardoe, wrote:

"...The majority of M.P.s have shown no stomach for controlling the executive. They have steadfastly refused to do the job they are there to do, and have occupied their time with other things.... the first and the most important reason for this defection of duty — politicians being what they are — is that there do not seem to be any votes to be gained from controlling the executive. It is great stuff for academic discussion and learned articles by the more serious commentators, but it has little or no appeal for the average voter... even if an M.P. does try to do his job of controlling the executive, there is the full weight of the Party against him. If he seriously embarrasses "his" government by questioning its actions he will soon be told that he has been elected to support his Party and not make life difficult for it..."

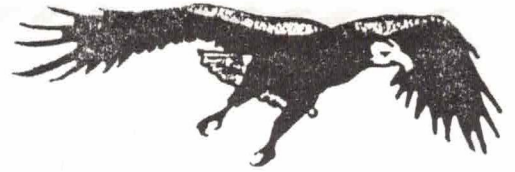


It was well summarised by the English journalist Nesta Wyn Ellis, in her book "DEAR ELECTOR - THE TRUTH ABOUT M.P.s"

"... The power of the Executive has reached its ultimate point. It is recognised that the individual Member of Parliament is powerless in the face of the government, and that powerlessness is related to the power of the Whips..."

Such comments are not merely academic. Their implications are ominous. With the shift in the law and decision making process out of Parliament into the Executive - which consists of the permanent Public Service, often manipulating the Cabinet to its own advantage - ultimately the democratic process is destroyed.

The danger was highlighted in an article in THE AUSTRALIAN, (September 27, 1991) under the heading "GOVERNMENT BODIES ACCUSED OF IGNORING JUDICIAL RULINGS." It said:



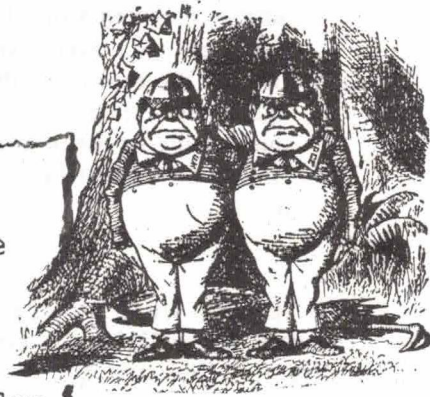
"Some Commonwealth government departments have been accused by former ombudsman Professor Dennis Pearce of ignoring legal rulings and refusing to follow court decisions.

His revelations of the conduct and attitudes of senior levels of the bureaucracy towards the law are likely to cause both political and legal problems for the Government.... He reveals his concerns in an article he has written for an academic journal, Public Law Review.

The article includes numerous examples of his experiences as ombudsman in trying to cope with what he describes as the failure of the executive to give "the law" the same reverence that lawyers give it. He said that during his time as ombudsman he "encountered circumstances in which an agency was not prepared to adhere to judicial rulings or was prepared to ignore opinions about the effect of the laws that were inconvenient to it.

"I saw that the law was not always thought to be something that had to be followed because it was often considered that those stating the law did not understand the position of the executive and the obligations that it had to meet in the running of the country There was a strongly held view that the courts were a costly obstacle to proper management

NUMEROUS DICTATORS THROUGHOUT
HISTORY HAVE HAD EXACTLY THE SAME
IMPATIENCE!



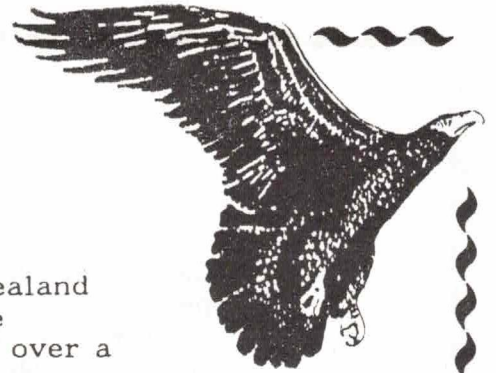
Tweedledum and Tweedledee
Were running for the House,
When Tweedledum smeared Tweedledee
By calling him a louse!

Tweedledee said Tweedledum
Had caused a vicious stink.
Then spread the word that Tweedledum
Was going to a "shrink"!

Tweedledum said Tweedledee
Was vile and full of bunk;
"The problem is," said Tweedledum,
"That Tweedledee's a drunk!"

Tweedledee said Tweedledum
Was wrong in every way;
Then whispered to a columnist
That Tweedledum was gay!

Today I heard that Tweedledee
Was spotted at an orgy;
A plague on both! Come voting day
I'll vote for Georgie Porgie!



CROWN, LAW AND CONSTITUTION.

Parliaments in Australia, Canada and New Zealand did not originate in those countries. Each one embodied principles which gradually developed over a span of more than 1,000 years of British history.

The underlying philosophy was Christianity. This was the first philosophical foundation to any civilisation which offered spiritual reasons for limiting temporal power. The individual was no longer required to accept total bondage to a king, a lord, an emperor or a chief. He drew his purpose from God, and Caesar - or Government - existed to prevent him interfering with the purpose of others.

Alfred the Great (849-899 A.D.) gave Britain its first simple system of laws, based on the Ten Commandments of Scripture.

It was at the crowning of Alfred's grandson Edgar in 973 A.D. that the earliest form of the Coronation Service still in use today was introduced. In the words of British historian Sir Arthur Bryant:

"Behind the solemn rites - the royal prostration and oath, the archbishop's consecration and anointing, the anthem 'Zadok the Priest', linking the kings of the Angles and Saxons with those of the ancient Hebrews,



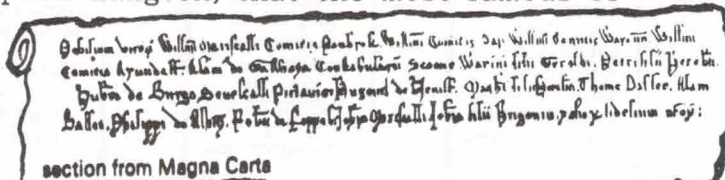
the investiture with sword, sceptre and rod of justice, the shout of recognition by the assembled lords - lay the idea that an anointed king and his people were a partnership under God"

("SET IN A SILVER SEA", Arthur Bryant, Collins, p.49)



It was Henry II (1133-89) who, building on Alfred's foundations, developed both Common and case law, local assizes and courts, and many features of modern jurisprudence.

It was through the initiative of a church leader, Archbishop Stephen Langton, that the most famous of all Britain's historical legal documents - Magna Carta - came into being.



Signed by a reluctant King John at Runnymede in 1215, Magna Carta set a precedent in establishing definite rights for individuals beyond the reach of governments. Edward I, (1235-1307) confirmed the Great Charter "whereby," in jurist Blackstone's (1765) words, "the Great Charter is directed to be allowed as the common law; all judgements contrary to it are declared void; copies of it are ordered to be sent to all



Cathedral Churches, and read twice a year to the people"

It was during the reign of Henry III in 1265 that the first 'parlement' (French for 'speaking') was held. During Edward I's reign this was strengthened into a representative parliament.

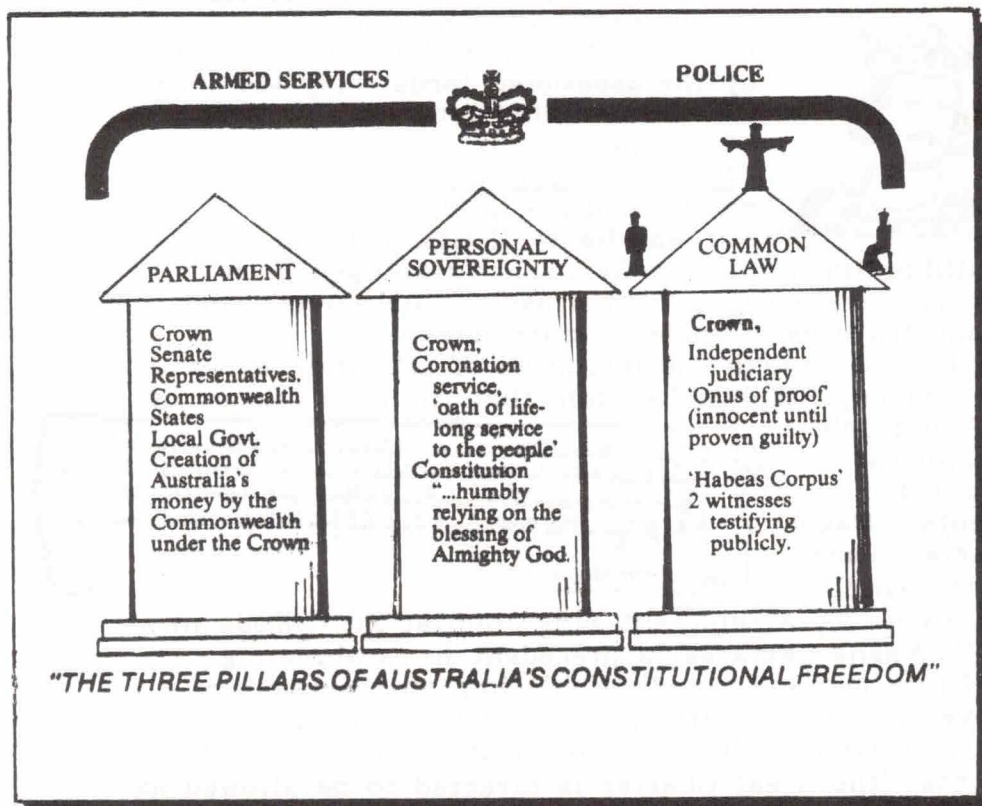
In 1604 'habeus corpus' - whereby nobody could be detained beyond a limited period without fair trial - was made part of Common Law; and, in 1688 the Bill of Rights was also enacted.

Although sometimes denied by politicians, these laws ARE still part of Australian law, as evidence by Section 7 of the Federal Constitution, and such State Acts as the Imperial Acts Application Act, Victoria, (1980) and Queensland (1984).

PART II - HOW OUR SYSTEM WORKS.

The Chart below provides an outline of Australia's governmental system, showing clearly how it developed from our British heritage. The principles differ markedly from anything in previous civilisations, and from other regimes in the world today.

It is important to realise that Australia's Head of State is NOT the Prime Minister, but the Crown, represented by the Governor-General. The feature of the system is the decentralisation and division of power.



It can be said that our system is built on three pillars, all of which come under the head-ship of the Crown.

The first is our Parliament, which consists of three parts:

Chapter I, Cl. 1, Australian Constitution:

"The legislative power of the Commonwealth shall be vested in a Federal Parliament, which shall consist of the Queen, a Senate, and a House of Representatives, and which is herein-after called "The Parliament," or "The Parliament of the Commonwealth."

This division of powers, which can also be found in Canada and Britain, as well as all States in Australia with the exception of Queensland which lost its Upper House in 1922, has been called "the trinitarian concept of government".

While the Crown may not initiate laws, the Crown's assent is required to those laws passed by both Houses of Parliament.

Traditionally, too, the nation's money is created by the Crown - a custom which has now been annexed, with adverse effects, by the Trading Banks. Notes and coin, still manufactured by the Mint, only represent a small part of the money-supply.



The second pillar represents all those personal rights and liberties which the individual is given by God, for which the Crown is the guardian. The Armed Forces, the Police, the Courts and the Judiciary come under the province of the Crown, and traditionally are exempt from interference by politicians.

Chapter II, Cl. 68, Australian Constitution:

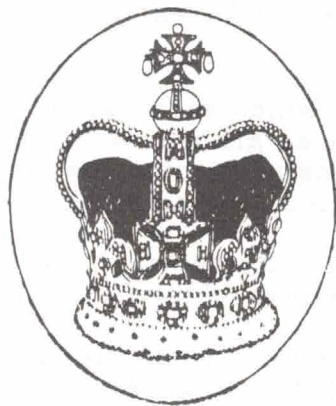
"The command in chief of the naval and military forces of the Commonwealth is vested in the Governor-General as the Queen's representative."

The third pillar represents the legal system, epitomised by three statues, which stand on the Royal Inns of Justice, the Strand, London. The first of these, Alfred the Great, is known as the father of English Common Law. The second, Solomon, represents the independence and impartiality of the Judiciary. The third, Jesus Christ, stands for the spirit of the law, covering all the intangibles - provocation, circumstances, premeditation, motive etc - which temper written law in order to produce justice and mercy.

Under this legal system the accused is innocent until proven guilty, has the right to fair trial in which he can answer his accusers, and may not be held in custody for more than a strictly limited time without trial and conviction.



Many of these principles have been, and are being eroded. The result is a reversion to arbitrary law, the loss of individual rights, the perversion of the Courts into instruments of the political powers, and the erosion of freedom.



The Tyrant

"We are all asking ourselves whether democracy can survive. One of the greatest problems of democracy is how it is to be set free from the tyranny of words. Just as the skilful advertiser, by exploiting the power of words over the ignorant, can persuade us to buy a multitude of things that will be of no earthly use to us when we possess them, so are we at the mercy of the political tonguester who has the secret of using emotional words on people who have not been trained to look at words with precision and to ask exactly what a phrase means before accepting it.

I profoundly believe that our fundamental failure, the mother of all our failures, is the failure to face realities; to see things as they are, without the veil of vaguely understood words. The one commodity of which there can be no possible over-production is Truth."

Sir Walter Murdoch
— Eminent Australian & Essayist



THE AUSTRALIAN SITUATION.

Section 128 of the Australian Constitution stipulates that the Constitution may only be changed by a referendum of Australian electors, in which a majority of electors in a majority of States is necessary for the proposed change.

Section 128 has, however, been severely compromised by a decision of the High Court that the Commonwealth Government's power over "External Affairs" (Sect.51:xxix) enables it to sign international treaties and conventions which overrule domestic provisions of the Constitution. Since that decision (Koowarta, 1982 and the Franklin Dam 1983 cases) many changes in conflict with the spirit of the Constitution have been made without the peoples' consent.

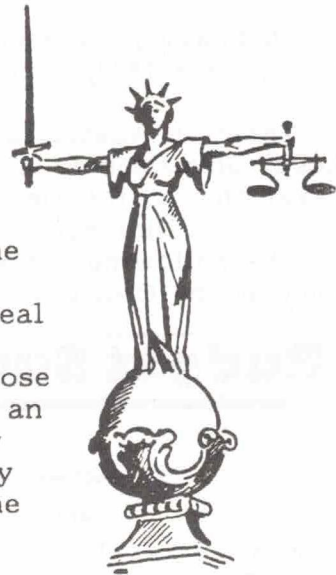
Professor Colin Howard, Professor of Law, University of Melbourne, wrote in August 1988:

"The legislative power of Section 51(29) (i.e. the "External Affairs" power) was included in the Constitution to enable the national government to deal appropriately with other national governments on matters of legitimate international concern which arose in the international arena. It has been turned into an instrument of domestic political coercion, manifestly contrary to both the word and the spirit of the very Constitution in which it appears. The essence of the problem has been that the end of the Second World War in 1945 heralded the ushering-in of an era of unparalleled internationalism in the conduct of world affairs.....

..... Successive Australian governments have responded ... by entering into an enormously increased number of international agreements ... assuming international obligations in abundance. Many of these arrangements ... called treaties ... purport to require the signatories to make significant changes to the way they have traditionally run things in their own countries ..."

Justice Wilson, one of the High Court Judges sitting in both the Koowarta and Franklin Dam cases, made this comment in his findings in the Koowarta Case (1982, 153 CLR 168):

" ... It is no exaggeration to say that what is emerging is a sophisticated network of international arrangements directed to the personal, economic, social and cultural development of all human beings. The effect of investing the Parliament with power through Section 51(29) in all these areas would be transfer to the Commonwealth of virtually unlimited power in almost every conceivable aspect of life in Australia ..."



TAXATION.

"The art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest amount of hissing."

Jean Baptiste Colbert. (1619-1683)

"Our new Constitution is now established, and has an appearance that promises permanency; but in this world nothing can be said to be certain, except death and taxes".

Benjamin Franklin, (1706-1790)

"A heavy progressive income tax."
Marx, (1818-1893) "Communist Manifesto:"

Taxes in Australia are levied by Federal, State and Local Government. It is levied either as direct taxation, i.e. income tax, company tax, property rates etc. or as indirect tax, i.e. sales tax, excise etc.

The following table summarises the total tax levies imposed by ONE government - the Commonwealth:

Budget Summary

	Actual	1990-91 Change on 1989-90	Estimate	1991-1992 Change on 1990-91
	\$m	\$m pct	\$m	\$m pct
Outlays	96041	8206 9.3	101508	5467 5.7
Revenue				
Tax	93078	1834 2.0	91163	-1915 -2.1
Non-tax	4859	232 5.0	5613	754 15.5
Total	97937	2066 2.2	96776	-1161 -1.2
Balance	1896	-6140	-4732	-6628

PERCENTAGE OF GDP

	1988-89	1989-90	1990-91	1991-92
Outlays	24.4	23.6	25.3	25.7
Revenue -				
Tax	24.7	24.5	24.5	23.1
Total	26.1	25.8	25.8	24.5
Balance	1.7	2.2	0.5	-1.2
Net PSBR	-1.6	0.5	2.2	4.3

Commonwealth taxation now averages over \$100 per week for every man, woman and child in Australia - over \$400 per week for the average family of a father, mother and two children.

With the addition of State and Local taxes, all direct and indirect taxes levied in Australia average approximately \$130 for every man, woman and child per week - or over \$520 per week for the average family of four.

This scale of taxation has created two industries -





firstly, tax surveillance of such intensity that many Common Law safeguards are being negated.

Secondly, tax avoidance, now a natural reaction to what is perceived to be a vicious tax impost.

The proposed GST (Goods & Services Tax) is primarily an attempt to minimise tax avoidance.

OVERSEAS DEBT.

Australia's Gross Foreign Debt as at January 1992 exceeded \$166 billion - over \$9,000 for every man, woman and child in the country. The net debt was \$131.3 billion.

Of this debt, \$67.5 billion was owed by private enterprises, \$60.8 billion by banks, and \$37.7 billion by governments. Of government debt, the Commonwealth owes \$16.5 billion and the States \$21.2 billion.

During 1991 Australia's trade deficit has increased by over 20 billion - more than \$2 million every hour throughout the year.

LAWS.

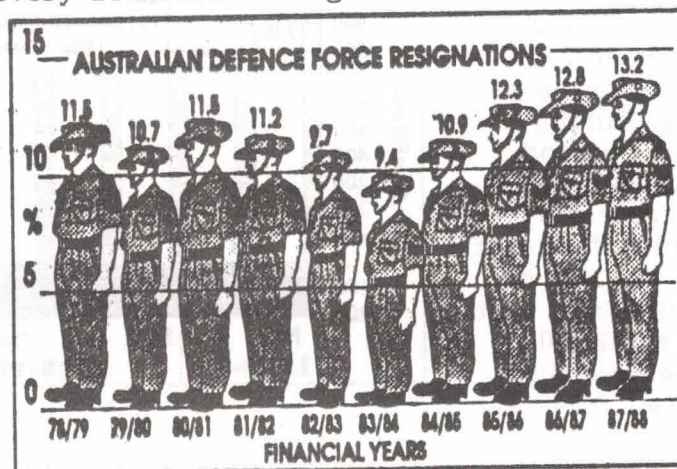
With an estimated 3 million Laws and Regulations in Australia, Australia's three tiers of government between them enact 2 Acts of Parliament and 5 Regulations on average every 24 hours throughout the year.

DEFENCE.

"Should the necessity arise, Australia could not maintain two battalions in continuous operation for a period of two months.."
B.A.Santamaria, The Australian, Jan 31, '89

"More officers are leading less troops in the shrinking Australian Defence Force despite progress in thinning out the top brass in recent years. The ADF has one of the highest ratios of officers to other ranks of any military force in the world. The Australian Defence Association has calculated that officers made up nearly 17 percent of the defence force in 1990 compared with 13.7 percent in 1977 In a recent edition of its journal Defender, the ADA noted that officers make up only 6 percent of the U.S. Marine Corps. About 11 percent of the U.S. military overall are officers but this is regarded in some quarters as an unnecessarily high proportion.... Lieutenant-Commander Alan Hinge warned "Commissions are increasingly given away on the basis of commercial and bureaucratic criteria"

Financial Review, October 24, 1991



THE AUSTRALIAN Friday November 11 1988



MANUFACTURING INDUSTRY.

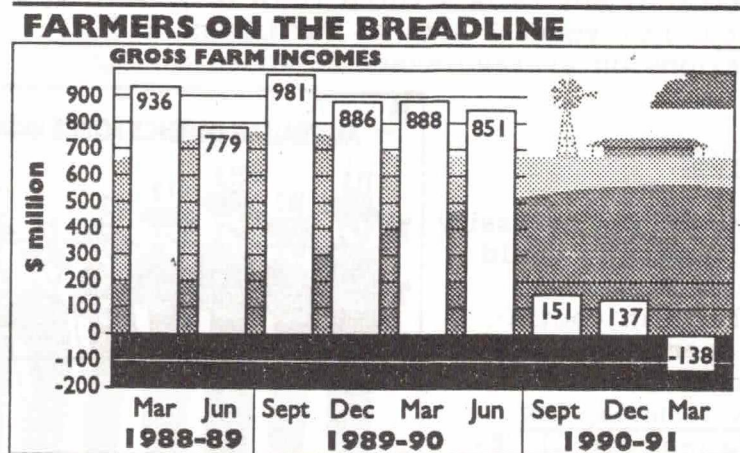
From 1972 to 1992 - a period of twenty years - one half of Australia's manufacturing sector has disappeared. With the loss of Australia's self-sufficiency, two things have happened. Firstly, Australia has depended increasingly on imports to replace its own production - a major reason for the growth in foreign debt.

Secondly, unemployment at the start of 1992 was nudging the one million mark. With existing industry feeling the effects of depression, together with the increasing tendency to replace human labour with wage-free automation, the future prospects for a full-employment economy are increasingly dim.

AGRICULTURE.

1992 has reached the incredible situation where the net income of the average Australian farmer will be below \$zero.

70,000 farmers have left the land over the period 1972-1992, with no sign of the exodus slowing. During the same period, Australia has increasingly added foodstuffs to its list of imports with over \$2,000 m. spent on imported food in 1991.



The chart above (Sydney Morning Herald, June 29, 1991) is indicative of the general position.

LAW & ORDER

This article, from the Financial Review, Jan. 10 1989, is indicative of a general growth in crime and violence throughout Australia. The greatest part of this growth is the result of financial pressure on families, individuals and particularly young people, among whom the suicide rate has also increased dramatically.

CITIES NO LONGER SAFE: City centres throughout Australia were becoming "no-go zones" late at night and people who ignored the dangers were foolish, according to the commander of Sydney's police district, Mr Ken Chapman. He said it was now a fact of life that in cities at night people were in danger anywhere they went. The warning was given in defence of Sydney policing after criticism of the high number of assaults in Hyde Park in the city centre - despite the introduction of a police safe zone in the park several months ago. Meanwhile, a 14-year-old boy was in police custody yesterday over the abduction and sexual assault of a seven-year-old girl in NSW.

ESSENTIAL CONCEPTS.

Before any understanding of a problem, or any analysis of its solution, it is important to make sure that we are agreed on the meaning of the words we use. Often, individuals or groups appear to be opposed to each other when in reality they want the same thing. They have been divided by their perception of the meaning of the words they use.

"If names are not correct, language is not in accordance with the truth of things. If language is not in accordance with the truth of things, affairs cannot be carried on to success ... Therefore a superior man considers it necessary that the names he uses may be spoken appropriately ... What the superior man requires, is just that in his words there may be nothing incorrect."

Confucius. (551-479 BC)



"We shall never understand one another until we reduce the language to seven words ..."

Kahlil Gibran, (1883-1931).

"For last year's words belong to last year's language, And next year's words await another voice."

T.S. Eliot. (1888-1965)



"Our speech has its weaknesses and its defects, like all the rest. Most of the occasions for the troubles of the world are grammatical. Our lawsuits spring only from debate over the interpretation of the laws, and most of our wars from the inability to express clearly the conventions and treaties of agreement of princes."

De Montagne, (1533-1592)

"Political language - and with variations this is true of all political parties, from Conservative to Anarchists - is designed to make lies sound truthful and murder respectable, and to give an appearance of solidity to pure wind."

George Orwell, (1903-1950)



A moment's thought will remind us how words have changed their meaning. Such words as "discriminate", "gay", "bread", "cool", "trip", "grass" etc. mean entirely different things to their definition 30 years ago.

Definitions are needed for some of the terms we will considering in the Freedom Potentials seminar:

PHILOSOPHY - A concept of reality. (A philosophy may differ from reality, being, therefore, a false concept. Reality ultimately disciplines our concepts, or philosophies.

An idealist who has a pre-determined concept he has never tested against reality may well be holding a totally false philosophy. This is no less true because he is sincere and dedicated. It is well summed up in the observation of the well-known Jewish philosopher Dr. Oscar Levy: "The ideal is the enemy of the real ..."

Our task, therefore, is to discover truth and apply it, rather than to attempt to impose our own pre-determined concepts on the world around us.

"True law is right reason in agreement with nature. It is of universal application, unchanging, everlasting ... We cannot be freed from it by Senate or people ... The law is not one thing at Rome and another at Athens, but is eternal and immutable, valid for all nations and for all times. God is the author of it, its promulgator, and its enforcing judge. Whoever is disobedient to it is abandoning his true self and denying his own nature."

Marcus Tullius Cicero (106-43 B.C.)

POWER.

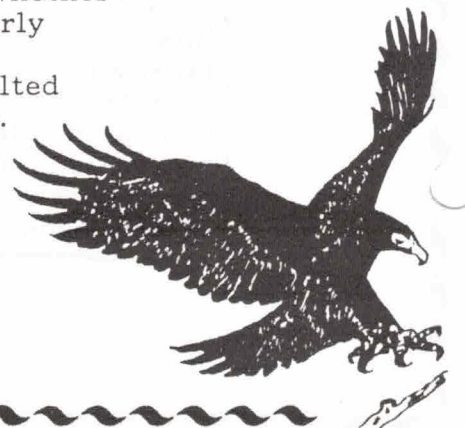
The power of thought, purpose and action originates with the individual, and properly belong to him, in-built by his Creator. It can be called his "creative ability". He may share this with others by agreement, but he has been violated when it is forcibly removed from him. History has confirmed this as a true concept.

A false concept has proposed that one particular social condition is important enough to collectivise the creative ability of all individuals, whether or not they agree. This concept has appeared regularly throughout history and, while sometimes building impressive pyramids and autobahns, has always resulted in increasing loss of freedom and social destruction.

This we can say:

Maximum power to the collective is Totalitarianism.

Maximum power to the individual is Democracy.





POLICY.

Policy always stems from a Philosophy, and is a programme of action to reach a philosophical objective. It is possible to decide the philosophy of an individual or group by considering the policy being advocated or followed. Policies are the "fruits" of philosophies; "By their fruits ye shall know them."

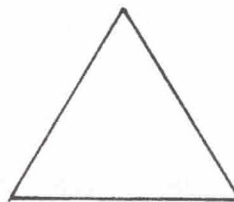
Policy, therefore, can be described as:
"A bias towards the result required".

ADMINISTRATION.

Administration is the mechanism to fulfill Policy. It is the province of the trained technician, or expert.

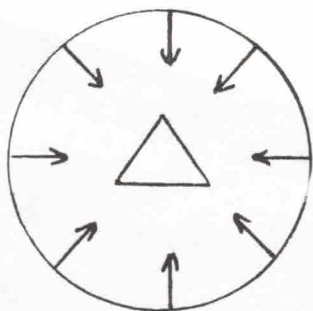
The structure of an administration is not democratic, but autocratic - that is to say, it is carried out by orders.

An administration is best illustrated as a pyramid. An administrator - perhaps a builder or an engineer - maps out the technical process, and issues orders to workers under his authority. His task is to carry out a policy decided through the democratic process.



Administration

The administrative expert should not decide policy, any more than the policy-makers should become involved in administration.



Thus, the administrator is the servant of the policy-maker in a democratic society, while in a totalitarian society the administrator also decides all policy.

The democratic idea is best pictured as a circle representing the general community issuing

policy in the form of instructions to an administration responsible - and paid - for results.

A community can decide, through association, that it wants a bridge across a river. No expertise is required for such a decision, which is a policy.

But a community is not equipped to decide how to build the bridge, or what materials are to be used. That is the province of the expert - the administrator.





CONTRACTING OUT.

Wherever an association is launched - from a golf-club to a nation - the "right to contract out" for the individual is an essential ingredient of freedom. No matter what sort of pressure is used - financial, social or physical force - the compulsion of people into any venture with which they disagree is an assault on their freedom. If we pay any more than lip-service to freedom, we will honour, in every way possible, the right of people to contract out.

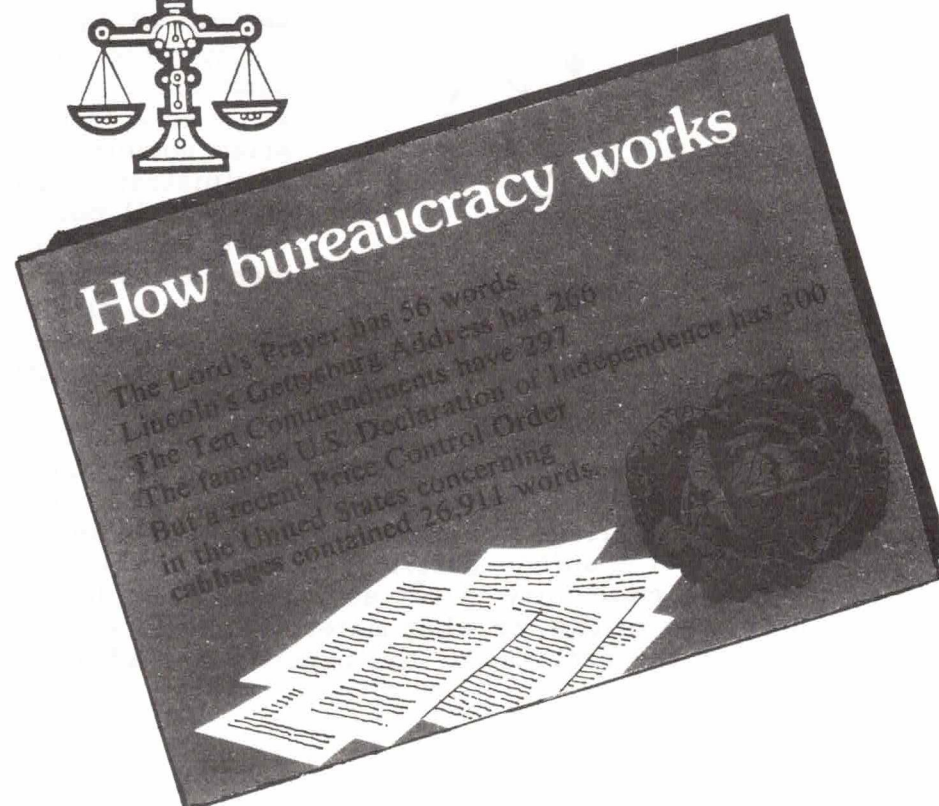
FREEDOM

In many ways, freedom defies simple description. This is because of its infinite variety, and the fact that it is different for each individual. The freedom to listen to classical music for one person is a tyranny for another.

Therefore, freedom and conformity are largely incompatible.

Perhaps the best description short of a polemic says:

FREEDOM -
THE RIGHT TO CHOOSE
OR REFUSE
ONE THING AT A TIME!





PUTTING THE POLITICIAN IN HIS PLACE.

Democracy was first attempted in Greece, some 500 years B.C. The representative for each community was selected by the "short-straw". Once selected, he was held to strict silence. The people decided their policy on basic issues by eliminating those areas on which there was not general agreement. Before departing for Athens, the spokesman was charged with the duty of "re-presenting" the peoples' chosen policy in the forum. Hence the word REPRESENTATIVE, which we maintain today.

The traditional view of a Member of Parliament in the system Australia has inherited is that he is to represent the policy of his electors in Parliament.

There are two legal descriptions of the role of a Member of Parliament. The first is from a British case (A.C. 1910, p.110) where Lord Shaw of Dumfermline stated, inter alia:

"Parliament is summoned by the Sovereign to advise His Majesty freely. By the nature of the case it is implied that coercion, restraint, or money payment, which is the price of voting at the bidding of others, destroys or imperils that function of freedom of advice which is fundamental in the very constitution of Parliament."

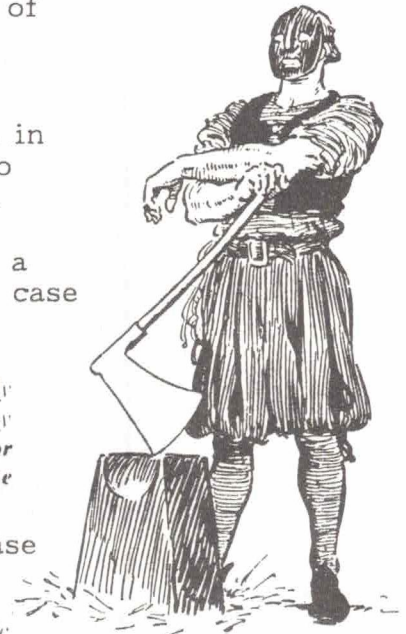
The second is from an Australian High Court case (Horne v Barber, 1920, 27 C.L.R., p.500)

"When a man becomes a Member of Parliament, he undertakes high public duties. These duties are inseparable from the position: he cannot retain the honour and divest himself of the duties. One of the duties is that of watching on behalf of the general community the conduct of the Executive, of criticising, and, if necessary, of calling it to account in the constitutional way by censure from his place in Parliament — censure which, if sufficiently supported, means removal from office. That is the whole essence of responsible government, which is the keystone of our political system, and is the main constitutional safeguard the community possesses. The effective discharge of that duty is necessarily left to the Member's conscience and the judgement of his electors, but the law will not sanction or support the creation of any position of a Member of Parliament where his own personal interest may lead him to act prejudicially to the public interest by weakening (to say the least) his sense of obligation of due watchfulness, criticism, and censure of the administration."

It is hardly necessary to say that politicians neither behave, nor are perceived by the voter, in such terms!

If the average voter was asked to list the qualities he would like to see in his political representative, he would probably come up with some - or all - of the following points:

Firstly, I would like an honest representative — a person who would judge each issue — each Act and Bill — with a clear and unfettered conscience, voting accordingly. Such a person would NEVER vote on an issue which he had not had





time to study and consider from all angles. He would regard any attempt to interfere with his conscience as an unlawful and an immoral intrusion — an improper interference with his duty.

My ideal representative's conscience would be tempered by two all-important things; firstly, his own belief in what is right and wrong; secondly, the will and requirement of his electors. If it was clear that a majority of his electors wanted something he considered wrong — and no reconciliation of views could be achieved — he would feel it his duty to resign. He would allow no party, pressure, force or inducement to interfere with his total commitment to these two factors.

My ideal representative would have a clear understanding of those things which are not the province of Caesar; and would resist the temptation to involve government in areas where it does not belong.

My ideal representative would undertake to resign if an agreed percentage of his electors petitioned him to do so.

My ideal representative would refuse to fix his own salary and expenses by voting on them in parliament, but would seek means whereby his electorate had some say in what he received.

My ideal representative would act impartially for ALL those he represented, refusing to unfairly penalise — or favour — some individuals over others.

My ideal representative would consider himself the servant of his people, which, in its right context, is the most honourable station to which anyone can aspire.

My ideal representative would seek the best means possible to meet and consult with all interests in his electorate as frequently as possible.

My ideal representative would, at this stage, be much more interested in repealing the mountain of conflicting, confusing and often oppressive regulations resulting from years of over-government, rather than adding to what has already been passed.

Above all, my ideal representative would insist that the bureaucracy had NO PLACE in policy making — either in the political or economic field — and returned to its true function of administration.



The original political Party idea was simply a loose association of M.Ps. with a similar philosophy. For over 400 years there were no political parties in the Parliament at Westminster. When they first started it would have been considered a travesty if they were used to coerce a Member to vote against his conscience.

The gradual tightening of political Party discipline - the introduction of a Party Whip, the pre-arrangement of debate and voting in the Party room before procedure of parliamentary debate, the threat of loss of endorsement for the dissenter, the encroachment of central control over the pre-selection of candidates - all these factors are eroding genuine representation.

Nothing will or can change until the voter accepts the need to adopt for himself the same principles he would like to see in his representative. The first requirement is to identify some mechanisms that will allow electors to express a more responsible and effective part in the democratic process.

Democracy and Special Privileges

"Democracy, which enables the majority to get rid of rules they dislike, is the only peaceable form of government yet devised. But we cannot turn this proposition about to say, that any and all acts and resolutions of any democratically-constituted assembly are laws in the higher sense of general rules of just conduct.

If a democratic assembly is also unrestricted in its powers, then large numbers of its enactments take the shape of special-interest legislation, which legalises the granting of special privileges to some groups and the imposition of differential burdens on unpopular or politically-weak minorities."

Professor F. A. Hayek,

Winner of the Nobel Prize in Economics—1974



VOTERS' VETO & CITIZENS' INITIATED REFERENDA.

The only referendum in which the peoples' decision is binding by law is set out in Section 128 of the Constitution, and concerns constitutional change. It can only be initiated by the Commonwealth Parliament. State governments and local councils can initiate their own referenda, but are free to accept or reject the preference expressed by the people in such cases. Various Local Government Acts do - or have in times past - provide for binding referenda on specific issues; but State governments can vary or eliminate these provisions at whim.

In other words, there is no existing situation at State or Federal level where the people can initiate a referendum which is binding on the government concerned.

Citizens' Initiated Referenda would make provision for the people to make a decision binding on government, on one issue at a time.

There are three parts to the whole concept of Citizens' Initiated Referenda. These are:

- * Voters' Veto.
- * The Legislative Initiative.
- * The Right of Recall.

In 1988 a Constitutional Commission was established in Australia to accept submissions, and to report on the need for constitutional change. The Commission received more submissions on the need to introduce Citizens Initiated Referenda (C.I.R.) than any other proposal. The Queensland Government - at that time a National Party government - made a formal submission for the introduction of such a measure.

The Sydney Morning Herald (April 23, 1988) suggested the reason for this interest in, and support for C.I.R was the publication one year earlier of the book "INITIATIVE AND REFERENDUM: THE PEOPLES' LAW", by Geoffrey de Q. Walker, Professor of Law at the University of Queensland.

The following article, published by the Social Credit School of Studies, Lot 3, Beresford Dr. SAMFORD, Qld. and reproduced with their permission, was written by Professor Walker in 1988, summarising the proposals:





Why Not the People's Law?

by Geoffrey de Q. Walker

In this year of rumblings about constitutional change, the one idea for altering our system of government that has seized the popular imagination is the concept of direct legislation by the people through the systems of citizen initiative and referendum. Throughout the country, groups are being formed to advocate it, while long-established mainstream organisations such as the RSL and CWA are moving to adopt it as national policy. The Democrats are enthusiastic for it and the Liberals have come around to supporting the idea. Most of the New South Wales independents are determined to see the system introduced, as is the independent who took Sir Joh Bjelke-Petersen's old seat of Barambah. The Queensland government has announced that it has prepared a draft bill on this subject for introduction in the state's Legislative Assembly. 'What is fascinating about the People's Law proposal is the range of support it has gathered', ruminates the *Sydney Morning Herald* (23 April 1988). 'It is probably the only policy, aside from paying MPs substantially more money[?], that is agreed upon from the hard right to the soft left-centre.'

The Mechanisms of Popular Legislation

There is no universally agreed terminology for describing the main types of direct legislation that exist in Switzerland, Italy and 24 of the American states, but the principle is simple enough. It is that a government may be compelled to hold a binding referendum on the possible adoption, vetoing, or repeal of a particular law if a prescribed number of voters (usually about 4 per cent of the electorate) sign a petition to that effect.

Where the petitioners seek to block a bill that has passed through parliament but has not yet taken effect, the mechanism is generally called the *legislative petition referendum*, or *people's veto*. Where the aim is to repeal a law already in force or to procure the enactment of a new law proposed by the petitioners, it is called the *legislative initiative*. (Some groups use the term *people's veto* to describe the legislative initiative when used to repeal an existing law). A further variant is the

constitutional initiative, which is used for proposing amendments to the Constitution. This form was recommended by the Individual and Democratic Rights Committee of the Constitutional Commission, but has not been taken up by the full Commission nor accepted by the government.

Travelling all around Australia addressing public meetings and speaking on local radio and television, I have come to the conclusion that there are basically two motive forces behind the grass-roots push for direct democracy. One is a widespread apprehension, bordering on desperation, about falling living standards, disintegrating social structures and the general direction in which the ruling elite of the age — career politicians, bureaucrats and the whole political-intellectual clerisy — is dragging a once strong and prosperous nation. The other force is a deep loathing towards career politicians as a class (though people sometimes make an exception for the local member who they know).

This feeling of revulsion has reached a new peak in recent times. The people watch in bitter silence as the Canberra politicians put the finishing touches to their attempted reconstruction of the court of Louis XVI. The recently opened billion-dollar monument to megalomania is Canberra's answer to the palace of Versailles. Built, like its Bourbon predecessor, at a safe distance from the unruly masses, it is similarly financed by borrowings that may never be repaid.

The Australian people increasingly believe, and experience in Switzerland, Italy and America supports them, that if the safeguard of direct legislation had existed in this country, we might still have had problems, but they would not be destroying us. Today we all think of Switzerland as a prosperous and stable nation, but until it adopted the people's veto in 1874, it had been the most poverty-stricken and strife-torn country in Western Europe, sick with economic and political mismanagement and riven by internal divisions that had erupted into civil war as recently as 1847. After the Swiss people regained ultimate control over the nation's



affairs, the country forged ahead and now enjoys the world's highest living standard.

Again, Italy was a political and economic basket case from the late middle ages until the 1970s, when it activated its own direct legislation system. Since then the whole operating temperature of Italian politics has fallen, as controversial issues such as divorce, abortion, wage indexation and anti-terrorist laws have been dealt with by genuine majority decision rather than by intimidation and political horse-trading. Italy's last government endured for three years, which is longer than any Australian federal government has lasted since the Menzies era. The economy is prospering and economists now speak of 'the Italian miracle'.

In America, opinion polls show that the direct legislation system is supported by 77 per cent of all voters. The approval rate is even higher in the 24 states where the system actually operates (85 per cent in California). This is particularly significant, as the voters in those states are precisely the people who would know if the system had any significant disadvantages.

Would the People's Law Work in Australia?

In Australia it is sometimes objected that the direct legislation system would not work in Australia because a majority always votes 'no' in referendums. People who advance that view should, of course, be asked how they reconcile it with any notion of popular government. But in any case it is a misconception. If one looks at the referendums held at the state level since federation, one finds that two-thirds of them have been approved.

It is true that of the 38 proposals to alter the Commonwealth Constitution that have been put to referendum, only eight have been carried. However, all of the rejected measures were calculated to increase the power of the Commonwealth legislature or executive government in Canberra. One can be for or against such a policy, but to say that the people do not want to give any more power to Canberra is not the same thing as saying that they always vote 'no' in referendums.

Serving politicians sometimes object that direct legislation is inconsistent with the Westminster system of government. But we have never closely followed the Westminster model in this country; in fact we have led Westminster in introducing democratic reforms. We were well ahead of Westminster (and the United States for that matter) in the adoption of universal manhood suffrage and the vote for women; we pioneered the secret ballot, and indeed the idea is so closely associated with Australia that Americans still call it 'the Australian ballot'; if we had been content to tag along behind Westminster, we would have an

unelected Upper House with hereditary dukes and earls; indeed we would not have a written constitution at all. History suggests that if we adopt the initiative and referendum system, Westminster will follow us.

Studies of voting behaviour in direct legislation ballots show that people's values and convictions remain politically middle-of-the-road and do not consistently favour either the Left or the Right. A 1984 study of initiative and referendum ballots in the United States over the previous eight years found a nearly identical number of initiatives sponsored by the Left (79) and the Right (74). There was an almost identical voter approval rate for both sides: 44 per cent for the Left and 45 per cent for the Right. Of a third category of 46 initiatives that could not be classified as Left or Right, exactly half were approved by the voters. Overall, it was found that the more moderate and reasonable the approach of the initiative measure, the more likely it was to succeed at the polls, whether the subject matter were nuclear waste disposal, tax reductions, business regulation or anything else.

Contrarily to the fears of opponents, people cannot be manipulated by costly advertising or biased media coverage used in the period before the ballot. No researcher has ever been able to find any correlation between advertising outlays and the chances of an initiative succeeding at the polls. At one time there did seem to be a correlation between spending against a measure and its chances of being defeated, but in recent years even this connection has weakened as heavy campaign spending has tended to become an issue in itself.

This brings us to the fundamental insight, or re-discovery, of direct legislation practice, namely, that people are not stupid. They are per-



fectly capable of noticing a one-sided and obviously costly advertising campaign, and immediately tend to ask where the money came from. So heavy advertising expenditure tends to rebound on those who use it. Conversely, some successful initiatives that have relied on voluntary canvassing have been able to succeed at the polls with very little expense. One successful California environmental initiative involved a total expenditure by proponents of only \$9000, while the opponents of a marijuana legislation were able to defeat it with the expenditure of only \$5000, a mere fraction of the expenditure in favour of the measure.

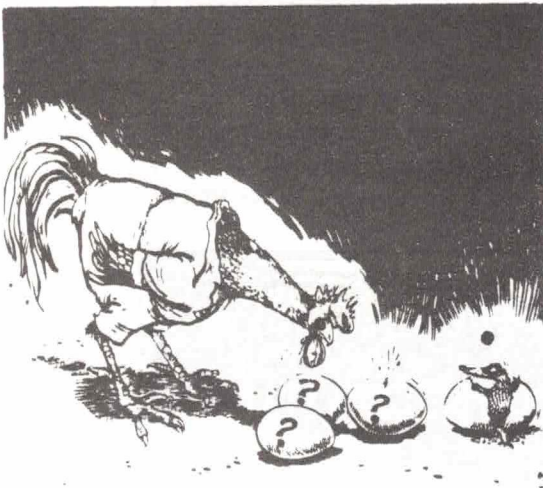
Similarly, the influence of media comment is less than one might think. One study of over 1000 actual ballot papers in Los Angeles found that no one marked a ballot paper in accordance with the recommendations of the *Los Angeles Times*. Again, the almost unanimous media condemnation of Proposition 13 was to no avail.

There is, in fact, no argument one can raise against the direct legislation system that cannot be refuted by reference to experience over the last 115 years. That is why opponents of the system prefer to downplay the historical record and rely on unsupported assertions about tyranny of the majority and the like.

Popular Legislation and the Case of the ID Card

One recent episode that strikingly illustrates the state of our system of government and the need for direct democracy is the two-year struggle against the government's proposed identity numbering and ID card system. From that campaign emerged the following points:

- Many career politicians and most bureaucrats have no understanding of, or respect for, the values and safeguards needed to maintain a free and democratic society. They have no inner awareness or prin-

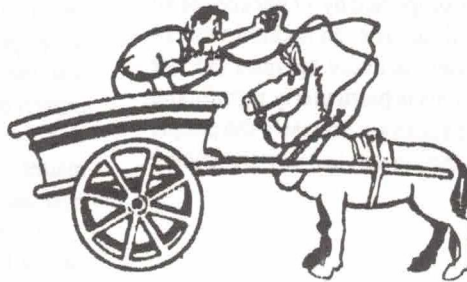


ciples that would cause them to draw back instinctively when they are presented with potentially destructive ideas.

- We cannot rely on the major media to help defend basic liberal democratic values either. For 18 months, right up until August 1987, there was a virtual television and press blackout on the case against the ID scheme. The editorial columns were marked by an uncanny unanimity of support. Although in Au-

gust 1987 some newspapers opened their letters pages to popular feeling, the editorial policy of the major papers remained to support the scheme to the bitter end, even though their arguments became increasingly lame and defensive. Radio and country press seemed to be the only parts of the mass media where freedom of speech still exists.

- On the positive side, this period showed that Australians are not apathetic, spineless or supine. They have, admittedly, been unsuspecting, but one of the legacies

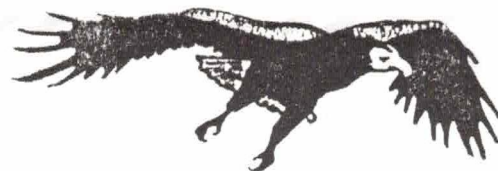


of the ID card debate is that they will never again be so gullible towards government. Some politicians belittled this wave of popular fury as 'decibel democracy', but I call it the awakening of a consciousness that will reinvigorate the whole democratic ideal in Australia.

- Above all, this episode showed the need for the citizen initiative and referendum, which will take away the power of governments to introduce negative laws under false pretences, because even if they do get the rubber stamp of their parliament on unwanted or oppressive laws, the people will always have the power to set matters right.

We must ensure that 1988 is remembered, not just as a bicentennial of a beginning, but as a beginning in itself — the beginning of the Australian people's struggle for independence from the rule of the rigidly disciplined parties, from a tunnel-visioned bureaucracy and from the courtier class of political intellectuals that has waxed fat on the pickings of usurped power. Politicians should note that next year, too, is a bicentennial — and of a more momentous event than that of 1788. For Paris in July 1789 wrote an eternal lesson for all those élitists, in all countries and all times, who believe that some people are born to rule over others. ☐





APPLICATION OF PRINCIPLES.

The best and most precise objectives in the world mean nothing unless you also have the means to achieve them. Simply knowing how something should work is useless knowledge until it is applied.

One can read the operating manual of a vehicle as long as one likes - but the vehicle will not move until you put away the manual, climb into the vehicle, press the starter and engage the gears.

"Be ye doers of the word, and not hearers only, deceiving your own selves."

James 1:22

It was decades before the discovery that vitamin C was a cure for scurvy was accepted and applied by western doctors, over a million seamen dying before the remedy was finally applied.

For the attainment of a desired social objective, there are three necessary requirements:

- * KNOWLEDGE.
- * WILL.
- * SANCTIONS.



"Liberty cannot be preserved without a general knowledge among the people. The preservation of the means of knowledge among the lowest ranks is of more importance to the public than all the property of all the rich men in the country."

John Adams (1735-1826)

Second President of the United States.

"If at first you don't succeed, try, try, try again."

There are three types of SANCTION:

- * COMPULSION.
- * INDUCEMENT.
- * BEFUDDLEMENT.

(Befuddlement includes Delusion, Incitement, Hypnotism, Flattery, Deception)

A great deal of time can be wasted in the belief that those in power will act from goodwill unless their own self-interests are concerned.

Therefore, unless voters have at their disposal some type of sanction over their representative, they are naive to believe that their policies will be properly re-presented unless they happen to coincide with the representative's personal interests.



THE PARTY FAITHFUL : "WE'VE ALWAYS KNOWN WHAT'S BEST FOR THE PEOPLE - AND IF WE'RE ELECTED WE'RE GONNA KEEP IT THAT WAY!"



Therefore, in any political initiative from an individual, a community or a society, a realistic assessment must be made as to available sanctions for compelling the required result. If there are no sanctions, then consideration must be given to developing them. They will invariably lie in the area of Compulsion, Inducement and/or Befuddlement; or, to use colloquialisms, "the Gun", "the Dollar", and "the Word".

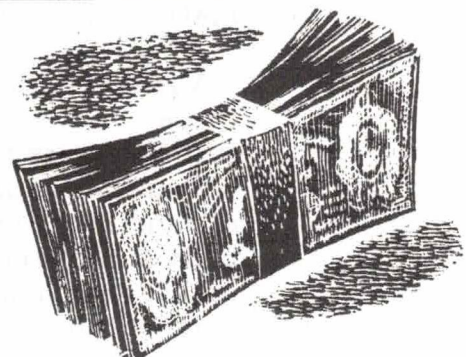
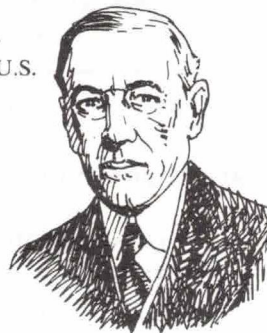
"No great political improvements, no great reform, either legislative or executive, has ever been originated in any country by its rulers. The first great suggestions of such steps have been made by bold and able thinkers, who discern the abuse, denounce it, and point out how it can be remedied.

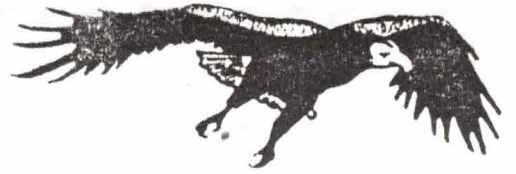
At length, if circumstances are favourable, the pressure becomes so strong that the government is obliged to give way and, the reform being accomplished, the people are expected to admire the wisdom of their rulers by whom all this has been done."

Henry Thomas Buckle (1821-1862) English historian.¹

"The history of liberty is a history of the limitations of governmental power, not the increase of it. When we resist concentration of power, we are resisting the powers of death, because concentration of power is what always precedes the destruction of human liberties".

Woodrow Wilson —
28th President of the U.S.





EDUCATION AND LOCAL GOVERNMENT

Broadly, there are two contrasting views as to the proper purpose of education. The first is that education is an "in-put" process; in other words, that the teacher implants into the mind of his pupil selected data so that the student can subsequently operate in a pre-determined function.

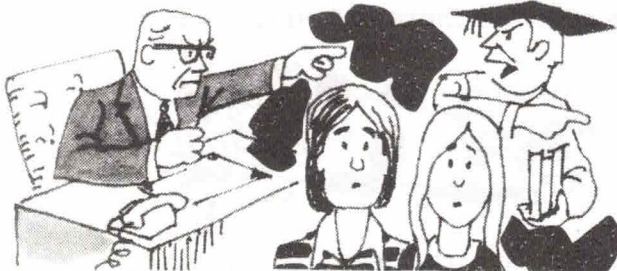
The second is that education is a "leading-out" process, which acknowledges that while a pupil requires a grounding in basic tools - the "three Rs" for example - he is not to be made into an automaton, but an innovator. This means that the purpose of education is to equip pupils with the best means possible to learn for themselves, to develop their faculties to the maximum, in order to achieve for themselves what they perceive to be constructive, important and valuable. Their function is to be self-determined.

Dorothy L. Sayers, in her essay "The Lost Tools Of Learning", asks:

"Is not the great defect of our education today - a defect traceable through all the disquieting symptoms we have mentioned - that although we often succeed in teaching our pupils "subjects", we fail lamentably on the whole in teaching them how to think. They learn everything except the art of learning. . . . :

Who is responsible for the education of children? Either the State, or parents.

One of the great dangers in a monopolistic State education system is that the curriculum can be used for political purposes. This has been recognised by all dictators. The Communist Manifesto insisted on "Free education for all children in public schools. . ." The German Nazi leader Martin Bormann (1900-1945) wrote to his wife Gerda: "Education is a danger. . . . At best an education which produces useful coolies for us is admissible. Every educated person is a useful enemy. . . ."



There has never been any doubt that in a free society the responsibility for the development and education of children has been that of parents.

When technical expertise has been needed, the teacher has always been regarded as "in loco parentis" - "in place of parents", but still responsible to them.

The idea of an "Education Voucher" is a first step in the increase of parental choice and responsibility for the education of their children.



LOCAL GOVERNMENT

While it is seldom much publicised or sensatinalised, Local Government is the most important tier of government, for local issues and activities preoccupy the most time for ordinary people.

The Town Clerk and City Administrator of Brisbane in the '50s, J.C. Slaughter, wrote:

"Although our present system of Local Government is comparatively of modern creation, its roots go deep into the history of the British people. It has taken its present form largely from the British way of life, and its desire for evolution by gradual change rather than by sudden revolution. English counties took their origin before the Norman Conquest; its parishes are as old as the establishment of Christianity in England. The principle of rating land to finance local services originated in mediaeval times, and representative government has been typical of the British people from the earliest times. It has been said that certain features of the system go back beyond the dawn of history - they lie embedded in the heart of the Anglo-Saxon."

R.H. Robinson, with 50 years experience in Local Government in Australia, wrote in his book "For My Country":

"It is probable that the roots of true Local Government established and maintained, have had more to do with the maintenance of democratic government in the various countries now so governed than historians are prepared to grant. Wherever the inspiration has led to the establishment of Local Government under the basic principles of the English system, that country still maintains its bold democratic way of life. . . "

In his excellent book "The History of Local Government in New South Wales", published in 1964, H.E. Maiden writes (p.320):

"There are many different views of the ideal system of Local Government - almost as many as there are writers and thinkers upon the subject, but perhaps they may all be divided into two classes. One class sees only the need to produce material results in efficient roads, bridges, health administration, gas supply, sanitary service and so on - and ignores absolutely the psychological and ultimate social effect of the means by which those results may most quickly be obtained - so it develops its system ultimately as a trained expert central official bureaucracy with or without some admixture of local representation.

"The other class aims to produce the same results, but



bears ever in mind that no system will pay dividends of national well-being, however efficient it may be on the surface, if it tends to destroy the individual independence of the citizens, to relieve them of the privilege, responsibility and duty of deciding and thinking for themselves, to shield them from suffering the effects of their own errors - if, in fact, it tends towards 'a state of society in which, everything being done for the people, nothing was done by the people' (Buckle). . .

It was also Henry Thomas Buckle (1821-1862) who wrote of "... those great municipal privileges which, whatever be their faults, have at least the invaluable merit of accustoming free men to the exercise of power, giving to citizens the management of their own city, and perpetrating the idea of independence, by preserving it in a living type, and by enlisting in its support the interests and affections of individual men. . . ."

Those who visit England often comment that the most peaceful and charming areas they see are the old English villages, with their quaint, winding streets and thatched cottages. We tend to forget that those villages were built without any engineers and town planners, building regulations and 'zones'.

In other words, when people are trusted with the responsibility for their own freedom and their communities, they usually make a success of it.

The great drive in Australia is to place local councils increasingly under central direction, amalgamating them into regional administrations, thus distorting their original purpose - local forums for deciding policy.

Local Councillors, just as much as Members of Parliament, are representatives of the people. The Councils do not belong to them, but to the local community

"Your learning is useless to you till you have lost your text-books, burnt your lecture notes and forgotten the minutiae which you learnt by heart for the examination. The function of a university is to enable you to shed details in favour of principles."

"Culture is activity of thought and receptiveness to beauty and humane feeling. Scraps of information have nothing to do with it."

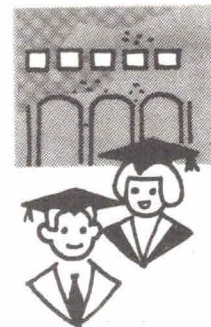
"Education is not knowledge; but the acquisition of the art of the utilisation of knowledge."

"There is only one subject matter for education, and that is Life in all its manifestations."

Alfred North Whitehead
— the great Harvard philosopher.

"The knowledge man has acquired with age is not the knowledge of formulas, or forms of words, but of people, places, actions — a knowledge not joined by words, but by touch, sight, sound, victories, failures, sleeplessness, devotion, love — the human experiences and emotions of this earth and of oneself and other men; and perhaps, too, a little faith, and a little reverence for things you cannot see."

Adlai Stevenson
— former U.S. Ambassador to the United Nations.





OPTIONS FOR ACTION.

There is no blueprint for effective action, because in every situation the issue and the circumstances are different. Therefore, an effective actionist must be an initiator and an innovator, able to apply the right mechanisms for a given situation.

However, there are principles which are valid for all, or nearly all circumstances.

The overall objective is the re-establishment of representative government - a situation where elected representatives are duty bound to establish an on-going consultative process with voters, representing the policies required by his electorate in Parliament or Council.

Currently, parliamentary or council representatives pay lip-service to this ideal, while doing precisely the opposite in practice. On the whole the role of policy-making has been transferred from Parliament or Council to the permanent Executive - the huge bureaucracy now existing in all western countries. Working through non-technical and captive Ministers or Councillors, the Executive shapes the agenda and drafts the legislation which goes before Parliament. This happens irrespective of which political Party happens to be in office. Backbench politicians, whose responsibility is to keep the Executive subservient to Parliament, now refrain from this task, having been silenced by party loyalties, the threat of loss of endorsement and the sheer volume of legislation coming before Parliament.

Nothing will change until voters have mustered enough force to ensure a change from their representatives.

So the objective at all times is "Responsible and Proper Representation".

However, most people are not moved by long-term objectives, but by issues which affect them. Therefore, the effective actionist must become adept at discerning the issues on which people will move.

This is not so easy as it sounds. We all have a tendency to see a particular issue as important, only to find that

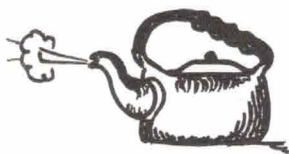


most people are indifferent to it. What we see as important is not necessarily seen as important by others.

Therefore, the good actionist is primarily a good listener. A wise person once observed:

"The way to reach others is to find a man with a problem, and help him to solve it."

Thus, we must become experts at sensing when an issue has "steam" in it. If it is not a matter of great concern to the community, a successful campaign is doubtful. If the steam is there, it is simply a matter of introducing the right techniques for a successful outcome.



Let's look at an example:

During the Great Depression a provincial city in Queensland was contemplating the introduction of a sewerage system in place of sanitary cans. The community strongly endorsed the idea, but the mayor opposed it on the grounds that there was no money.

The community, in protest, placed a pile of sanitary cans in the main street. At exactly the right time, a small dog came by, and lifted its leg against the pile, being photographed by a local reporter in the act.

That photograph began to haunt the mayor. Whenever he went to his office the photograph was in his diary. When he went to a restaurant the photo mysteriously appeared under his plate. It appeared under his wiper when he parked his car. After a week the mayor became convinced the whole town was laughing at him. Shortly after, sewerage was introduced!

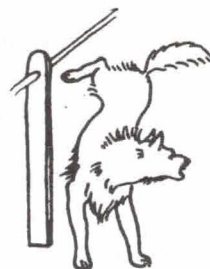
If the matter was of little concern in that community, nothing would have happened. Two or three sanitary cans in the main street is an irritating offence. A mountain, on the other hand, is a forceful expression of public opinion, which definitely constitutes "steam".

(The appearance of a small dog at such moments can only be attributed to Providence. Such a happening can never be organised, only deserved!)



Another example:

In one part of Australia in the mid-seventies, there was a massive and unwarranted increase in local council rates. The usual protest meeting was held in the local hall. Despite threats of fire and brimstone, nothing was resolved. Of the 400 who attended the meeting, 6 people became the nucleus of a small ratepayers association. When the next council elections were due this association wrote to 48 candidates standing for 5 councils in the area. Each candidate was asked three questions:





- * "As a candidate for Council, would you agree there should be NO rate increases without asking ratepayers first, as they have to pay?"
- * "Would you agree there should be NO amalgamation of councils without the consent of the people? After all the councils belong to the people you want to represent."
- * "Would you meet publicly with your ratepayers at least every six months to seek their views on general policy direction and expenditure, so that you can better represent them on Council?"

Each candidate was informed that his reply would be published in the local paper. This produced wild indignation from some of the councillors who had been on their Councils for some time. A variety of replies was received, some rude and bombastic, others reasonable. The majority, however, did not reply at all!



A full-page draft advertisement was prepared. The three questions asked were listed, followed by the name of each candidate. Beside each name was the verbatim reply! One said, "I'm damned if I'm going to answer any questions!" Another said "Who do you think you are, to question me in any way?" A third wrote, "My job is not to represent the people - it's to run the Council!" Each reply appeared alongside the candidate's name.

Those who replied reasonably, and those who did not have the courtesy to reply were also listed.

The advertisement was taken round the district, and people were asked to contribute to its publication. Because it hit the nail on the head, the money was contributed in a few hours.

When the advertisement appeared there was no suggestion as to who to vote for - but ratepayers were asked to use the information when making their decision. They certainly did so! One complete council was voted out and replaced with fresh representatives. For a while, councillors were much more conscious of their duty to represent their fellows, rather than dictate to them.

Such campaigns do not depend on numbers or force - but on a few individuals who know what they're doing. Some simple planning is necessary. Firstly, a campaign meeting should deal with WHY, WHAT, WHO, WHEN, WHERE and HOW? Deal with these one by one:

WHY? Make sure that all participators are in agreement as to WHY the campaign is necessary.





WHAT? Spend a little time on this. Clarify in everyone's mind exactly **WHAT** you want to achieve.

WHO? Who do you want to influence? Who can be expected to support you, and who will oppose you?



WHEN? Timing is important. Don't rush in until you have analysed this. Sometimes it may be better to wait. Don't sell fur coats in mid-Summer! Look at your calendar. Will such things as school holidays, public holidays, long week-ends etc. affect your project?

WHERE? Location is sometimes important. You won't get far campaigning for cheaper bus rates in remote country areas. Nor will you get action on remote education facilities in metropolitan cities.



HOW? Realistic discussion and assessment of tactics is important. Will advertising help? Is a simple pamphlet the answer? What about audios or videos? Will a rally or public meeting help? What organisations in the community could be sympathetic enough to help?

Make an assessment of your strengths and weaknesses, your resources and your budget.

Campaigns can be costly, but there are ways to make them self-funding. This is perhaps the best test of whether "steam" is in the issue. People will contribute to an issue they are concerned about. But they like something specific. Thus, if you wish to print a pamphlet or an advertisement, it helps to have a sample to show potential contributors. Once a realistic assessment has been made, move on to the consideration of **TACTICS**. These include:



- * Letters, phonathons, faxes etc.
- * Rallies and marches.
- * Surveys, phone-ins, referendum ads. etc.
- * Media stunts, media coverage etc.
- * Information booths in shopping centres, agricultural shows etc.
- * Leaflets, posters, bulletins, video evenings.
- * Seminars, meetings, conferences.

In some cases, "meet-the candidate" nights have been held, and where run successfully, have made an impact. These are usually held just before an election, or a major crisis issue. Candidates or representatives from every party are asked to appear on the same platform, under impartial chairmanship, to answer set questions. An empty chair is put on the stage with the name of the candidate who won't agree to attend.

In some electorates, Voters' Associations or Electoral Unions have been formed, with the simple objective of



pinning representatives down on matters of policy affecting voters in the electorate. Such associations are obviously non-aligned politically, simply acting as an intermediary between representative and voters on issues of importance. At all times the overlying emphasis is on stressing the representative's loyalty and allegiance to his electorate as a first priority.



THE USE OF HUMOUR: It is vitally important that people who want to change things keep a sense of humour and their feet on the ground. There is nothing more harmful than the individual who ruins a good cause with a fanatical approach. Nobody is infallible. Many of those who disagree with us are victims of misunderstanding or lack of knowledge rather than malice. It is wise to remember the old proverb:

"A soft answer turneth away wrath."

This does not mean that we have to compromise our beliefs.



ABOVE ALL, ACTION CAN BE FUN! THERE IS NOTHING MORE STIMULATING THAN A WELL-RUN CAMPAIGN WHICH ACHIEVES ITS OBJECTIVE. OUT OF IT WILL ALSO COME NEW FRIENDSHIPS, THE FRUIT OF COMMON CAUSES.





ECONOMIC BASICS.

A minority of economists has now conceded that their disciplines have become meaningless. In the early '70s, Professor Waters from the London School of Economics said developments in major countries contradicted the basic premises of economic teaching. He has been followed by others.

Economics is derived from a Greek word "oikonomia", meaning "house-keeping."

There are a few factors about economics in the 20th century worth observing. The dominating situation in previous civilisations has been scarcity. The task of providing food, clothing and shelter for the community has predominated.



For the first time in known history this has totally changed. The predominant factor in developed nations is abundance. Our productive heritage, linked to modern technology, has presented us with potentials never faced before.

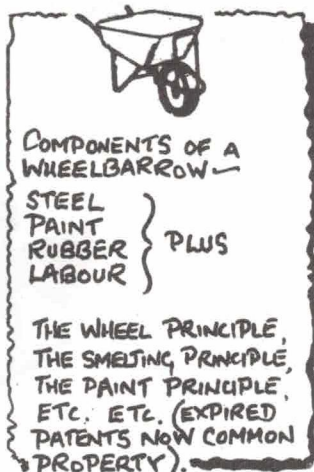
The productive evolution is one of improvement - starting with the pioneering state, where the provision of basic sustenance is the first essential - food, clothing and shelter.

To begin with, man has enormous natural capital, but little 'know-how'. The capital is God-given, consisting of Earth, Air, Water, Minerals and Solar Energy. These are sufficient for the most primitive life-forms. For man, with the ability to experiment, deduce and record, they are a vast natural store-house of potential.

Through trial, error and endeavor, man discovers how to sustain himself and his society with diminishing effort. The lessons of one generation are passed to the next through education. Re-discovery is not necessary.

The inventions which for a short while were the property of the discoverer become the common property of the community, joining such shared legacies as our language. The discovery of the wheel, for instance, is no longer patented by one individual. The wheel-principle is a benefit enjoyed by all.

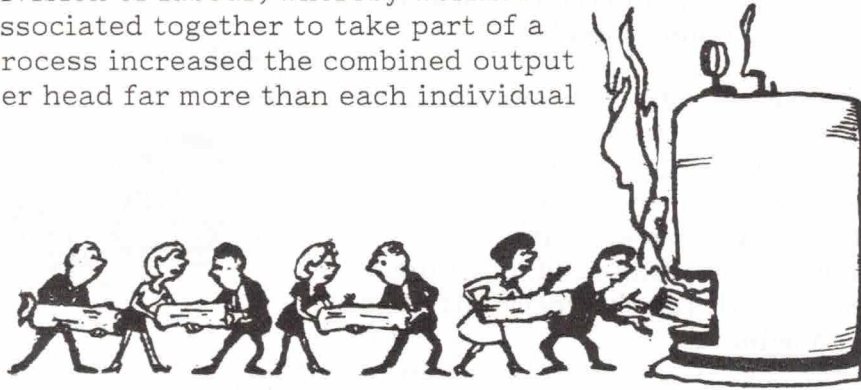
Man, it is said, has a physical



capacity equivalent to 1/22nd of a horsepower. Thus, a one-horsepower motor, applied the right way, provides its owner with the equivalent of 22 human slaves. To estimate the number of mechanical slaves available in a modern economy would be a daunting task!



But mechanisation is only one of a number of developments which have improved the productive process. The division of labour, whereby workers associated together to take part of a process increased the combined output per head far more than each individual



could achieve on his own. Nail-making offers an example. Originally, one man completed the whole process - heating the metal, shaping it into fine rods, cutting it into the right lengths, shaping a head and a point and packing the completed nails for marketing. Under such a process, he might produce 50 nails per day. It was discovered that, if a number of men combined so that each carried out part of the process, output increased to, perhaps, 150 nails per worker. Thus, the division of labour was applied in many forms, the modern production line being an obvious outcome.

This combination of discovery, trial-and-error, accumulation of productive techniques, the division of labour, industrial mechanisation, electronics, computer technology and robotics has resulted in a situation where human labour is a vastly-declining factor in production. Australia is a case-in-point. Agriculture now accounts for about 7% of the workforce; mining about 1%; manufacturing accounts for approximately 15%. Allowing another 10% for distribution, Australia could successfully produce and distribute its current output - including its huge exports - with an unemployment rate of 60-65%!

The constant factor in this steady development





throughout our history has been the incentive for each individual to participate by acquiring personal benefits. This has only happened where society has defended the opportunity for as many as possible to hold private property and profit from applied effort.



Throughout creation, says the evidence, the territorial imperative applies. Even primitive life-forms, extending right through the animal kingdom, have an instinctive need for some personal territory of their own. Wherever the right to private property has been abolished, loss of incentive and productive self-sufficiency has resulted. The need for privacy and a secure retreat seems just as strong a factor as productive incentive. The old saying that "an Englishman's home is his castle" is an acknowledgement of this truth.

Robert Ardrey, in "The Territorial Imperative" published in 1967, gave this example:

"Private plots occupy about 3 percent of all Russian cultivated land, yet they produce almost half the vegetables consumed, almost half of all milk and meat, three-quarters of all eggs, and two thirds of that staff of Russian life, potatoes. After almost half a century the experiment with scientific socialism, despite all threats and despite all massacres, despite education and propaganda and appeals to patriotism, despite a police power and a political power ample, one would presume, to effect the total social conditioning of any being within its grasp, finds itself today at the mercy of an evolutionary fact of life: that man is a territorial animal ..."

The complete collapse of Communism in 1991 is confirmation of Robert Ardrey's observation in 1967.

The advent of technology, with the declining influence of human labour as a factor in production, has added importance to some basic questions:

"WHAT IS THE PURPOSE OF PRODUCTION?" The answer is that the purpose of production is consumption - NOT employment. If the purpose of a productive system is to keep everybody employed, this can easily be achieved by eliminating bulldozers and going back to shovels; and if this is insufficient, back to teaspoons. We can put people to work digging holes, and others to filling them in again.

"WHAT IS THE TRUE COST OF PRODUCTION?" Again, the

answer is consumption. The cost of building a barbecue is 58 bricks, a bag of mortar and three hours of labour. If it can be done with fewer bricks, less mortar or two hours of labour, the cost has been reduced. In reality, the true cost of production has been diminishing ever since the industrial revolution. The fact that this true reduction has not been reflected in financial terms will be looked at later.



A survivor, washed up on a desert island, had just enough strength to climb a tree and knock down a coconut. This gave him just enough energy to repeat the process. Every day he had to consume a coconut in order to knock down the next. Cost of production was one coconut consumed, or 1 coconut/1 coconut.

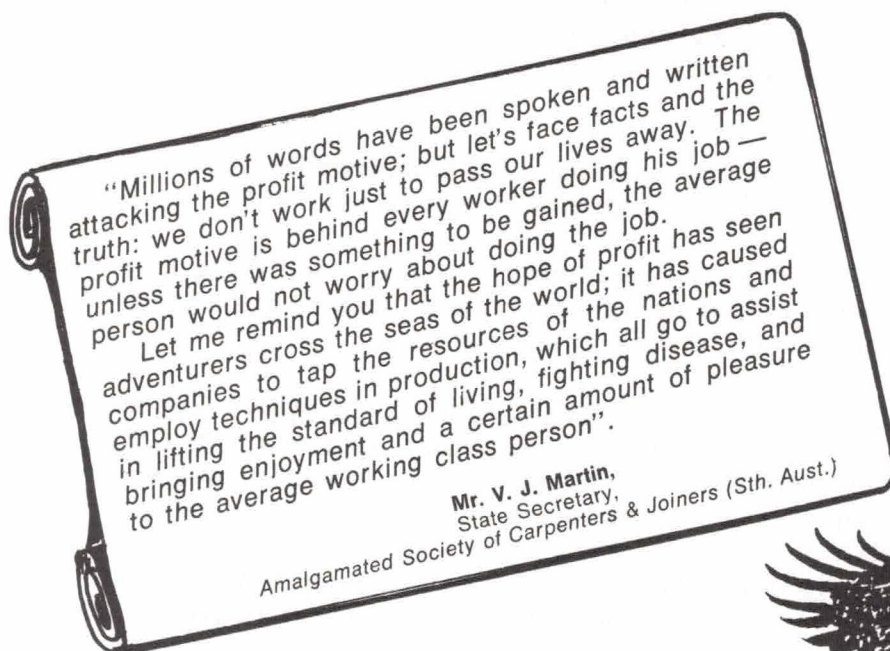
One day, through getting the knack, he knocked down TWO coconuts! He was now faced with a bewildering array of choices; either he could be an absolute pig and eat two - or he could have one day's rest! Whichever he chose, the cost of production was now

1 coconut/2 coconuts - or half what it had been before.



THE HUGE ARRAY OF TECHNOLOGICAL ADVANTAGES NOW AVAILABLE TO MAN LEAD TO AN INESCAPABLE CONCLUSION

"LIFE WAS MEANT TO BE EASY!"

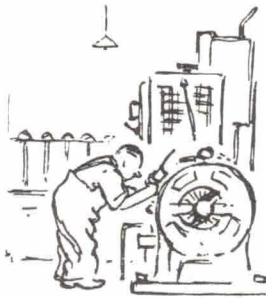




ECONOMIC FREEDOM POTENTIALS, (Part 1).

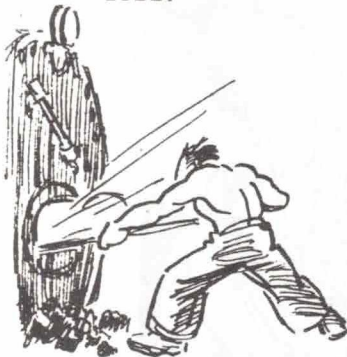
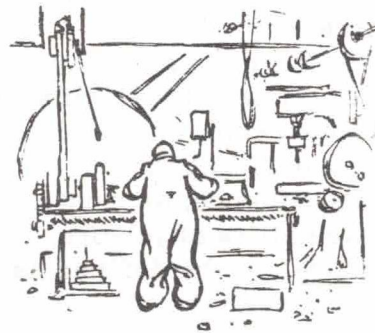
To compare the primitive economy of the Bushmen of the Kalahari Desert with that of a modern developed economy is to compare two periods of history. The all-consuming struggle for survival has left the Bushman without the means to devise short-cuts. Art, music and building is of the most primitive kind.

The industrial economy, on the other hand, has equipped each citizen with thousands of mechanical slaves - a vastly-enlarged and widened equivalent of the upper classes in the Greek civilisation before Christ, who used human slaves to equip themselves with a leisured society.



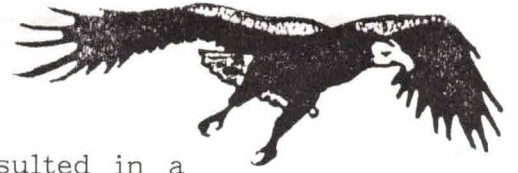
We need, therefore, to consider the difference between Work and Leisure. In terms of physical effort this is increasingly more difficult to do. People usually expend vastly more physical effort in leisure activities than in their jobs. Thousands of occupations are now sedentary. In many there is, in reality, little to do.

"Work", therefore, can be defined as "compulsory activity undertaken in order to obtain a financial income with which to provide the necessities of life". A fortunate minority enjoy their work. A great many hate their jobs almost as much as they fear being job-less!



What sort of system is it, therefore, which conditions so many to committing their working life to a form of activity they dislike?

Economic policy is aimed at twin-objectives - full employment and economic growth. It now needs to be asked whether these objectives are either realistic or just. The impact of the technological revolution has pitted these twin-objectives against each other. Our productive system is incapable of providing full employment and sufficient income to enable consumption of productive output at the same time. What, therefore, do we require from our productive system? The realistic answer is - to supply WHAT we want, AS, WHEN and WHERE required.



Our failure to face this question has resulted in a number of false solutions with devastating consequences. A compulsion to force consumerism as a way of stimulating productive opportunity has become endemic. As long ago as 1960 Vance Packard, in his book "The Waste Makers", said:

"...Prodigality is the spirit of the age. Historians may allude to this as "the throw-away" age..."

Packard's book went on to show how planned obsolescence had been in-built into design factors throughout industry as a means of increasing consumption. Packard quoted the marketing consultant Victor Lebeau, writing in the Journal of Retailers:

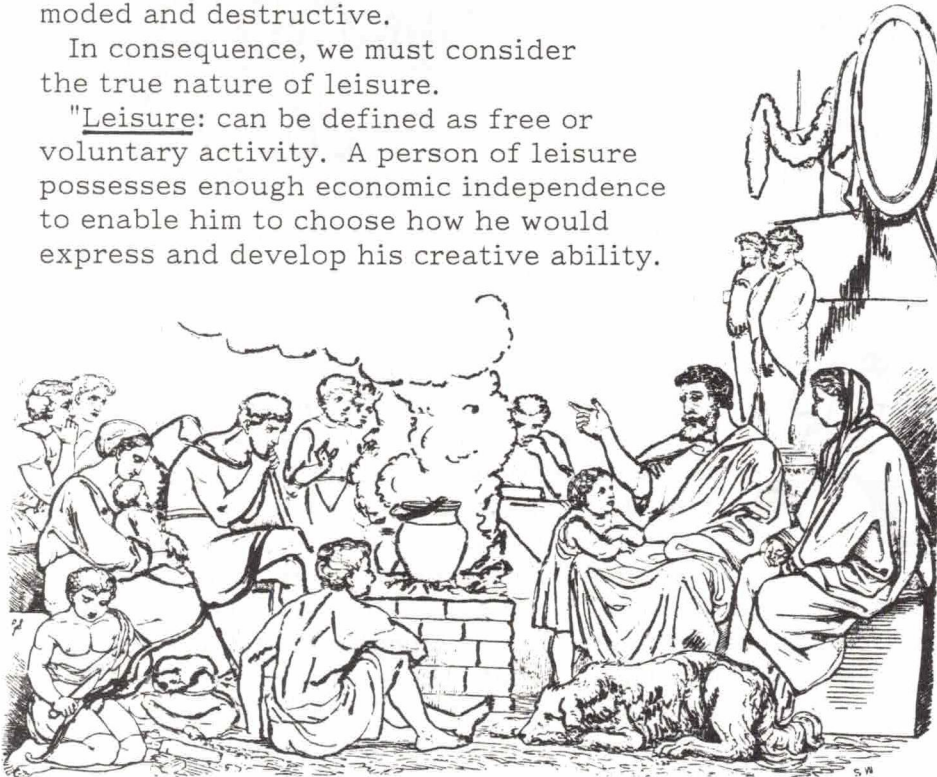
"... Our enormously productive economy demands that we make consumption our way of life; that we convert the buying of goods into rituals; that we seek our spiritual satisfactions in consumption. We need things to be consumed, burned up, worn out, replaced or discarded at an ever-increasing rate..."

Only two years before the book was published - in 1958 - the United States, with 6 percent of the world's population, was consuming 50 percent of the world's resources.

Man's only hope is to return to quality long-life production, which can only be done by facing the fact that full-employment in an advanced technological age is out-moded and destructive.

In consequence, we must consider the true nature of leisure.

"Leisure: can be defined as free or voluntary activity. A person of leisure possesses enough economic independence to enable him to choose how he would express and develop his creative ability.





In ancient Greece the natural state was one of leisure. The production and maintenance work was done by slaves, leaving the citizenry free to pursue nobler activities. There was no greek word for "work". The word for leisure was "otium". Occasionally, it was necessary to devote some time to overseeing the slaves and deciding economic policy. The word for this was "negotium" or "non-leisure" - from whence our word "negotiation" is derived. Life was

devoted to learning, the arts and sport. The Olympic Games originated in the year 776 B.C., and the 4-year period between the games was used as the dating system in the Greek civilisation. The Olympic Games of that period went further than sporting events, including musical and literary competitions.

The Greek philosopher and scientist Aristotle once observed that the mathematical sciences developed in

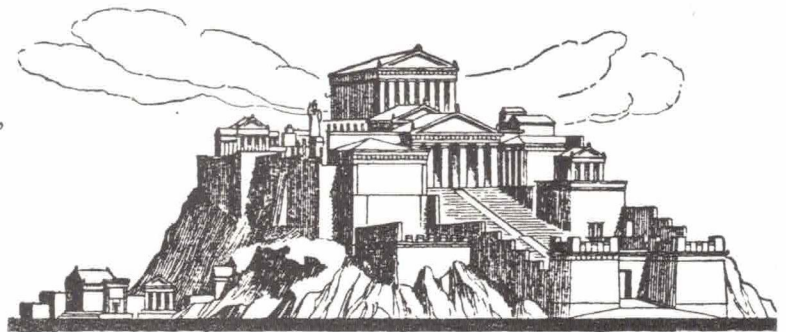
Egypt, where the priests had leisure, being served by slaves.

The leisure of the Greek civilisation produced the science of Archimedes, the medicine of Hippocrates, the philosophy of Socrates, the academia of Plato, the poetry of Homer, the mathematics of Pythagoras, the science of Aristotle, the architecture of Pericles, the history of Herodotus the politics of Thucydides, and the drama of Sophocles, Euripides and Aristophanes.

The potential of each individual, given the vision, the tools and the environment for self-development, is beyond current imagination. The opportunity for such self-discovery available for all should be the natural dividend of mankind's productive achievements.



Jupiter and Mercury



The Acropolis, Athens





Democratising money

Democratising money? What's democracy? What's money? And how can we possibly democratise money?

First of all we have to understand something about what democracy is, and although I am not going to give you an extensive lecture on democracy — although of course the subject is worthy of one — we have to spend some time on it.

If you ask somebody what democracy is, the most normal definition given is: "Oh, that's where people vote." And that's true. But if you pressed a little harder, and said, "Well, what about in the 1930's, when there was a gentleman called Joe Stalin running the Soviet Union, and everybody voted, at least 98.5% voted for Joe Stalin's nominees; there didn't happen to be any other candidates, and if you didn't vote for his nominees you may well be shot". Is that democracy?

Well! Who brought him? That's not democracy. No way!

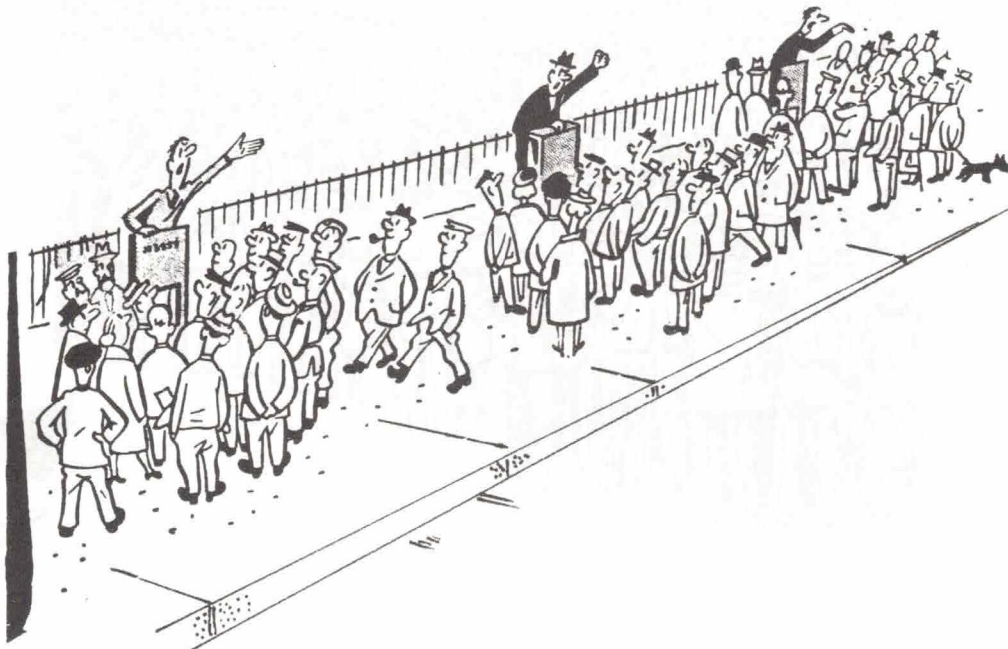
So democracy is more than just a vote. Democracy involves a vote, certainly. But a vote in which an effective sanction for each person, to have his or her just share in power and decision making, is enabled.

A vote is a way to a decision, or a choice behind the mechanism.

The second most common definition of democracy is, "Well, that's majority rule".

Last century, the foremost and most-quoted constitutional authority, a gentleman called Dicey, often used theoretical propositions to illustrate points, and he maintained that if a Parliament passed a law, that all blue-eyed children should be put to death at birth, then that would be a perfectly legal piece of legislation. Legal or not, we know most certainly that it is not democracy.

Democracy, with its sanction for each person to have his or



her just say in power, involves respecting minorities, and respecting the right of minorities to have their just say also. Decisions in democracies must be made by individuals, as individuals, and not by mobs who are harangued by demagogues into some emotional "Yea" or "Nay".

Democracy is not Mob-ocracy.

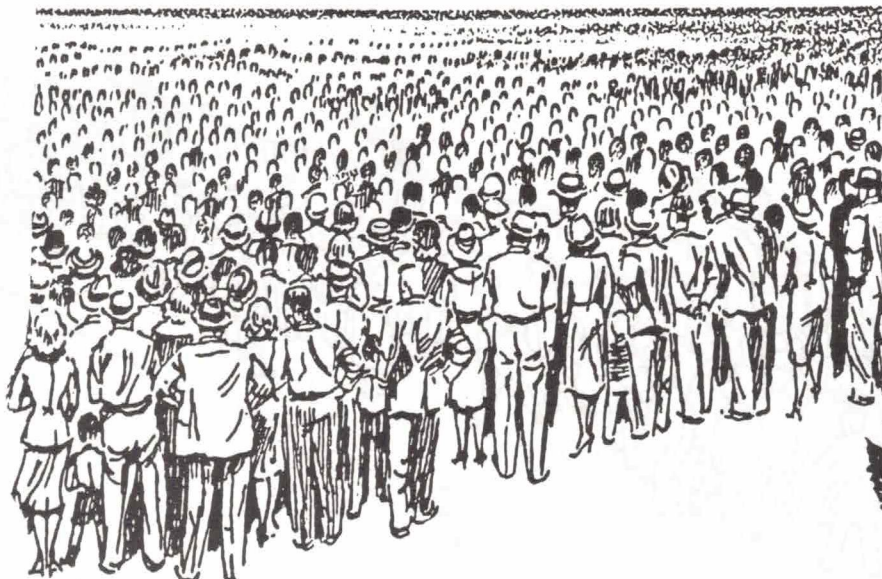
Democracy in the West was centred around lawful authority. And it was primarily developed by the British around a constitutional monarchy. It was not developed by any mob-ocracy. In Australia this continues to be the case, where the monarch continues, through her coronation oath, in a context of being loyal to God, and to the people, and the people's will. It does not involve any options to depreciate minorities' rights, or lives or property.

Limits to majority rule

Democracy is confined in some ways. It is confined in that it must only be applied, where the decisions are actually made by those people who are affected by that issue. I don't particularly want my neighbour making decisions about matters that are strictly my business, and he doesn't want me making decisions about his household either. And so in a way, democracy is to some extent a mechanism, whereby my neighbour and myself associate together and agree that we shall limit, through government, and the control of government, the possibility of other people interfering in that business which is properly that of the family or of the individual.

Democracy is also limited in that it only can apply to policies. With democracy we outline the results we want, and we can give them priorities. We can say, "Yes, the foremost thing we want in this community is better roads." But it cannot go beyond that, into telling the engineers and the surveyors and all of the technical people how to do their job. They must be personally responsible, but in a true democracy the individuals in that community make the decision that yes, it will be roads that we will be constructing and not, perhaps, pyramids or Parliament Houses.

A just relationship between individuals and society is what democracy is all about.



Democracy is not any one simple device, but a relationship. Simple mechanisms are needed to carry it, though those mechanisms will not be foolproof. The absence of the secret ballot, for instance, did for a time defeat democracy. The secret ballot, or vote, for government elections is an Australian invention, historically a comparatively recent one, and is still referred to by the Americans as the "*Australian ballot*".

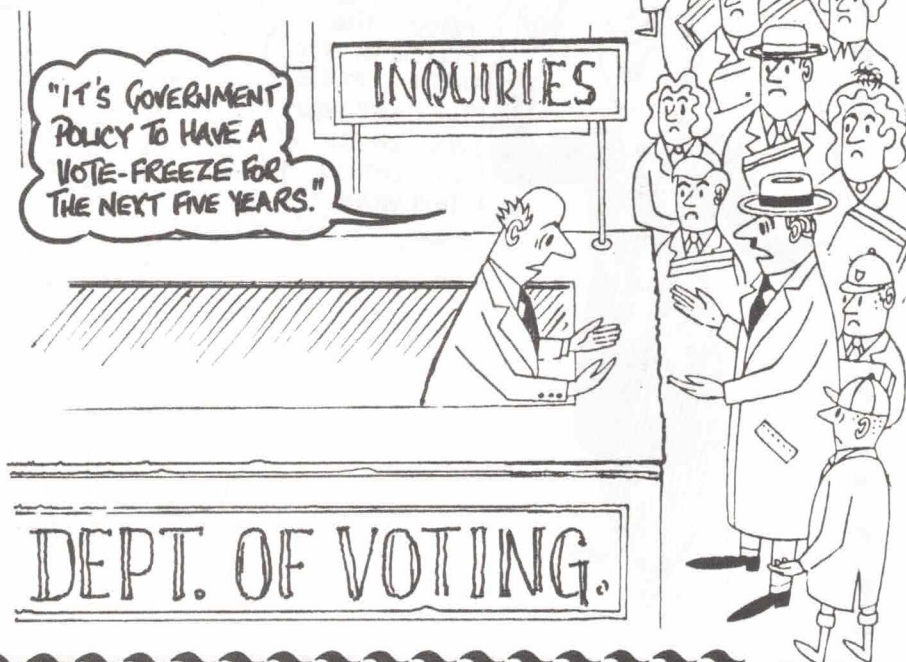
Whose is the vote?

However once we have a mechanism, and in this case the mechanism of political democracy is the vote, we must then make a decision as to whom that mechanism belongs. Whose is the vote? The early English approach was that you had to be over twenty-one, you had to be a male, and you had to have very substantial property, and be a man of very considerable substance.

Centuries later South Australia was one of the first States in the world to extend the vote to the gentler sex.

There has been a lot of consideration and development given to the question, of to whom the vote belongs. One of Australia's best-known novelists, Neville Shute, made his contribution in his novel, "*In the Wet*", where he had an old Australian, on his death-bed and hallucinating about the future of his country. He saw the need for a tremendous increase in the responsibility of voters. And he made a novel suggestion. He suggested that everybody should get one vote, but then on top of that, there would be others that could be given. Those who were raising a family, or who had raised a family, would be given a second vote, because that indicated they had extra responsibilities in the community. Those people who owned their own homes, maintained their own homes, or were paying one off, would get a third vote, for the same reason. Those who served in a military way to defend their country, or gave notable service to a charity, may get others. And finally, very occasionally a particular person may get a total of seven votes. The last one in his proposal being conferred by the community itself, as an honour to those who had given greater service.

I am not raising this proposal in order to advocate it, but simply to indicate that there is a decision there that has to be





made. The current Australian decision is that every Australian, eighteen years of age or over, will get one vote, and only one vote. On balance I think that's a good decision, and probably the best one. However, a decision has to be made, and that decision must reflect, and always will reflect, what is perceived to be a just relationship within the community.

If we went back to the early English experience, where only the substantial landowners had a vote, that would be perceived now, quite correctly, as a gross injustice. But nevertheless, in its initial development, it was a tremendous advancement for democracy because it began to expand responsibility, and it began to institute the concept of government with the consent of the governed.

Makers keepers

I would like to make another proposal, just to see how you react to it.

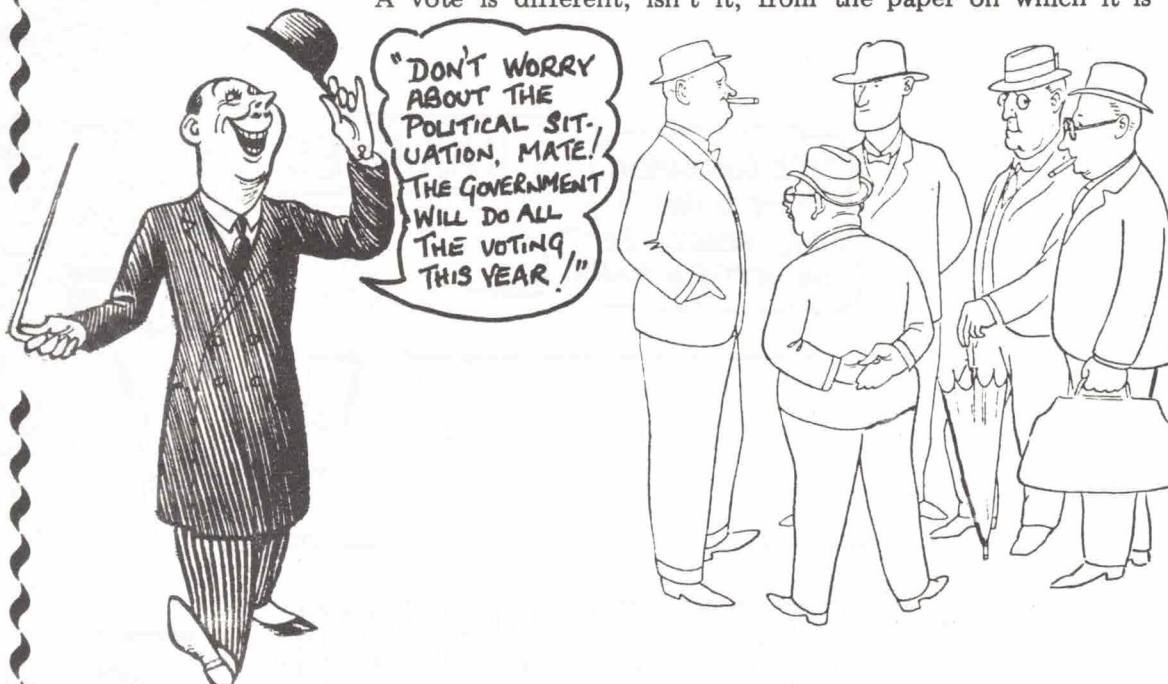
If you have ever taken a number of children on a bushwalk and picnic, you will notice that some of them will pick wildflowers, and others will gather dry reeds and make little baskets, and collect things. When it comes time to go home, you may find a little reed basket with some wildflowers in it, and you pick it up and say, "Who's is this?", and they all say, "Oh, that's Mary's". "Is this yours, Mary?". "Yes, that's mine.". We all agree it is Mary's. Why is it Mary's? Because she made it. Natural justice is in operation.

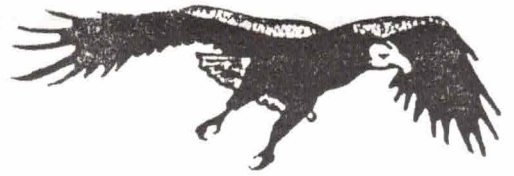
Now let's face it, when we go to elect a government, who makes the ballot papers? The Electoral Office. If it wasn't for the Electoral Office, there would be no votes. So the Electoral Office makes all the votes, they create all the ballots. So here is another proposal for you.

The Electoral Office should cast all the votes.

But of course, votes are not like goods, are they? A vote really is an invention out of our own minds. It is simply a concept, developed into a mechanism, to indicate choice, whereby certain people, it is agreed, can make a choice.

A vote is different, isn't it, from the paper on which it is





written. They are different things. One is a piece of paper — a mechanism — the other is a choice by a free person, acting in his own interests.

Now I hope you agree that this proposal, to give the Electoral Office all the votes, is ridiculous. I think it is absolutely and completely ridiculous, and would be a tremendous tyranny. Please don't forget this matter of the Electoral Office, because I am going to draw you back to it, as a proposal, a little later.

The three sanctions

Dr. Thomas Szasz, a well-known though controversial psychologist, observed in passing in one of his addresses here in Australia only a few years ago, that there are only three sanctions in human society.

The first one, he said, was the gun. Compulsion. Raw, naked compulsion. Naked political power. And what is the answer to that, and how are we to control it, in order to have something called democracy? The vote.

The second sanction, is the power of inducement. In most circumstances inducement is more powerful than compulsion, because all men are universally open to inducement, and it doesn't create as many enemies. We have a mechanism of inducement, and it's called the Australian Dollar.

And the third and final sanction, is described as the Word. The word can change people's minds. Words can enthuse us, convince us, depress, encourage us, inspire, despair or entertain us. The word is a sanction, which can be exercised over human minds.

Well, who owns words? We do have something called Copyright, it is true. But that only applies where words are put together in a particular and unique and original sequence. There have been people who have invented words. George Bernard Shaw, for instance, he invented a word. It is the longest word in the English language. It is "*Antidisestablishmentarianism*"! Now, don't ask me what it means; I don't know why anybody would ever want to use such a word, but if you like it, you can have it, it's yours!

Words, you see, are free. They are a tremendous mechanism





for communication, and they represent a real sanction in human society. But of course, educating us in their use is not free, and society has recognised that. Someone must pay, someone must teach, and someone must provide the written word and other facilities.

So we have developed a concept of the right of every child to a free education, or what's called a free education, so that all individuals, since they are exercising a vote, can be properly informed and therefore can properly exercise that responsibility. Thus we instruct our children so that they shall know words, be able to spell them, be able to write them, that they shall be able to properly use them and pronounce them, be able to read them, and beyond all, be able to understand them.

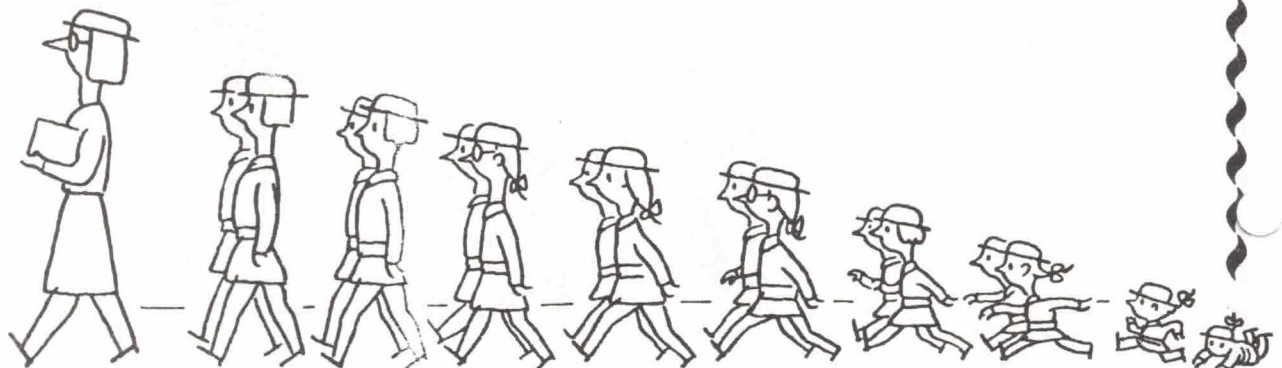
Free education is an integral part of democracy in a free society. Where all vote, all obviously need access to information, and it is interesting that the vote followed literacy. It did not precede it. In a society like the early English one where fewer people read, fewer people voted, but after everybody was able to command reasonably well that sanction of the word, then the moral persuasion that these people were responsible and had access to knowledge, could not be denied, and so the vote was extended universally.

Enormous care, effort, and sacrifice have been given through the ages, and applied to ensuring that the sanction of the vote and the sanction of the word, were available without charge to all free men. The vote controlled political power, and through political power controlled all of those other powers, like monopoly industry, or corruption in the Police Force, or organised crime, and much else. The vote was also used to make sure that every individual could make up his own mind, through being freely informed with a free press, in a highly literate society.

The sanctions of the vote and the word were both, in their own way democratised, and the one buttressed the other.

However, we have been rather neglectful in the instance of that other sanction, the sanction of the dollar, of the inducement that is money.

Well, what is money? Let's define it.





"Money is anything, no matter of what it is made, or why people want it, which everybody will accept in exchange for their disposable goods and services."

What is money?

When you ask most people what money is, they take out their wallets and wave a piece of paper and say, "That's money!". That's quite right. That is money. But if you went to Japan, and you purchased something and they asked you for some money, and you took that out and offered that, they would say, 'What's here? It's only an old, second-hand jam tin label, rather crumpled, with a lot of squiggly, unintelligible writing on it. That's not money!'"

So what makes money money?

Belief.

Only the fact that we believe it's money makes it so. Money is a product, if you like, of faith.

Is rum money? We don't believe that. However if you went back to the first thirty years of the first city in Australia, over 90% of all transactions were done either with rum, or reckoned in terms of rum. Rum was the first money form developed in this country.

Even today, there are people who think that drinking rum is a waste of money! However, there are others of course, with whom I have more sympathy, who believe that it is a very good investment.

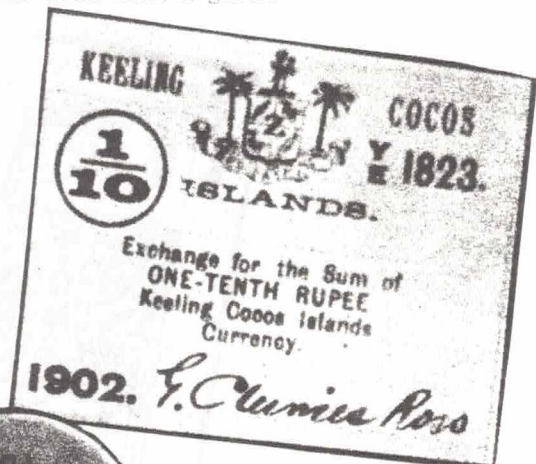


Funny money

If you want to look at some of the unusual money forms, you can have a lot of fun. I have a couple of history books at home, which outline literally hundreds and hundreds of them. Wampum shells on the North American continent among the Indians; the early English, using notched sticks. The people of the Santa Cruz Islands used Woodpecker scalps. In northern Siberia it was reindeer; and in the very isolated community on Easter Island, that had practically no domestic animals, it was dead rats, a gastro-nomic delight.



THE 'ASSIGNAT' - THE
PAPER MONEY OF THE
FRENCH REVOLUTION.



'CALABASH CURRENCY',
ISSUED BY THE CLUNIES
ROSS FAMILY IN THE
EARLY NINETEENTH
CENTURY.

I can't remember anybody actually using the kitchen sink. But almost everything other than the kitchen sink has been used as money. In the Polynesian islands, for instance, there was a money form there, where an individual coin weighed over fifty tons and was made of stone. At least the thieves could literally never lift them!

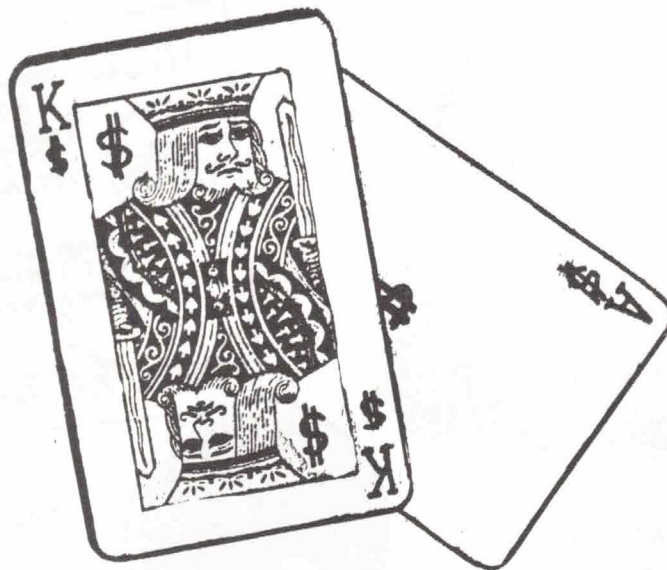
The Greek city-States to whom we owe so much in the development of western civilisation, had one of the most efficient military cultures in the world in the city-State of Sparta, and they actively discouraged any form of commerce, because they had plenty of slaves to do all the economic activity. And so when they made coins, they were made out of iron, and they made them to weigh over a hundredweight each, and the difficulty those poor Spartans had in spending a penny you wouldn't believe!

Money developed first, in its very early beginnings, through the use of a commodity. The early Egyptians used grain; in mediaeval Europe they used cattle, and we speak today of "pecuniary" matters, because the Latin word for cattle is "Pecus". We still talk of "salaries", and that comes from the Roman use of salt, the Latin word for which is "Salarium", as a commodity to pay wages. And of course, there was the commodity of gold.

However in many instances, for convenience we moved on from using the commodity itself to use a token to represent the commodity. And so in mediaeval Europe leather discs were developed with a particular cattle brand on them, and the cattleman took his "Pecus" into the market place as a leather disc. It was traded as money, and eventually when somebody wanted a bullock, they brought a disc back to the cattleman and took delivery of the beast.

Of course we developed tokens for gold, or banknotes, and until 1931 in Australia all Australian notes promised to pay the bearer of the note, upon demand, one Sovereign in gold.

The official government of Canada used playing cards, ordinary playing cards. The British Governor found himself in difficulties because he had a lot of troops to pay, and there was simply not enough specie or coin, or any form of money in Canada to pay them, and they were very restless. So he requisitioned the playing cards. The Governor personally signed some of





the denominations, so for instance an Ace might be worth \$1,000, and a King \$500 and so on. And it worked, and at times it was re-used when specie was short, for over a hundred years.

The credit we believe

And lastly of course, we arrive at this mysterious thing called Credit, i.e. Bank Credit. Bank Credit sounds rather foreboding, but it is not really any different to butcher's credit.

If, as a cattleman, I supplied a beast to the butcher, and he offered to give me a credit in his books for say, \$500, and I had an account there and I bought my beef from him, then I might accept that. Instead of using other money, I may on occasions ask the butcher to transfer some of the credit I had in my account, to some other person who also had an account with him. When all parties agreed, payments were sometimes made in this way.

And when that was agreed as a perfectly acceptable mechanism, nothing changed hands, except in those greasy old books which butchers' fingers used to turn over in my childhood, where hundreds of farming families had thirty day accounts with the local butcher.

Bank Credit began with the bank storing gold, and those who wanted could go and get it. The Banks gave receipts for that gold as a token of it, and that token could either be spent, or returned to the banker and the gold procured in that way. However, finally, the bank may open an account for you and any gold, or receipts for gold, you deposited would be credited to your account, and you could transfer it to somebody else, and it was a very convenient mechanism for making payments, and they even supplied you with a book of standard letters, that you just had to fill out and sign, which we now call cheques.

The en-numbered what?

So finally man arrived at the ultimate form of money; the Enumerated Abstraction. Today most of our money exists simply as records in computers. It has no other physical representation at all. It has numbers; it has no set form; though it can be printed out





onto a piece of paper. It is not a token; it is just a record. What gives it value, is that we confer value upon it. We believe, for some reason, that a deposit in a bank is money. And so does everybody else, and so we are able to use it as money.

With a political vote, it doesn't really matter what form that vote takes. It may just be a noise. And often in Parliament House, major motions are carried on the voices. "Aye!"; "Nay!". That's a vote. It just needs to be an indication of choice. It may be conveyed as an action. "Those for, raise your right hands!". "Those against?". Or it may be a mark on a ballot paper. Its value, of course, is elsewhere. A political vote's value is in the choice that it grants you.

Well, what about your money? Does it really matter whether your money is a coin or a note, or credit in the computer at the bank? Its value is elsewhere. It resides in the inherent choice that it gives you over goods and services, not in any intrinsic value.

Now we know what we do with political votes, don't we? We hand them out. Everyone gets one each. And there is no charge. Well, the money vote, do we hand those out? Nobody has given me any; and I don't think you have received any, and the mails just aren't that bad. It's no wonder we are here discussing the matter. "Well," some people say, "but look! Money is different from votes." Is it?

Electing the products of industry

Just suppose you have a dollar. You might be lucky to have a dollar. And you go down to the Corner Store. And you walk in and you say, for some odd reason, to a perfect stranger, "Can I have a pie and peas, please?". And he goes and gets it. And when he comes back you say, "Got any hot sauce?", and he says, "No, I've got tomato sauce. Would Soy sauce be alright?". He is deferring to you, isn't he? In fact, he is acting like your servant, and treating you like his master, and he's never seen you before in his life! Why is he doing that?

Because you've got a sanction. Because you have a dollar. Because you have *ordered* a pie. He has been given an order. You could of course have elected to have two sausage rolls instead, or



a cup of chips, or some soda squash. You could have elected any of many things, but you *ordered* a pie. And industry needs orders, and responds to orders. The money vote is a mechanism to control and direct industry, in the same way that a political vote is a mechanism to control and direct government.

When we use our political vote we can choose, for our sins, to have a Labor representative, or a National, or a Liberal, or perhaps even a Citizens' candidate. Somebody says it is a bit like marriage, you takes your pick, and you pays your price! The price of a pie is \$1, and if it's a bad pie, perhaps indigestion.

You see the ballot paper and the money paper are simply mechanisms. Both are sanctions. Real sanctions. And both are abstractions, organised to indicate choice. Both are man-made. Neither the political vote nor the money vote grows on trees. The political vote is a mechanism to give orders in politics, and a dollar a mechanism to give orders in industry.

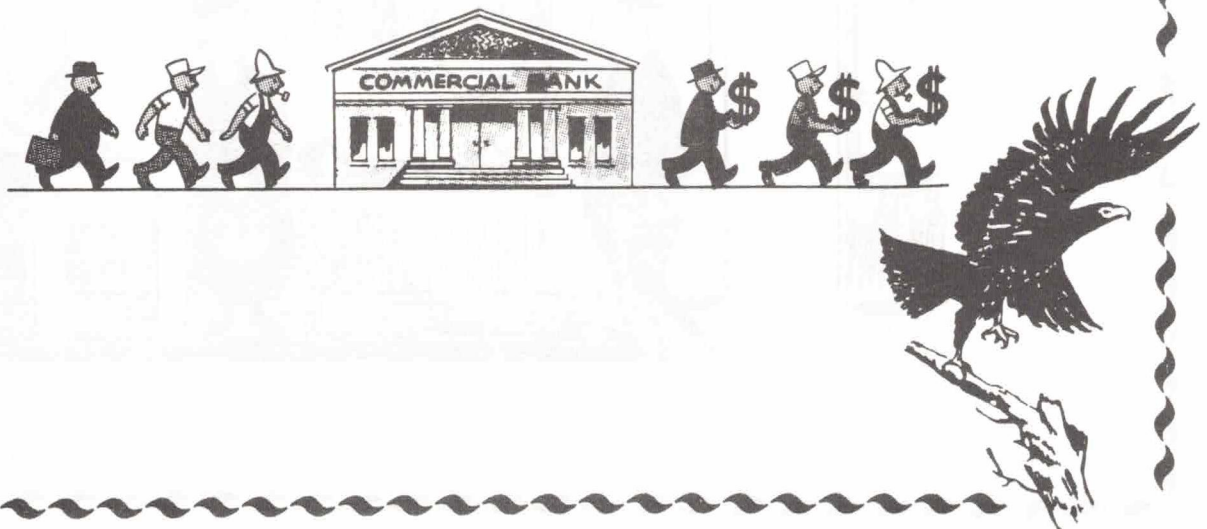
Who owns the political vote? We all get one each, we've decided that. We may change our minds and have something else, or other societies may. But that's our decision.

Who owns the dollar?

Making money - the hard way

Well, with commodity money, you see, it was quite simple. In the days when everybody decided that it was gold, and only gold that was the money, then to get some money you had to go out into "them thar hills" with a pick, and you had to dig an enormous great hole in the ground. And you had to dig out tons and tons of rock; then you had to get a sledge hammer, and you had to beat the rock day after day until it was all pounded up. Then you sifted it out and got the heaviest particles, and then you had to heat it up to a few hundred degrees, and then you poured it into a mould. And at the end of all that, if somebody had come along and said, "Look, what you have there is a kind of vote, and you should share it with everybody", the answer would be a miners' revolt, or what we in Australia call "the Eureka Stockade".

You see, it wasn't a just relationship, was it? Not if it was that difficult to create money.





- and the easy way

Well, what about when money is just printed? Just printed on paper or typed into computers? The cost of production is almost zero. The difference between telling a computer to create a Loan Account with \$1, and a Loan Account with \$1 billion is nine times zero, and the time it takes to type it.

When a government goes to a trading bank for a loan of a billion dollars, they have lots of discussions, but all that really happens is that a very junior girl, normally, brings up the account, or a new account on to a computer display, types in a few details about the number of the account, the name of it, and who is responsible for writing the cheques, and then simply types in "Credit limit \$1 billion dollars".

It's a bit like, I suppose, if you went back to your butcher and said, "Look, butcher, I'm a bit short, would you lend me a million dollars?". And he might say, "Okay. Sounds alright. You'll have to pay the going rate of interest — ten, fifteen, twenty percent perhaps. I am not responsible for setting interest rates mind you. It's the government which does that. So I'll give you a credit, in your little account at my butcher's shop, as long as you give me \$200,000 a year."

"Well, that's the going rate. That sounds okay. "

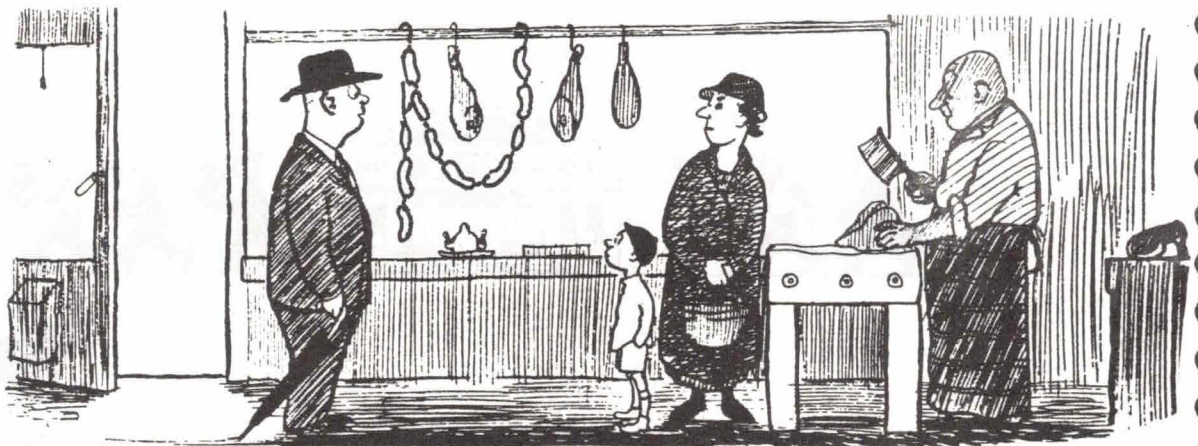
Or does it?

Admittedly the butcher has to wipe his greasy fingers on his apron, he has to take his pencil out of his pocket, turn to your account and write across the top — "Overdraw to the limit of \$1,000,000." Later when your million dollar cheque is presented, he must debit you \$1 million and credit the payee.

The butcher is entitled to charge for this service, but to charge \$100,000 to \$200,000 per annum for eternity, or until you can get someone else with a credit of \$1 million in their account at the butcher shop to transfer it to you, seems to me excessive.

Of course in the butcher's case he has to bear a risk. It is always possible that the person who you paid, and who now has a \$1 million credit, may walk into the butcher shop and say:

"Could I have a million dollars' worth of sausages please?"





Since on any one day there are not that many sausages in the southern hemisphere, the butcher is then in default. All his assets are then seized and sold to help meet his obligations.

Of course Banks don't have this difficulty.

If you have a \$10,000 deposit in your Bank and you go in and say, "I've decided to spend the \$10,000, could I have a used car please?" they say, "See the garage proprietor".

Perhaps you say, "Oh well, too bad. Would you please extend my house by one room?". They tell you to see the local carpenter.

No matter what you ask for the Bank can't and won't supply. While our deposits in Banks are recorded in the banker's books as liabilities, they are really a phony liability.

All a Bank will do to meet its liabilities is undertake to transfer your deposit (the Bank's liability) to the Bank account of someone else. That someone else will be the one who actually provides real value for it with goods and services.

All that a Bank will do to honour its liability to you as a depositor, is to give you pretty bits of paper (which they buy at much less than face value from the Commonwealth Government Mint — which many years makes a loss) or transfer your deposit record to another account upon your direction.

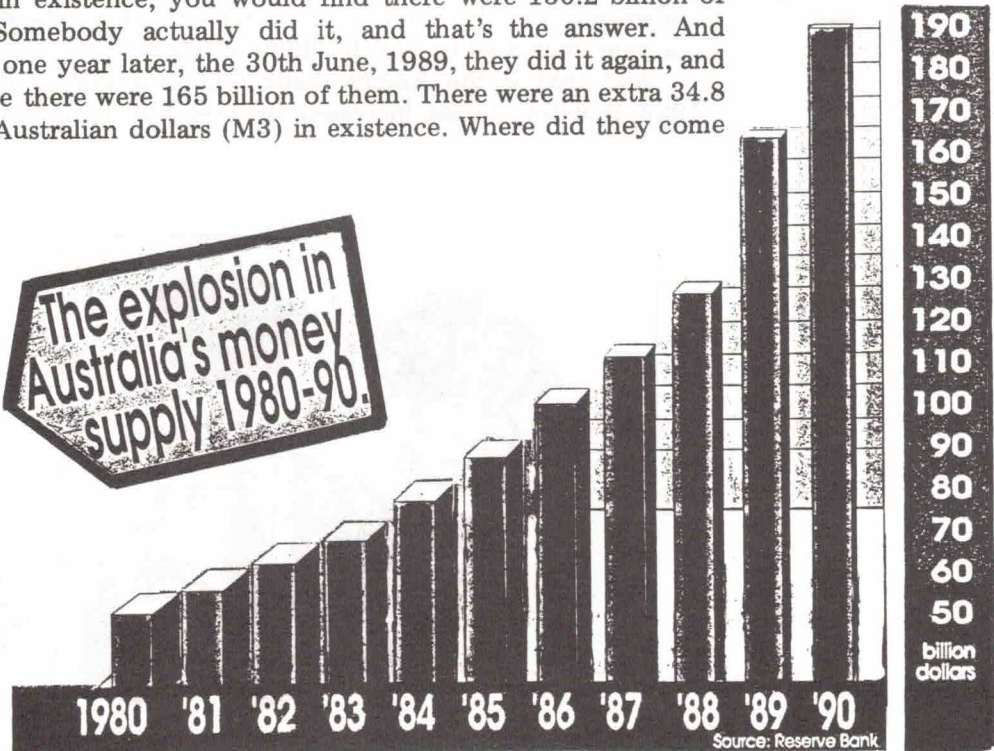
What a Bank calls a \$1 million liability is generally met at the cost of about 20 cents, by transferring the deposit to another account when directed to do so with a cheque.

Who's making money - and how much?

Let's look at some official figures. The figures I am using, and there are not many of them, only two sets of statistics are used, come from the Reserve Bank of Australia's Bulletin, of August 1989. You can't get them more authoritative than that.

If, on the 30th June 1988, you counted up all the Australian dollars in existence, you would find there were 130.2 billion of them. Somebody actually did it, and that's the answer. And exactly one year later, the 30th June, 1989, they did it again, and this time there were 165 billion of them. There were an extra 34.8 billion Australian dollars (M3) in existence. Where did they come from?

**The explosion in
Australia's money
supply 1980-90.**



They were simply created in the banking system by the normal mechanism of extending extra credit to people. Well that's okay. We need a mechanism. It's a very simple, efficient, well-organised system. I even agree that we should licence, or charter, banks or some institution to do that; to create and keep the records of our money.

But should they then keep all the proceeds? They do now!

From today, whatever day it is, until this day next year there will be, and this is drastically understating it, more than an additional \$34 billion Australian dollars created. More than \$2,000 for every one of the 17 million Australians alive.

Thinking of it in households of an average of four people, that is more than \$8,000 for every Australian household. When next you take a drive through the city, or out in the country, every time you see a home, say to yourself, "Ah, another \$8,000 was created just this last financial year". But they don't get them. Our household, and we're four people, we didn't get that \$8,000. We didn't even get one.

We know if the Electoral Office created all the political votes, and then decided to keep them, we'd be furious!

But we have another entity, the Banks, which are a mechanism to create the money vote, the sanction of economic choice, and they keep them all. Is that a just relationship? Because that is what democracy is about in the end, a just relationship.

Bank robbery? It sure is!

Well, if you doubt whether they kept the money or not, we've only got to refer back again to this same one document, the Reserve Bank Bulletin of August, 1989. This is the last set of statistics I'll use. In that same financial year, at 30th June, 1988, trading banks' assets, and savings banks' assets, were 145.8 and 72 billion dollars respectively, or \$217.8 billion together. At the end of the financial year, in June 1989, they were 181.9 and 86 billion dollars respectively, for a total of \$267.9 billion. Bank assets, in one year, increased by \$50.1 billion dollars.

And that is the Reserve Bank telling us that in its August, 1989 Bulletin. Loans increased by over \$50 billion. It is inter-



esting, isn't it, that our deposits only increased by \$34.8 billion, as we have already discovered in this talk. The reason for this discrepancy was in part, servicing overseas debt, and import costs.

Well of course, the banks are embarrassed. But we only hear about them being embarrassed about profits. The ANZ Bank, just last year, were very embarrassed, they made a record profit of \$350 million. And the National Bank profit, I think from memory, was \$140 million, Westpac, was more, \$500 or \$600 million. The total trading bank profits for the last financial year, were over the billion mark.

Now, if this wasn't a seminar paper about money, but it was one of those public entertainment Quiz shows, and I said, "Look, you're winners! Here's a billion dollars! It really is, in notes or whatever, a billion dollars!" And over here there is a box. In the box you've got \$50.1 billion worth of cash assets. What do you want, ladies and gentleman, do you want the money, or do you want the box?

You see, the money in the box, Bank asset growth in that year, amounts to \$2,947 per citizen and to over \$11,788 for every Australian household. Some 11,788 money votes were created for every household in this country. That's assuming there were four people, on average, in them. That's \$226.69 per week per household.

Let's have a say

There is a free choice. We can choose that all newly-created dollars can be put into Bank Assets. We can say, "Yes, that's a great way to organise them." Or we can say, "Well, no we'll give them all to the Government, and then we can either work for the Government, or give them goods and services, and perhaps we can get some." It might be better, perhaps, than going into debt to the Banks, which is the only way you can get them at the moment. Or there is another choice.

The third choice is that we can decide that those money votes belong to the people. This is a radical view of course. I use the word "radical" in the orthodox way here, as one which is at variance with the Banks' self interest.





Often people say, "Well, look. Taking \$50 billion dollars away from Bank Assets growth in the next year, isn't that robbing the banks?"

We know that there is going to be something like \$3,000 for every living Australian created in the next year. How can those money-votes or dollars belong to the banks? They don't exist. The money that is going to be created in the next year, it doesn't yet exist. Can you own something that doesn't exist? That's impossible. The old money which was created yesterday, and which somebody now has, that's a very different matter, but let's just look to the future for the moment.

Nobody owns those now uncreated dollar-votes, and the option is open to make a decision in a democracy about who shall own them.

Company law is clear

Company Law, of course, has long-since solved this question. If we regarded Australia Unlimited as a type of Company, then the board of directors would be seen as the Government, and the shareholders would be us, the citizens. We have already decided politically we are all shareholders in Australia, and we are all to get one share at par or one vote. The citizens of course, use that to elect the board of directors, that is, the Government.

Now suppose that our Company so organised, issued additional scrip, shares or stocks. And the board of directors said, "Well look, that's great! We're the government, us parliamentarians, and we'll take the lot of it, all \$50 billion dollars worth!"

It's not on! Any company director that did that would be before the Court for fraud so quickly, that he wouldn't have a chance to turn around.

But there is another point of view. It has got its supporters. And they say that when a company issues additional shares, that the people who work in the Share Registry should be able to put them all in their brief cases and go home and say, "Mum! we're rich!" There is not one company in the world that has ever accepted that as a just relationship, is there?

The other option, and I favour it, is that the shareholders own





all the scrip created. All Company law, all over the world, supports that point of view.

Yes, ladies and gentlemen, this is definitely a case of Bank robbery. They are robbing us, there is no doubt of it.

Is it inflationary?

Next question. Is it inflationary? Well suppose the government got it all. Would that be inflationary? Maybe. If we got it all, would that be inflationary? Maybe. But supposing that the Banks got it all? You've noticed, haven't you? You've noticed over the last umpteen years, that inflation is what we've had. It isn't a matter of *who* gets the money, but firstly of *how much*, and secondly of *how*. If it's to be at 157% interest, inflation will be higher per dollar issued.

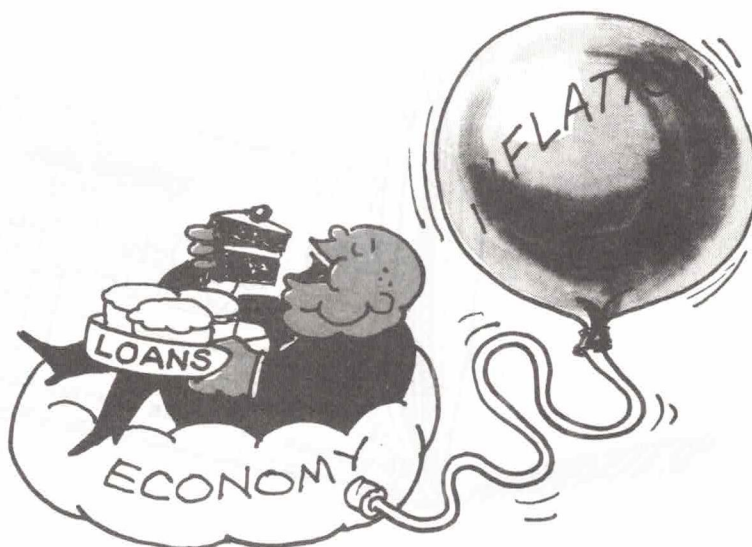
I'm going to put a simple proposal. Every Australian citizen should get an equal share, in the post, plus the share due for any dependent children.

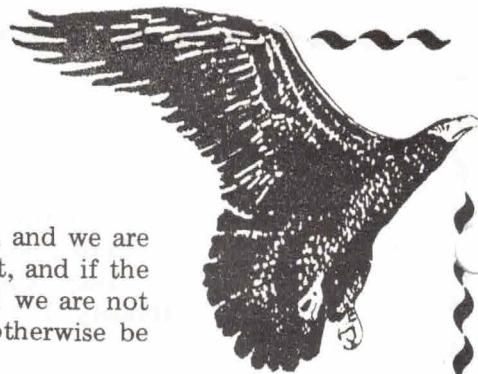
I am not interested in interfering in the technical considerations of how much is the best amount to issue. It's beyond the question of whether it's \$50 or 50 cents or \$50 billion. *Whose are those money votes?* Just how are they distributed? To whom, and on what terms? That is the question.

Of course, citizens do get a lot of the dollar increases now. But they get them in the form of increased Consumer Debt. Industry gets a share of those additional dollars also, and you can call that Industrial Debt or Company Debt. And Government of course, gets a lion's share; and we can call that Public Debt, or the National Debt.

What it means, when Government borrows it, is more taxes next year to meet the repayments. When industry gets it, it means higher prices than would otherwise be the case to service those debts. And of course when we get it as Consumer Debt, it means that we shall certainly be needing more wages next year, to be able to meet those repayments plus the increased taxes and prices.

However, if we are going to decide that all newly created dollars belong to individuals as a right of birth, then we will be giving them to ourselves without charges for redemption and





interest. Then, if we are giving all new money away, and we are not increasing people's costs, and we certainly aren't, and if the citizens have this money rather than the banks, and we are not increasing the money supply more than it would otherwise be increased, then no, it is not inflationary.

In doing this we will be deciding after all, to be a democracy, and as we are going to organise democratically, to democratise the sanctions in all three areas of life. That is, in politics, in money and with the word, or of the Gun, the Dollar and the Word.

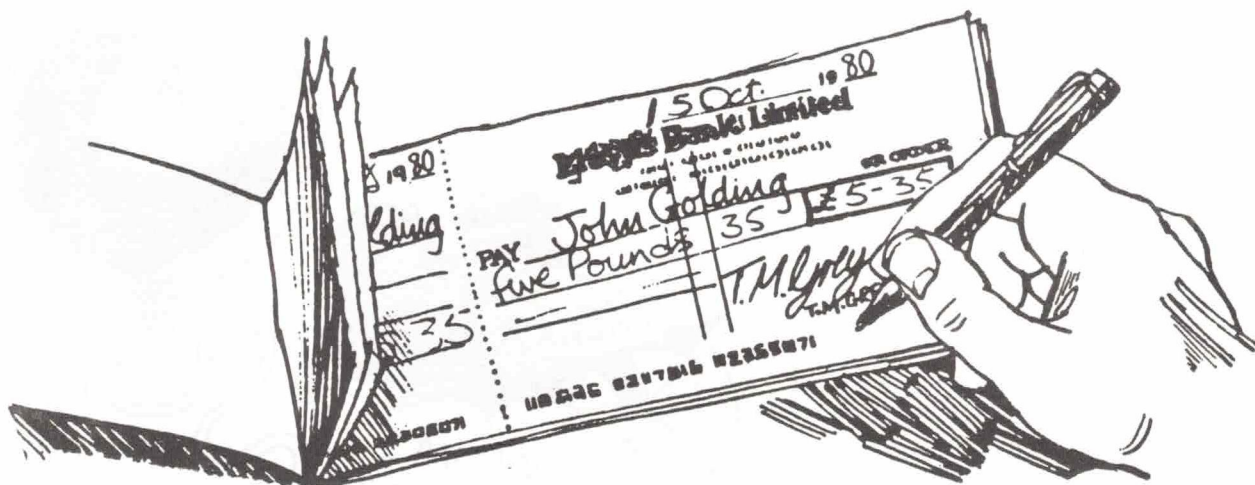
What about Bank loans and assets?

First question. Is it the proposal that instead of the banks claiming the money increases, and then making them available to the citizens as loans, the citizens get those money increases direct?

Essentially that is correct. But that doesn't mean the funds aren't there. It simply means that they are in our hands, and we own them. And we can invest them, if we like, in Building Societies as we do now, or Investment Trusts, or agriculture, or small business, whatever we choose. Industry and Government would have to go to the public, not to the banks, for those funds. So what? Where is the problem? The Government and Industry would be in debt to us, not us to the banks. And that sounds okay to me.

Another question. Are the Banks' Asset increases quoted, net increases?

No they are not. When we deposit the proceeds of Bank loans back into the bank, then that deposit is accounted as a Bank liability. But really what sort of a liability is it? To honour that liability, as we've said previously, the bank doesn't have to come up with goods and services and deliver them to you because you've got a deposit there, all they have to do is agree, which they do, to transfer that bank deposit to somebody else, and that somebody else is going to meet the real requirement, which is to give you those goods and services which you want.



Mechanisms

I am generally asked for some suggestions about the machinery of a democratic money system. A brief outline will suffice to establish one viable option.

In Australia we have an Arbitration Court to handle the rather complex matter, with many competing interests and conflicting considerations, of wage and salary levels. Such an approach could be used to determine our money policy.

A special Fiscal Arbitration Court might be constitutionally established and empowered to determine what the money supply expansion (or contraction) would be in any period of time, probably quarterly.

It would need to be able to take evidence from whosoever it chose, employ whatever expertise it needed, and be well funded.

Other desirable conditions would be that it:—

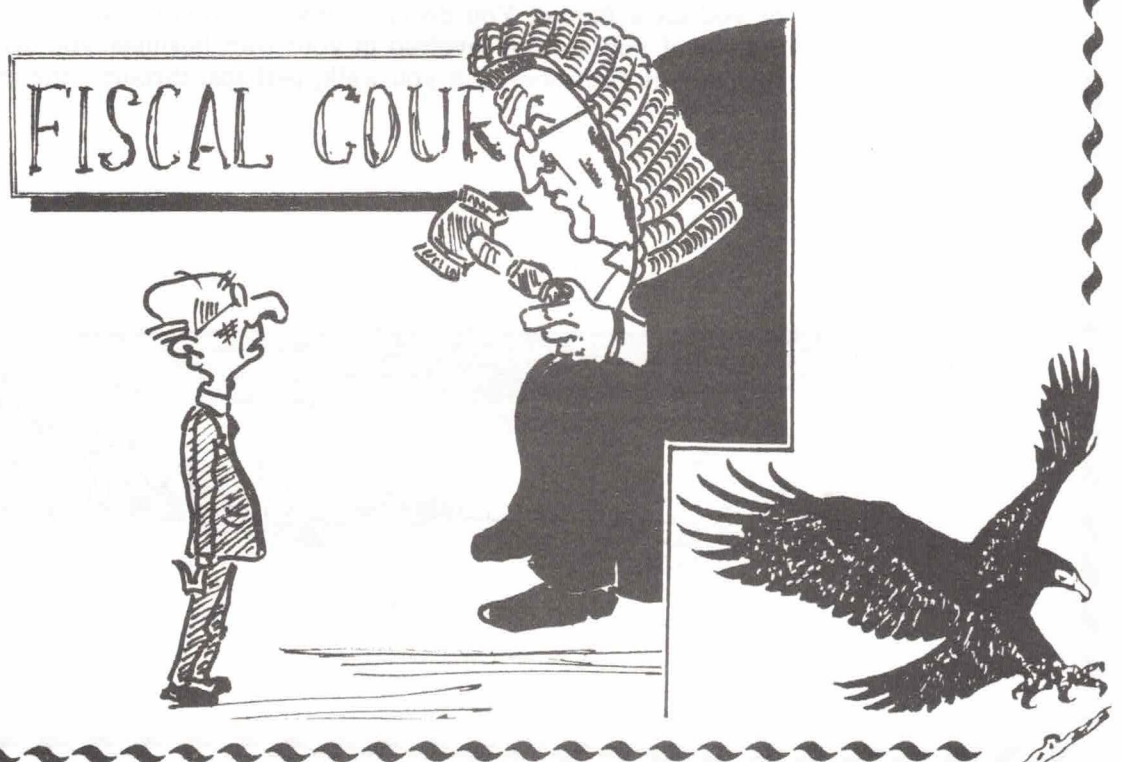
1. Always meet in open session.
2. Be required to accept and consider written submissions from any Australian citizen.
3. Give all findings with supportive reasoning in writing, and make them publicly available.

It would also need two other constitutional powers:—

- A. The power to direct the Reserve Bank to create and place in a special account the money supply increase as determined by the Court, and to disperse these funds equally to all persons of Australian citizenship, and
- B. The power to impose unlimited fines, if necessary, to fulfil its constitutional obligation to prohibit any Bank or Banks from creating any money whatever, other than as in the above paragraph (A).

The three main economic effects would be:—

1. The annual increase in indebtedness would stop, thereby stopping the cost increases occasioned by extra debt servicing, and limiting this major aspect of inflation.





2. Credit would be placed in the hands of citizens with which to cancel out remaining personal, industrial and national debt.
3. By having the decision as to the optimum level of money supply made by a disinterested party, better decisions will result. Banks which claim ownership of additional money created, or Governments which get to spend it on vote catching by deficit borrowing, are not disinterested parties.

The social impact will be as well computed by you, as by myself. It would obviously take the pressure off all families.

This would translate in as many different ways as there are families. Some would reduce their debts and live more relaxed lives.

Some wives would be able to stop working. Instead of working for many years to pay off the home before having children, this would often come sooner, and at least some families would be larger.

A more relaxed society should be a less grasping society, a more generous and harmonious one. There should be a little more time to do the things we really want to do — more time for each other.

What's democratising money?

Of course the final question is, is this proposal democratising money?

Well, supposing your family gets \$12,000 in the pot. If you decide to spend that money, you might order an additional room on the house, because perhaps the family is growing. You might elect to buy a second, rather beat-up used car for perhaps a student member. You might decide that all the family will have a better education. But who's giving the orders? The citizen. And is that democracy? I think so.

Well, what if we decide to invest it? Perhaps in small business, or you are a farmer. You decide to invest it in your own business. Perhaps if you are not involved in your own business, you decide to invest it elsewhere, and you walk, perhaps, through the great

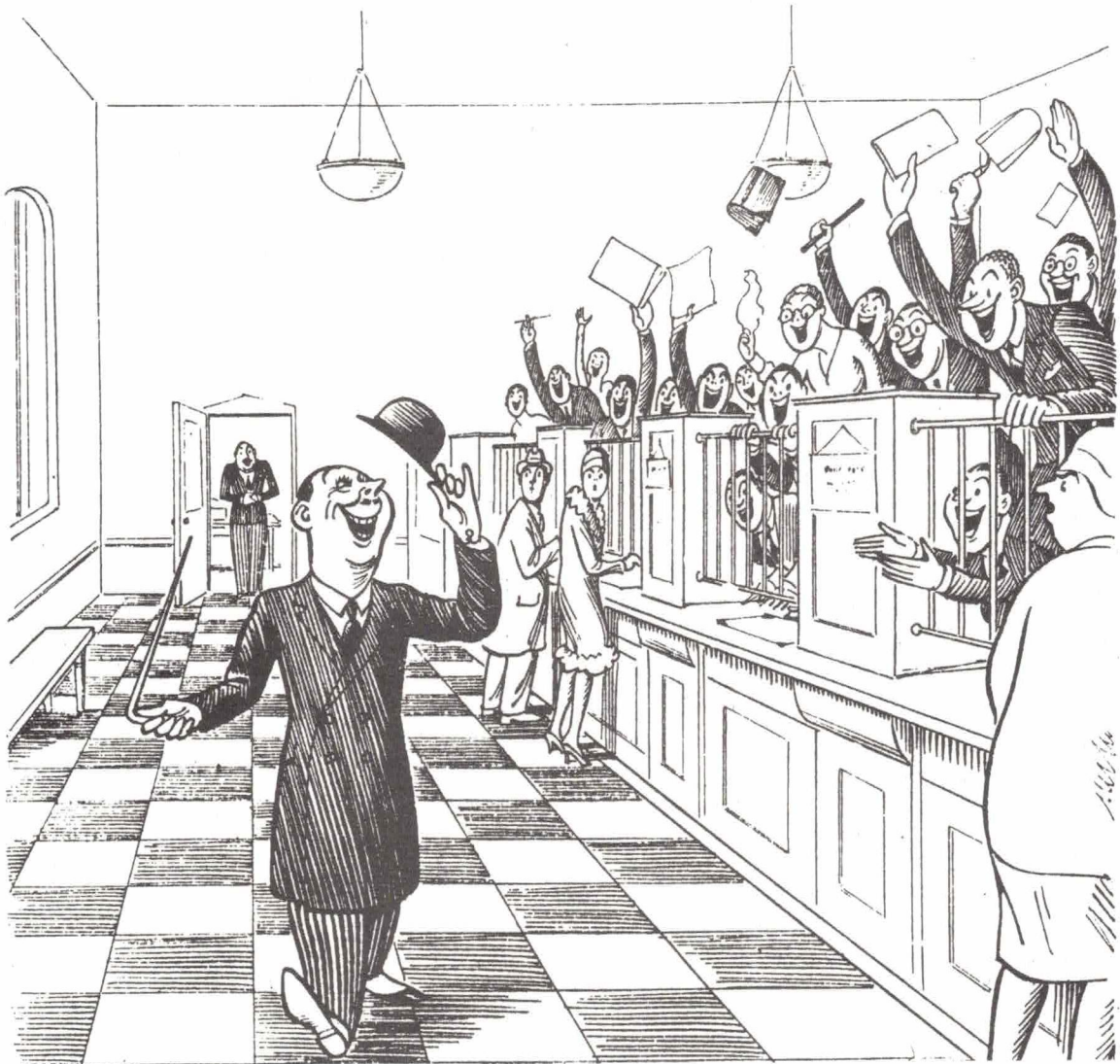




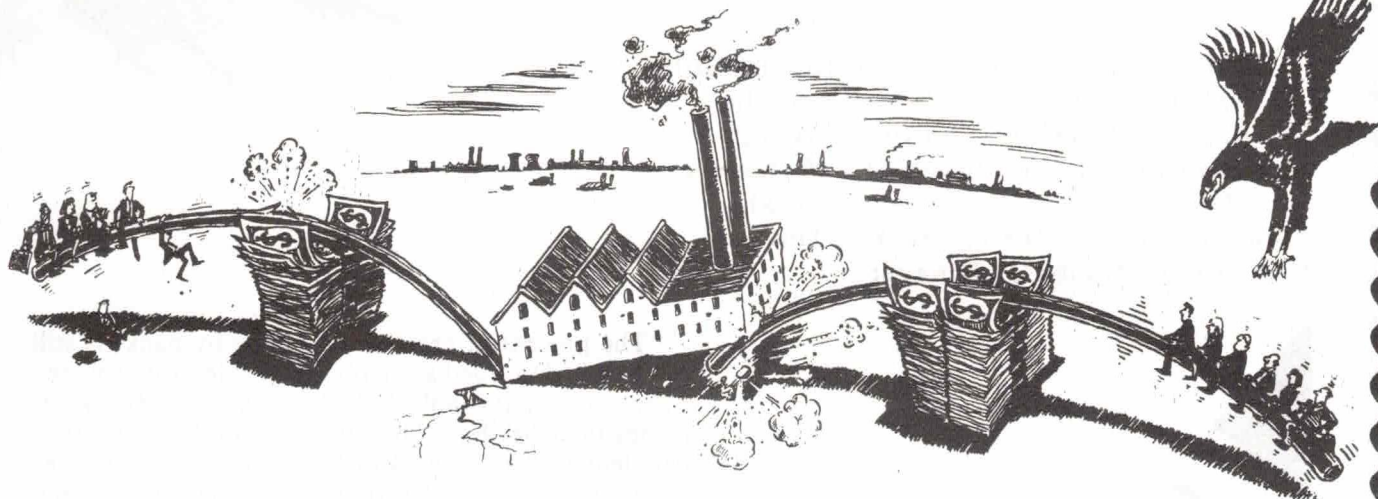
towers of modern capital cities, and you see all the vast office spaces, and you observe that they are only 60 percent tenanted, and you say, "Ah! I'll invest in that, that looks great! There looks to be a shortage of those." That's what the banks are doing.

Or perhaps you'll decide, "Well, we don't really seem to need any more of those". Perhaps you'll invest in an ethical investment. Perhaps you don't want to finance a highly polluting industry. Perhaps you don't want to finance the clearing of the Brazilian jungle, which is only being cleared for one reason, and that is to meet the obligations of the Brazilian government to the International Monetary Fund, and other international banks. Perhaps if you had the say you wouldn't have funded revolutions in Latin America lately, or even — going further back — many of the others that have been financed.

If you were investing that \$12,000, be it in high technology, agriculture, heavy industry or basket weaving, who would be making the decisions? You, the citizen would be making them. And is that democracy? Is it democracy, to have citizens responsibly making the real decisions about investment in this country? I think so.



THE MAN WHO PAID OFF HIS OVERDRAFT!



'Makin' money'

There is often confusion about what money is, how it comes into existence, and how banks function. There are still a few people who believe the money system is backed by gold, although gold-backing was phased out decades ago. Others believe that 'true money' always takes the form of notes and coins, although cash today represents well under 10 percent of a nation's money supply.

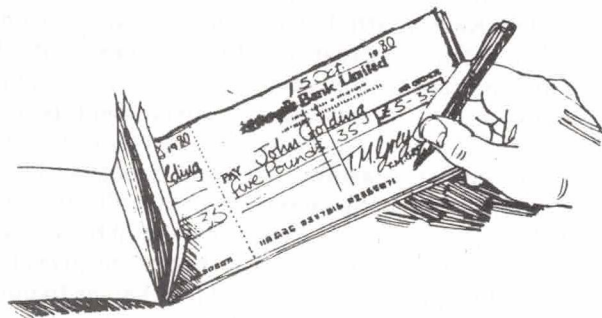
Other misconceptions hold that trading banks make their profit by re-lending money first deposited by customers – the profit being derived from the difference in interest paid on deposits and that received on loans.

The following definitions on the nature of money and money-creation, while obviously not all-encompassing, nevertheless help in clarifying such misconceptions.

Under the heading "Methods of Lending Money" Encyclopaedia Britannica gave three methods of lending money. The first of these is a 'person-to-person transaction'. The second is the same process, but through an intermediary. Encyclopaedia Britannica went on:

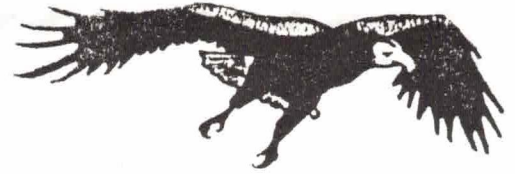
"... In lending of the third type, banks furnish neither their own money *nor* money received from others; instead they establish deposit credit against which the bank's customer can draw checks. *These deposits are created as part of the lending operation. New money is created ...*"

Encyclopaedia Britannica further added a specific example, which involved a client borrowing \$10,000 from a bank, showing how credit is created in the process. It concluded: "... It should be noted that the addition of the borrower's deposit account is a *net addition to the deposits of the banking system as a whole. It has been created through the process of an expansion of bank loans; and since deposits constitute a part of the money supply it represents an increase in the quantity of money in the society.* This is frequently a difficult idea for many people to accept. In essence the process is simple but the preoccupation of those who identify "money" solely with coin or currency stands in the way both of their ready understanding or acceptance ..." (Emphasis added)



ENCYCLOPAEDIA BRITANNICA

(1968 edition)



The text-book "THE AUSTRALIAN TRADING BANKS", by Professor H.W. Arndt of the A.N.U. and C.P.Harris, Senior Lecturer in Economics at the University of Queensland (1968 edition) contains a special appendix to Chapter 2, headed "The Creation of Money". It says:



"The process of creation of money by banks is still commonly described as involving the "deposit of money by customers with banks" which can then "lend out more money than they have" because some of the money they have lent out "comes back to them as deposits". This was not an unreasonable description in the seventeenth and eighteenth centuries when gold coins alone were regarded as money proper. *Nowadays it is a mischievously misleading description.* It is misleading because it wrongly suggests –

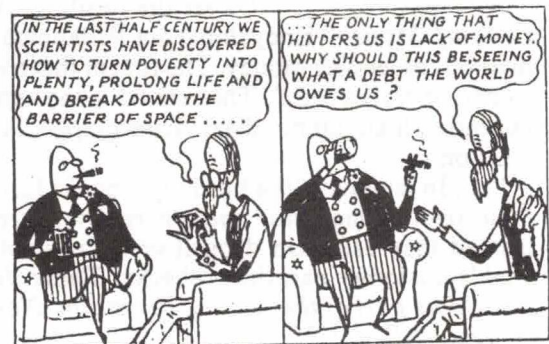
- (a) that notes and coins are, but deposits are not, money.
- (b) that banks merely borrow and lend money created by someone else;
- (c) that deposits come into existence primarily through bank customers paying in notes and coin and only secondarily through bank lending" (emphasis added)

There followed three pages graphically describing all aspects of banking and the credit-creation process – clearly enough to eliminate any misconceptions the reader may previously have entertained.

In October 1978, *The Bank of New South Wales Review*, No 27, printed a comprehensive article headed "Sources of Money!" It made the significant statement that "Today, in Australia as in most other modern economies, all money is a debt of the banking system . . ."

It went on to point out that the Commonwealth Government has control over the printing of banknotes and the minting of coin. It added that Government deficits were funded by the creation of credit by the Reserve Bank, "which increases bank deposits and consequently the volume of money . . ."

The Review article went on: "... another important source of money creation is by the banks . . . Bankers . . . have the capacity to create money . . . For example, if a bank wishes to purchase a government bond in the market, it makes payment for it by crediting the seller's bank, thus increasing total bank deposits. The largest proportion of bank assets is in overdrafts and loans. When a banker grants a customer credit by overdraft, the bank "opens an account" in its books and gives the client the right to draw funds without first having to put money into the account. But bank deposits only increase when the customer actually draws on the account to pay his creditors . . . Unlike the Government, the bank's ability to create money indefinitely is circumscribed. Initially, banks need to maintain a safe minimum ratio between cash and deposits . . . The trading banks in Australia currently operate on a cash ratio of about 2%, while savings banks operate on a ratio of approximately 7% . . ."





NATIONAL RECOVERY PROGRAMME - IN BRIEF

A Programme of 7 points:

- (1) Establish a full set of **National Accounts**.
- (2) Fund a **National Recovery Account** to overcome the shortfall of demand in the Australian economy.
- (3) Initiate national recovery by:
 - (a) abolishing sales tax,
 - (b) reintroducing the Curtin war-time price compensations system,
 - (c) reducing unemployment with 100,000 early retirement pensions.
- (4) Reduce interest rates.
- (5) Call a Nationwide Tax Freeze.
- (6) Limit the growth of the money supply within fixed limits.
- (7) In return for the above benefits, negotiate a National Wage Freeze.



ABOUT WHAT IS TO BE SAID

What follows is dogmatic, it is not generalised but specific. Since it follows three previous papers which complement this one, it assumes some knowledge on your part. If you don't have it, then we hope you can catch up somehow.

POINT ONE

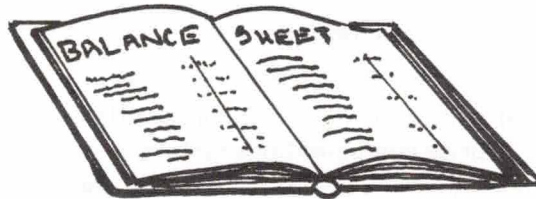
Do you know of any public body which never, but never, produces a full set of accounts for the assets and activities under its responsibility?

You needn't rack your brains. Public Companies are by law compelled to do so. Only one entity does not and that is the Government. Government neither does so for itself, nor for Australia Unlimited, for which it is responsible in this way.

So how do we know what they are doing, and upon what basis they are doing it? We don't.

We don't because they don't, and it doesn't half show that they don't know what they are doing.

They cannot, any more than anybody else, who does not have full accounts from which to work.



There is, to my knowledge, only one institution in Australia which does not bother to draw up an annual Balance Sheet. That is Government as Trustee for Australia Unlimited.

It is therefore not surprising that Government deficits, the optimum level of money supply growth, the existence of a deficit in domestic demand, or the productive capacity of Australia, are matters of wild speculation.

It is obvious that a national recovery is most unlikely until a precise understanding of the situation is to hand.

What Point One specifically says is:

The Federal Government immediately instruct appropriate authorities to establish and present within one month, a full and comprehensive set of national accounts similar to those required of all Companies by law.

Such accounts to include:

- (a) *A NATIONAL BALANCE SHEET (listing both the vast Assets of Australia, and as Liabilities the claims that exist upon those assets, including the Australian money supply). This establishes our national credit worthiness.*
- (b) *A NATIONAL SUPPLY AND DEMAND ACCOUNT (listing an assessment of the national productive capacity given a full demand situation, against anticipated actual demand). This account will indicate the extent of any necessary money supply expansion or contraction.*



POINT TWO.

How often does the media assault your senses with the debate over the growth in the money supply? The question of "How much?" is tossed back and forth with such statements as "It will overheat the economy," "It will drive the economy into recession," and such like every week.

How often have you heard the media debate the question of "How?" the money supply should be increased? Nerry a word!

At the moment it is all put into circulation as debt. Debt either to cover Government deficits, to finance industry, or to fund consumer purchases. It all has to be repaid at high interest.

The first way makes increasing taxes inevitable, the second way increases the cost of industry's products, and all three ways make a shortage of purchasing power more critical next year, thus perpetuating the process.

Today we are not going to argue over old ground. The question of how much money must be created this year is important, it will be handled, but the key question in Australia's recovery is how this money is to be used. To increase debt and costs, or to reduce inflation and much else?

In the following graph on Page 4 the money supply in Australia (M3) is seen to have been \$28.8 billion in June 1975. Ten years later, in June 1985, it was \$90.4 billion.

The simple fact is that the extra \$61.6 billion was created by the action of our modern banking system.

If anyone wants to know more, tell him to secure a copy of the video of the first paper given today.

If anyone wants to remonstrate after that, tell him it mysteriously "pops up" whenever farmers grow a pound of wheat, a bag of potatoes or a cabbage so that city folks can buy it from them. Being a genuine idiot, he'll probably believe it.

In the financial year 1984-85 an additional 13.5 billion Australian dollars were created. From June '85 until January '86 the rate of increase was similar.

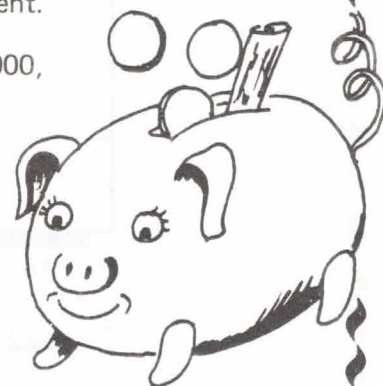
Remember we are not arguing about this rate at the moment. It will approximate \$14 billion in the next year.

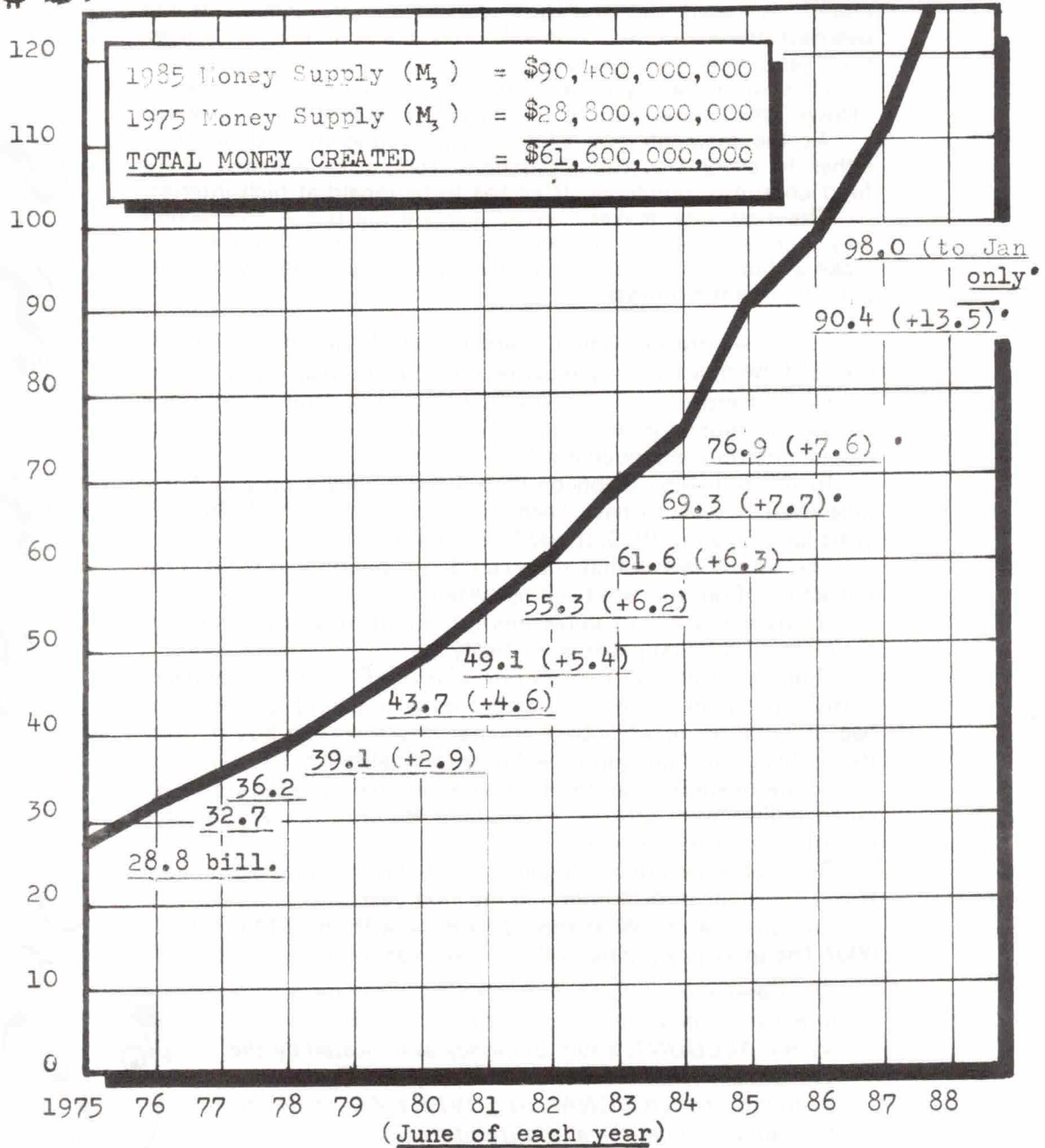
The question is "What should be done with this \$14,000,000, 000? The specific wording of Point Two is as follows:

The Reserve Bank to be instructed, by a non-negotiable directive, to create and deposit in a NATIONAL RECOVERY ACCOUNT, a sum of money as indicated by the demand deficit in the National Supply and Demand Account. The NATIONAL RECOVERY ACCOUNT to be operated under the authority of the Loan Council, to be completely separate and apart from the Federal Government budget, and to be funded at the same interest rate as applies to "External Bills" and "State lag-in-revenue Bills", that is at 1% per annum, in the form of a non-redeemable loan.

Because of the evident lack of demand in a wide range of industries, idle plant, and high unemployment, it is reasonable to expect that the National Supply and Demand Account will show a demand deficit. Our productive capacity is obviously well above effective demand at this time.

For the purposes of giving some specific figures and definite shape to this proposal, a demand deficit of \$14,000 million has been ASSUMED. This is equal to the present assumption by



\$B.* Unadjusted

Government to increase the money supply by \$14 billion.

Without a national set of accounts as provided for in Point One, no greater degree of precision is possible.

Obviously this programme may be reviewed in the light of the situation revealed in the National Accounts.

Thus far we have established National Accounts to determine the position, and we have funded a Recovery Account with the present increase in Australian Dollars, i.e. \$14 billion. In the next Point these funds are used to achieve recovery objectives.

POINT THREE

Point Three is put forward in three parts; Points 3(a), (b) and (c). The first two are absolutely essential. The third, Point 3(c), relates to unemployment. Given the impact of other parts of this programme, it may or may not be deemed necessary depending upon the impact of the various measures upon the general level of employment.

Firstly, Point 3(a):

The NATIONAL RECOVERY ACCOUNT be drawn upon to compensate the Commonwealth Government, private industry or individuals, to the extent of total expenditure incurred in the achievement of the following three-part strategy:

(a) The total abolition of Sales Tax, (current estimate in the 1985-86 Budget — \$6,000 million).

Many items listed in the C.P.I. currently attract Sales Tax. The figures following have been used to establish the direct impact on the C.P.I. of the abolition of Sales Tax. It should be remembered, however, that an indirect impact will also result in the longer term.

C.P.I.	% SALES TAX	C.P.I.	ABOLITION OF SALES TAX IMPACT ON C.P.I. %
Furniture	10	1.744	.17
Floor coverings	10	.636	.06
Bedding & Drapery	10	.897	.09
Household Utensils and tools	10	1.421	.14
Detergents	20	.880	.18
Household Paper products	20	.326	.07
Stationery	20	.266	.05
Pet Foods	20	.546	.11
Travel Goods	15 av.	.268	.04
Motor Vehicles	20	4.303	.86
Tyres and tubes	20	.467	.09
Spare Parts	20	1.551	.31
Toiletries and Personal products	25 av.	1.252	.31
Recreational goods	25 av.	2.660	.66
Ice Cream	10	1.778	.18
Other household non-durables	20	.642	.06
Appliance parts	10	.1	.01
Spirits	10	.821	.08
Wine under 1.15% alcohol	10	.1	.01
Photographic services	30	.299	.03

TOTAL IMMEDIATE IMPACT ON C.P.I.= 3.41%



OBSERVATIONS

In the figures above the impact on the C.P.I. was calculated as a percentage of retail rather than wholesale prices. This means that the figure of 3.41% is slightly overstated. However, with the savings to industry of the administrative costs of collecting Sales Tax, an impact of 3.1% on the C.P.I. in the first quarter can be confidently expected.

With inflation running at 8.2% per annum (C.P.I. year to Dec. '85), the abolition of Sales Tax will overcome the C.P.I. increase (an expected 2.05%) in the first quarter of this programme, and for half of the second quarter as well.

Simultaneously with the abolition of Sales Tax the remaining four points in this seven part programme will be implemented. For this reason we should now go to point Four, returning later to 3(b) and 3(c).

POINT FOUR

From the first day of the abolition of Sales Tax inflation will have been stopped for the next 1½ quarters of the year following. On that same day Point Four is initiated.

The sanctions of all Australian Governments be co-opted to legislate a ceiling of 5% above the prevailing inflation rate as the maximum for all interest rates.

At the present time an investor receiving 14% per annum on a loan must offset this against an inflation rate of 8.2% per annum to establish his return in real terms. His return in real terms is only 5.8% per annum.

For each \$100 invested, he has a taxable income of \$14. Even at the low rate of 32% tax, his tax liability is \$4.48. This amounts to a net gain of only 1.32% in real terms.

If as is suggested inflation is held as close as possible to zero %, then Point Four would allow an interest rate in real terms of about 4% per annum. After taxation at 32% an investor would achieve a net gain in real terms of 2.7%.

Point Four does not disadvantage investors. Real interest returns to investors would actually double from 1.32% to 2.7%.

The advantage to borrowers in falling interest is obvious enough. For example, a family owing \$20,000 on its home and paying interest would save \$16.66 per month for each 1% that interest fell. Thus, with present housing interest rates at 13.5% an 8.5% fall in interest would add \$141.66 to potential consumer spending for this family each month.

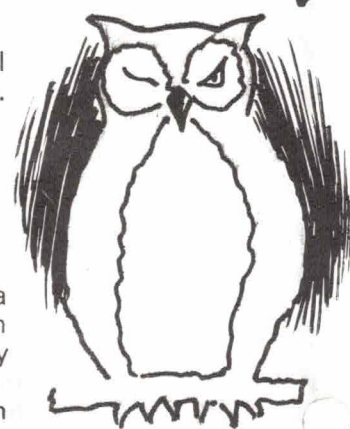
Interest charges are a major cost for industry and Government Authorities. These organisations' profitability, ability to increase employment, and their charges and prices would all be affected advantageously.

However, let us take the direct impact of housing interest upon the C.P.I. as one example.

Home purchase payments have a weighting on the C.P.I. of 5.402%. Even over the shorter terms of repayment interest now doubles the final cost of a house. Multiplying by 2½ to 3 is more normal.

Therefore you would think that the interest rate component of the C.P.I. would be about 3% just for house purchases. With interest falling from 13.5% to 5% the C.P.I. should fall by:

$$\frac{8.5}{13.5} \times 3\% = 1.88\%$$



This should mean that the C.P.I. should be countered from rising, if it would otherwise run at 8.2%, for a full two months and three weeks; almost a full quarter.

No way! Only the house purchase price is accounted in the C.P.I. So if your payments plunge to less than half what they were, but house prices rise by 10%, the C.P.I. will show a rise by .54%, not a fall by 2.7% (half its weighting).

This is sheer nonsense. No doubt it suits Bankers not to be exposed as the cause of increasing inflation whenever interest rates rise, but we are not about pleasing Bankers.

The C.P.I. is about measuring effective costs, and we are about national recovery, so the responsibility of interest rates for increasing or decreasing living costs has to be established.

The C.P.I. should immediately be amended to a base of actual house repayment costs.

This mad situation having been corrected, it can be seen that with Point 3(a) stopping inflation for $4\frac{1}{2}$ months and Point Four adding another $2\frac{3}{4}$ months, we now have $7\frac{1}{4}$ months grace from inflation.

Financial institutions would not lose. The difference between borrowing and lending rates, usually less than 2% now, would remain. Situation normal. Let's move to Point Five.

* See Appendix at back of book for suggestions on handling foreign debt.

POINT FIVE

Once the National Recovery Account is established and ready to administer Parts Three (a) and Four, the Commonwealth and State Governments initiate a tax freeze. Total receipts, including direct and indirect taxation, be held to a figure not more than that which is current at the time, for a period of at least two years.

NOTES TO POINT FIVE.

Given the application of previous Points to the extent of overcoming C.P.I. increases, a tax freeze will not mean a taxation revenue reduction in real terms. Revenue lost through adopting the programme, for example the loss of Sales Tax, will be compensated for from the National Recovery Account.

Indeed while all other costs will be static, one cost will fall; interest rates.

In 1984-85 the State and Federal Governments alone paid \$6.2 billion in interest. As their rate is legislated down along with everyone else's, about \$4 billion will be saved in this way.

This saving must be used to reduce the increase in government indebtedness at State and Federal level. We will return to this later. It means a reduced deficit.

Local Government must, under State legislation, return all savings on interest to its rate payers in the form of reduced rates. This has C.P.I. implications.

The average local authority's debt repayments are over 40% of rates. About half of this is interest.

Rates will be reduced by about 20% on average in this way. Local Government rates and charges account for 1.862% of the C.P.I. A Fall in the C.P.I. of another .37% is achieved.

It was $7\frac{1}{4}$ months without inflation. Now it is $7\frac{3}{4}$ months. We have only spent \$6 billion of the \$14 billion available. Not bad so far.

We have not taken any money off anyone to do this. The money being used had not yet been created, so it could not have belonged to anyone.

It was budgeted to be created in national estimates. Only \$6 billion dollars belongs to anyone so far.

Let's move on.



POINT SIX

The Reserve Bank to be directed to exercise its normal controls to limit the money supply (M3) to the total existing on the day of commencement of the foregoing recovery programme.

PLUS the sum expended from the National Recovery Account,

PLUS the net Commonwealth deficit. (The present deficit, reduced by all savings occasioned by this programme, including reduced interest and inflationary costs, unemployment benefit payments, reductions etc.)

NOTES TO POINT SIX

In the progress of this paper we have not yet covered all expenditures from the National Recovery Account. However, the costs of the programme are set out below. Details will be supplied once we return to Points 3(b) and 3(c).

Point 3(a) Abolishing Sales Tax	\$6,000 million
3(b) Price Compensation	800 million
3(c) Reducing unemployment by 100,000	356 million

TOTAL COST: \$7,156 million

Budgeted Deficit 1985/86= \$5,500m
Less Interest savings = \$3,000m

NET COMMONWEALTH DEFICIT 2,500 million

NET INCREASE IN MONEY SUPPLY
(M3)= \$9,656 million

NOTE:

The calculation above for interest savings is at the average interest rate of 11.25% at 30-6-85 for Commonwealth and State Securities on Issue (Reserve Bank figures). The low figure for average interest is explained by the large % of old fixed rate securities. With new borrowings since and re-financing of old debts this interest rate is low.

It also assumes, rather arbitrarily, Commonwealth debt to be \$48 billion at the time of implementation. As it was \$38.6 billion at 30-6-85 and the increases since through borrowings and devaluation increasing the A\$ value of debts in foreign currencies, it is conservative.

The net increase in the money supply does not account, through the deficit figure, for such matters as savings in collecting Sales Tax, savings due to the wage freeze, and all the other provisions for inflation in the Budget.

The '85-'86 Budget's expenditure of \$78 billion, less the interest payments of \$6.7 billion — the savings on which have been taken into account — leaves expenditures of \$71.3 billion which are mostly subject to inflation.

Is there any budget in the country which, for the expenditure of each \$71.30, does not include at least \$2.50 provision for inflation?

If this is the case in the Federal Budget, and those savings are put to this end, THE DEFICIT FOR THE YEAR WILL BE NIL'

Realistically, the net increase in the money Supply (M3) is now back to about \$7 billion, half of the previous actual increase for 1984-85. (Reserve Bank figures).

And look at what we've done with it!

Perhaps it's time to remember that what has been shown so far has all resulted from one basic change. The increase in the money supply being created, being put into circulation in a different way.



POINT SEVEN

The full co-operation of all sectors of the Australian economy be sought in maintaining at least a 12 month wage freeze in agreement to the introduction of the foregoing recovery plan.



NOTES TO POINT SEVEN

Preventing further wage increases is an essential part of a National Recovery Strategy.

But a wage freeze in an economy where other costs continue to inflate is politically untenable and unjust. Any attempt to institute one without the other would almost certainly spell the demise of any government foolish enough to institute it if it were maintained rigidly for any length of time.

It is for this reason that the suggested programme above, contained in Points One to Six, is designed to eliminate the impact of inflation on a wage or salary earner with a fixed income, and to reduce the ranks of the unemployed.

On the other hand, given the above programme in place and working, and with the resultant full support of the public behind the programme and jealous of its continuance, any opportunist industrial pressure prejudicial to the programme must be put down with the minimum, but adequate, force.

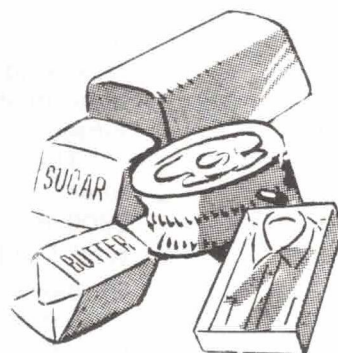
In the final analysis, employers capitulating might be fined several times the value of wage increases given. This would force either holding out against such claims, or mass dismissals and re-hiring.

However these actions are unlikely to be necessary. The legitimate grounds generally necessary for strike action occasioned by inflating costs and static wages would not be present.

POINT THREE (continued)

(b) The phasing in, when necessary, over a 12 month period, of a price compensation scheme applied to basic items in the Consumer Price Index at a rate designed to ensure NIL inflation.

— Refer to Appendix IV, "What are Price Compensations".



NOTES TO POINT THREE (b)

Taking into consideration that in the first eight months in which this overall programme operates, the C.P.I. has been prevented from rising because of the abolition of Sales Tax, that a tax freeze and wage freeze have been in effect, and that the utmost pressure downwards has been exerted upon interest rates, it is unrealistic to assume the continuance of an 8.2% inflation rate in the last four months of the year.

Nevertheless, the attached price compensation details have been constructed to overcome a 2.4% C.P.I. increase, which is just less than the 2.85% balance to be overcome if the full 8.2% inflation rate applies.

Please bear in mind that such things as the effect of falling interest rates on electricity charges and much else, has not been included in the figures.



PRICE COMPENSATION DETAILS

	RETAIL PRICE	PRICE COMPEN- SATION	CONSUMP- TION PER HEAD	C.P.I. WEIGHT	IMPACT ON CPI	ANNUAL COST \$m
Bread	\$1 Loaf	50c.	53 x 2lb. loaf	1.0%	.5%	420.00
Eggs	\$1.80/doz.	\$1.00	18.6 doz.	.4%	.22%	294.00
Milk	75c	40c.	102 Litres	1.3%	.69%	644.64
Electricity and Gas	\$2,000m	40%		2.44%	1.00%	800.00
					2.41%	2,158.64

COST FOR LAST 4 MONTHS OF YEAR = \$719.54m.

The statistics for bread, eggs and milk are based exactly upon Bureau of Statistics figures of consumption (Catalogue No. 4306.0) and retail prices.

The costings for Household Electricity and Gas are more approximate. If they have been correctly weighted in the C.P.I. in accordance with actual household expenditure, these costs are adequate for a general outline of the programme.

NOTE: To eliminate the argument that retailers would not pass on cost compensations to consumers, only those items on which some price-regulation already applies have been selected. Consumers should be notified of new price-levels once the Compensation has been applied.

As these price compensations would be introduced during the latter part of the programme, their cost during the first year would be only one-third of the annual cost stated, i.e. not \$2,158.64 million but only \$719.54 million.

Some increased consumption in these items with reduced prices must be expected. An actual cost should not exceed \$800 million.

Other items to which a price compensation might easily be administered might include telephone and postal charges, motor registration, urban transport, health insurance, butter, meat carcasses sold to domestic retailers from abattoirs, etc. Items such as these might be chosen for price compensation in the second and subsequent years of this programme when necessary.

The weighting of the C.P.I. is such that approximately, consumer expenditure on an item in the C.P.I. which amounted to \$800 million annually would be given a weighting of 1% of the total C.P.I. If prices of items on the C.P.I. rose by \$800 million, an approximate 1% increase in the C.P.I. would result that year.

Similarly, if \$800 million was spent in one year in price compensations on C.P.I. items, the C.P.I. would fall 1%. In this way, the cost of overcoming some continuing inflation can be estimated.

TOTAL COST AND IMPACT IN FIRST YEAR

METHOD OF OVER- COMING INFLATION	C.P.I. INCREASE OVERCOME	FIRST YEAR COST
Abolish Sales Tax	3.1%	\$6,000m
Interest rate impact on:		
Housing payments	1.88%	Nil
Local Government rates	.37%	Nil
Price Compensation scheme	2.41%	\$800m
Indirect impact of above measures - minimum to destroy 8.2% rate	.44%	
TOTALS:	8.20%	\$6,800m





POINT THREE (continued)

Point 3(c) . . .

This section relates to unemployment. While the foregoing programme must have a favourable impact on unemployment, the level of this impact can only be speculated upon at this stage.

This is not an absolutely essential part of the programme, however it would have an immediate dramatic impact on unemployment.

It would not encourage irresponsibility because of the age group to which it applies. Indeed, quite the reverse, by bringing the discipline of work to younger people, and a boost to their morale.

All suggested schemes to create employment thus far involve in their cost, not only wage payments, but also raw material and plant costs. Even in the most labour intensive schemes it normally costs \$2 to pay \$1 out in wages because of these additional costs. Therefore Point Three (c) reads:

The immediate offer of \$10,000 per annum to any Australian within two years of retirement who will accept early retirement. Such a payment to be free of any means-test, and to be made until normal pensions or superannuation benefits apply, PROVIDING his place of employment provides for a replacement position for a young Australian. A limit of 100,000 such early retirements and consequent new jobs to be set. (Maximum cost over one year, \$1,000 million, LESS \$572 million in reduced unemployment benefits = \$428 million)

Because the offer of an early retirement pension to people within two years of retirement is conditional upon their employer undertaking to replace them with another person, every pension paid will reduce unemployment by 1.

Therefore, against every early retirement pension that is paid, the cost of an average unemployment benefit may be offset.

100,000 pensions at \$10,000 per annum	
(\$192.30 per week) =	\$1,000 m
Less 100,000 unemployment benefits	
@\$110 per week (average) =	572 m
NET ANNUAL COST =	\$428 m
NET MONTHLY COST =	\$35.6 m

From the time of the commencement of this programme it may take some months until the full upper limit of 100,000 pensions are being paid. For this reason the actual cost for the first twelve months of this programme has been calculated below on the basis of the average pension being paid for ten months.

ACTUAL COST DURING FIRST YEAR — \$356 MILLION

CONCLUSION

Next year the Australian dollars in existence will increase by \$14 billion. Each year the figure tends to increase.

This money, which does not presently exist, is nobody's property. How could it be? Is it possible to claim ownership of the non-existent?

Certainly we have appropriated it temporarily in the achievement of the objectives set out at length in this paper.

But who have we robbed? Who have we disadvantaged?

Unless you read backwards you now know that we have advantaged everyone. Do you eat bread, pay interest, buy goods subject to Sales Tax?



Yet there is one disadvantaged group. It is the Banking System. No, their profits will not fall, the difference between borrowing and lending rates will remain constant, and thus their profits likewise. So what have they lost?

They lose the right to allocate national resources, which now is theirs, through the allocation of these increases in the money supply.

True, they will still allocate the "old" money, money created before this programme, after its implementation. So they only lose a small part of their prerogative.

Finally, however, it has to be said, "So sorry, but we don't give a damn about bankers' prerogatives."

"We do care about your profits, because we do want to induce someone to administer our bank accounts efficiently and well, but they in any case are not affected."

"If ever bank profits are adversely affected, then something will have to be done."

"But so sorry, we consider it more important to initiate national recovery, and less important and certainly easier to solve your resulting problems (if any), after the recovery is effected."

The "idea" contained in this paper, i.e. appropriating non-existent money, but only that which will have to come into existence anyhow to finance inflation, and spending it to reverse inflation, is not novel.

It is not novel and therefore not mine or anybody else's, and no claim can be made to it. The truth is universally available to men of courage, integrity and intellect, with the latter attribute probably the least important.

The "idea" is simply one whose time has come.

History teaches that there is no force on earth so powerful, pervasive, and all conquering, as a simple idea whose time has come.



QUESTIONS AND ANSWERS

Q. Why do we need a set of National Accounts?

A. It's obvious that Treasuries do not know what is happening. Such things as blow-outs in the deficit are examples of this.

As any business knows, no enterprise can be run properly without proper accounting. They would not know what was happening.

We are saying — "Let's stop guessing. Let's do our sums."

Q. Why do we need a Balance Sheet?

A. Any business that doesn't know what its assets are, and what its liabilities are, is guessing all the time. They haven't got a clue.

What are Australia's assets and liabilities? Let's find out. Most Australians would be amazed to learn that the money supply is a national liability, as are all demands against our national produce. Of course, your private money is no less an asset to you.

Q. Why do we need a National Supply and Demand Account?

A. There is always debate about whether demand should be increased or reduced, and by how much. Let's work it out properly.

Q. The National Recovery Account is to be funded by the Reserve Bank. Where will this money come from? Will the Reserve Bank create it?



- A. Yes. In 1975 there were \$28.8 billion Australian dollars in existence.

In 1985 there were \$90.4 billion Australian dollars in existence. Where do you think these extra A\$ came from? Answer me that!

- Q. But where will it stop?

- A. Good question. That's why we need a national set of accounts. There needs to be limits and we need to know what they should be.

- Q. Why do you want to abolish Sales Tax?

- A. Because it inflates the price of an enormous range of goods; and also because this would increase sales for all sorts of goods. For example new cars, electrical appliances, and furniture. Consumers and business benefit.

- Q. You propose price compensations. This is unusual. How do they work? Or will they work?

- A. Prime Minister Curtin did it in 1943. It worked. It's all recorded in the Commonwealth Year Books for the years 1943 to 1947. It worked then. It will work now. Curtin was the only Prime Minister ever to stop inflation. It's time for another one. (See Appendix IV).

- Q. Instead of creating 100,000 new jobs, you propose 100,000 early retirements. Why?

- A. Two reasons. Firstly, it costs at least \$20,000 to create a new job. With early retirement pensions, two young Australians can get a job for \$20,000.

Secondly, technology is bringing about a leisure society whether we like it or not, and whether we accept it or not. Modern technology and an advancing economy can allow earlier retirement.

It is a voluntary scheme. Many people near retirement will want to keep working. That's O.K.

Those who want early retirement will be giving their jobs to younger Australians.

- Q. Will reducing interest rates disadvantage lenders?

- A. No. At the moment with interest at, say, 15% and inflation at 10% lenders are not doing well in real terms. They have to pay tax on \$15 when their real return is only \$5.

With nil inflation and 5% interest their real return will be higher.

- Q. Can Government survive with a tax freeze?

- A. If prices are held down with price discounts, we have falling interest rates, and we have a wage freeze, yes.

It can live with that. In fact, given those things, the Federal Government could stop its deficit. State Governments could do likewise.

- Q. The figures in this paper will soon be obsolete. They are already changed. Three years ago interest was lower, inflation was higher, sales tax was different and in total figures, less. In short the formula of factors was different, and it will be different again in three year's time.

Will this programme work when the "mix" and make-up and particular relationship of our problems one to another is different?

- A. I can answer for three years ago, because that was when I first set out this programme, though it was not published.

For less than the estimated (and subsequent actual) increase in the money supply, the same objectives were achieved.



With this downward pressure on unit costs, and all of the indirect benefits of this programme, such as the interest cost savings in all industries, even 2% inflation is impossible to compute.

At worst, 2nd year costs are therefore under \$9.5 billion.

In succeeding years the rate of increase in costs should abate, the cost of overcoming the first 1.25% of inflation being offset by the reduction in Sales Tax loss compensation.

Finally, if inflation makes progressively declining demands on the National Recovery Account, compensation for lost Sales Tax is ended, and unemployment is deemed acceptable, and the National Supply and Demand Account still indicates a need to increase demand, one final suggestion.

What about a National Dividend for everyone? Every Company makes this its ambition. Why is it so silly for Australia Unlimited?

Q. Is this paper intended as a final form for handling our fiscal affairs in the very long term?

A. No. Return to the final part of the previous answer for some indication of possible changes. This paper is intended to set Australia on the right road. The travellers on this road will find new circumstances and technologically different economies. Robots will reduce the level of labour needed in much production, for instance.

If this situation becomes a permanent continuing fact of large proportions, and if demand has to be increased to facilitate full consumption of production, we cannot pay any more robots.

People will have to receive payments outside of the wage packet. Again, a National Dividend might be chosen.

Q. But what would happen if the National Supply and Demand Account showed that demand had to be reduced?

A. Firstly, this cannot happen if inflation is present, because this would require more demand (in dollar terms).

It could happen if in a non-inflationary economy more people said "I've got enough goodies for the moment, I'm taking more time off to go fishing or paint the landscape."

And what's wrong with that? Most people tend to resent it in others, but would like some more of these things themselves.

O.K., but we do need to reduce demand.

Direct taxes have to be increased to withdraw the excess money out of society. These funds are then used to cancel out remaining debts; Government ones first, and industrial and individual ones thereafter.

The money supply (M3) is then held to the lowered figure with the usual Reserve Bank controls being used to do so.

Q. The Programme is putting the extra money into society with the actual amount being carefully controlled. It, like the present system, is increasing the money in existence, but the

Banks are not to be allowed to increase their loans.

Is this so, and where does it lead?

A. Yes, this is so.

To give an example, if at the commencement of the programme there was a money supply (M3) equal to 100X and after several years it had been increased to 150X, then deposits at the Banks would equal 150X.

However, if the Banks had loaned out at the time of commencement, say, 90X out of the 100X in deposits, and they have not been allowed to increase their total lendings, then their loans are still only 90X.



At the moment nothing is being offered for the future, except that which is, in all substance, a continuation of present financial policy. The result can only be generally the same, though the emphasis between inflation, interest rates, unemployment and other problems may shift more to one than another.

A world that doesn't need an answer to these problems will not emerge, until it already has it.

Q. We understand about the first year of implementation of the programme. But what about the next year, and the year and years after that?

A. At the beginning of the 2nd year, the cost of continuing the programme at the same level as at the end of the first year, would be \$8,828 million.

However, it is desirable that in time the Sales Tax Compensation to Government is phased out. Savings on Social Security in a recovered economy should be considerable. With a nil deficit a gradual reduction in the National Debt should be possible, with this meaning increasing interest savings, even at the interest rate of 5%.

Probably the greatest saving to Government would finally come from the demise of pressure to expand demand in the economy and reduce unemployment, by continually expanding its activities. The administration of the National Supply and Demand Account and the National Recovery Account, make Government interference in the economy in this way unnecessary.

I suggest phasing out the Sales Tax Compensation to Government over 6 years. This would reduce the cost commitment of the programme at the start of the second year to:—

Sales Tax Loss Compensation . . .	\$5,000m
Price Compensation to continue for a full year	\$2,400m
100,000 early retirements . . .	428m
TOTAL COST:	\$7,828m

What additional cost would be necessary in the second year?

Any continuing inflation would have to be overcome at an annual cost of approximately \$800 million per 1%.

But what would be the level of continuing inflation?

In the past several attempts have been made to freeze wages, or prices, or taxes, or all three. These attempts in New Zealand, Australia and elsewhere have all failed.

They have failed because they did not freeze or reduce another major factor contributing to inflation. This forced a shift in one, and eventually all the items subject to the 'freeze'.

That key factor was DEBT. In every case the money supply was expanded by additional debt. Additional debt meant additional taxes or prices, or pressure for more wages to repay them.

Foolishly, increasing the interest rate was often encouraged to inhibit too great an increase in the money supply (debt increase). This compounded the problem and eventually destroyed the "freeze".

Can anyone name a source of significant cost increases?

I can name a source of significant cost reductions; the increasing efficiency brought by improved technology in almost every industry, every year. Producing almost anything is now easier than it was 5, 10, or 20 years ago.



This is the way it has to be because if the Banks had been allowed to make additional loans of perhaps, 30X, the money supply would have increased to 180X.

If deposits equalled 150X and the Banks loaned out an additional 30X to their figure of 90X, then deposits and the money supply (M3) would also increase to make them 180X.

This is so because as soon as the borrowers draw their loans to pay to other people, then these other people's deposits rise by 30X. BUT NOBODY ELSE'S DEPOSITS ARE REDUCED,

In this way the money supply has traditionally been increased. It has to be stopped in order to appropriate the additions to the money supply for national recovery.

I hasten to again point out that this money is not rightfully the property of the banks.

They did not, obviously, own it before it existed. Bringing it into existence is a National Government responsibility. Spending it into existence to achieve desirable national objectives, rather than — or other than — increasing society's indebtedness to the Banking System, is perfectly legitimate.

Q.. But if this is done, then the Banks will be responsible for an ever decreasing percentage of loans provided to all sectors of society. Will this not adversely affect all stratas and functions of society, industry, consumers, home buyers and many others?

A. No. And for the following reasons.

The deposits in the Banks will still all be available for investment or loaning to others at low interest rates.

Industry will probably tend to raise more of their investment funds from share issues and public borrowings outside of the Banks. This will be easier to do because excess usury will be illegal and, more importantly, the funds will be available.

All that has changed is the ownership of the funds. Depositors will own them, and allocate them as they see fit, with the Banks certainly progressively losing this prerogative.

Building Societies and Finance and Investment Companies, many of them now owned by the banking companies, will no doubt be making an increasing percentage of the decisions about investment, relative to the Banks as such.

Q. Could it happen that in the very long term, Banks will be doing a very low percentage of lending indeed, perhaps almost nil in percentage terms?

A. Yes. But the economic and financial implications of this on National interests are NIL.

Q. The Banks won't like this, will they?

A. No. But do you like the inflation, interest rates, debt, high taxes and rising costs you have to cope with now? Do you like the low interest rates, taxes, and the end to inflation offered by a National Recovery Programme?

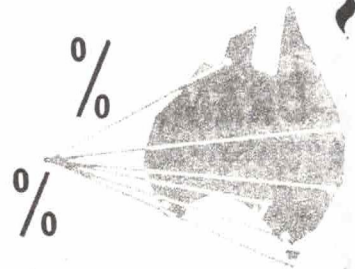
You have to choose.

Q. But if the Banks' loans will never total more than now, will they survive to offer us services?

A. Trading Banks don't pay any interest now but they charge top rates. They will always have some loans earning interest and of course they will still have their bank charges which are now very considerable.

The need for trading bank facilities is with us for ever. If at some time they have to raise their bank charges, and there is adequate competition in the industry or it can be shown that increases are legitimate to meet costs, this means one thing.

Their charges will be eligible for, and get, price compensation from the National Recovery Account, or otherwise we



will just have to pay the increased charges and compensate down their effect on the inflation rate somewhere else.

Savings Banks will be treated as any other credit house. They themselves, like Building Societies, will have to bank with the Trading Banks. Their survival will depend on their management. If their management can equal that of their competitors like Building Societies and Credit Unions, they will survive alright.

They would be better named and organised as Savings Societies. As a technical matter, when Savings Banks hold their deposits at Trading Banks and use them from there, Savings Bank deposits will be accounted in the money supply (M3) in Trading Bank figures, and will not be re-counted again at the Savings Bank.

- Q. This Programme still increases the money supply, albeit to a lesser extent than is now usual. and does so when prices are not rising.

This means a very considerable increase in real demand — will this not cause inflation in itself?

- A. No, though we need to understand what inflation really is to understand why.

To define inflation:-

"Inflation is an increase in the money supply accompanied by an increase in prices."

Inflation does not exist without the two elements. For instance, if the money supply rises but prices do not, that is not inflation.

Similarly, if prices rise but the money supply does not, whatever the reason for this, it is not inflation.

In any event, with this programme the National Supply and Demand Account limits the growth of demand to demonstrable productive capacity.

- Q. What is to be done about "WHAT HAS TO BE DONE"?

- A. Obviously the first thing is a decision about whether this paper is right or wrong. If you think it is wrong, then either the author or yourself is also wrong. Either way, it is important to sort it out.

The author is more than happy to set aside the responsibility of promoting the approach contained in this paper. He has no financial interests of a personal nature in it.

Even the publication of this booklet is being done by others with no royalty being paid. He would love to have more time to pursue other interests, rather than a change in financial policy which will not work or is not useful.

Please communicate with the author, Charles Pinwill, if you think he is wrong. He would love to share your conviction for personal reasons. His address is: **M.S. 366, Rosewood, Q.4340**

The other prospect, which the author is presently forced to accept, is that this National Recovery Programme is essentially correct. It will work basically as it contends; it is of the utmost use to our country at this time, and it will, upon its establishment, herald in an economy bringing such satisfaction to Australia's citizens that it will be the envy of other peoples, who will probably try to emulate it.

However, before this view is taken, much careful thought should be given it, because if you conclude that this paper will do what it claims, you cannot stop there.

Your civic responsibility, your country, and your innate commitment to the truth as you see it, will draw you towards a further commitment; that of doing something about it. What then?

What has to be done?



Firstly, the simple things. Do you know an economist whose opinion you may solicit, if for no other reason but to influence him? Does your industry organisation (if any) have a representative you could introduce to this matter? Perhaps it's a farming organisation, a trade union or a small business association, or perhaps other students or lecturers.

Does your local Bank manager respect you enough to be tempted to read it, or someone in your Church group, or an accountant you play football with perhaps?

Start a list and make some jottings. It's not hard work. People with interest in such matters become easier to know through such approaches.

Once you have given the people with whom you have some rapport an opportunity to consider it, the people who represent you in some way but who are further removed from you would likely appreciate getting one with a complimentary slip.

In other words the first job is educating others about the possibility of national recovery.

Obviously, it's the most important task, because it's the first. But don't work too hard at it. If others cannot see it given the opportunity, no matter how much you think they "should be able to see it", finally, you won't be able to help them.

The "idea" will sell itself to some so easily you will be utterly amazed. Ducks go to water, but hens don't.

If a sufficient body of opinion is established to support it, it then becomes a matter of sanctions.

The subject of sanctions is far too big to handle properly here. However, one suggestion can be made in this area.

If you are thoroughly fed up with falling from one crisis to another, or you've determined for any reason upon national recovery, there is one thing you could do.

You could write to me, or much better, cause to be formed elsewhere, a "REGISTER OF VOTERS FOR NATIONAL RECOVERY".

Any person prepared to undertake NOT TO VOTE, until or unless a candidate or candidates come forward with a programme of National Recovery which will, quite self-evidently, allow survival for rural industry, small business, home owners, in fact national recovery for all, can freely enter his or her name in such a REGISTER, committing his vote in such a way in future Federal elections.

In any event, to vote for anything less than a firm and specific commitment to your survival, is to sanction your own demise. If your survival as a farmer or home buyer is at stake you have everything to gain.

Apart from informing all political parties and candidates of the commitment of voters, and supplying the numbers registered, and asking for their written commitment to National Recovery, little needs to be done.

You will not see them until they need you, and when they need you you've got them.

Voting for the lesser of two evils is voting for evil, and we have had enough of that.

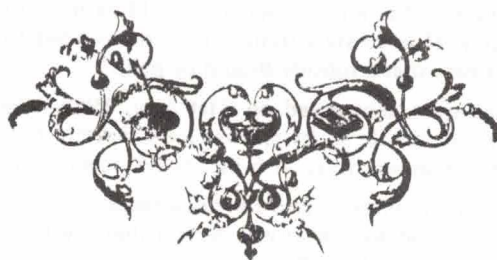
Don't panic about not voting, or "wasting your vote".

You are required by law to attend a polling booth, you are not compelled to fill out a ballot paper. Perhaps you can just write "No candidates committed to national recovery", and if you really want to be responsible, sign your name and give your address. This is your legal right if you so choose.

Voting for less than you are prepared to accept is wasting your vote. Often the most informed vote is an informal vote.



As I began, I have also to finish. Yes, you are now involved in a war of survival. Whether you fight, play dead, or shoot down your mates is your decision.



WHAT ARE PRICE COMPENSATIONS ?

In the simplest possible terms, Price Compensations operate as Sales Taxes in reverse.

With sales taxes, businesses have to supply evidence of their sales, and then add the tax to their prices and pay the Government that amount.

With price compensations, businesses have to supply evidence of their sales, and then deduct the price compensation from their prices, and receive the compensation from the Government.

There is no doubt that they are workable, because they were applied in Australia (and elsewhere) during the years 1943 to 1946.

Even with severe war time price controls, prices still increased 25% in the first 3½ years of the war. Costs continued to force price increases.

Price Compensations were then introduced. Price increases for the next 3¼ years were nil. Late in 1946 price compensations were gradually removed and inflation has been a permanent feature of the economy ever since. The final column of the Retail Price Index below make these observations plain.

Australia's war time experiences with price compensations were recorded in the official annual Year Book No. 37 (1946-47) from pages 458 to 464. Excerpts are quoted below in sequence:-

" Immediately after the outbreak of war the Commonwealth Government undertook control of prices and issued proclamations fixing as maximum prices of certain specified goods those prevailing on 31st August, 1939. These were emergency measures to hold prices in check pending establishment of machinery for price control."

"Prices Regulation Order (No.100): Selling prices were to be calculated by traders themselves on principles laid down in the Order, subject to official check."

" But it had weaknesses. . . . The continued rise of prices and uncertainty as to their future course created a feeling that profiteering was occurring and fear that inflation would occur. This was damaging to morale The level of wages had to be continually adjusted to the changing level of prices and public finances continually disturbed by the changing levels of costs and prices."

" The next phase of price control was designed to secure price stability and was based partly on the Canadian Plan for an over-all ceiling on prices of goods and services. . . ."



" . . . The price ceiling could not, however, eliminate all rising costs. . . . These cost increases had to be met in some way which would not involve piercing the price ceiling. . . ."

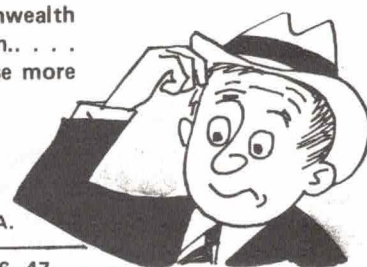
" . . . Government policy provided that, in future, necessary relief from increased costs could be met either by price adjustment or payment of price stabilization subsidy. . . ."

" . . . If, on investigation, production was regarded as essential, and relief necessary to avoid piercing the ceiling, the case would be referred to the Price Stabilization Committee. . . . When the Committee was satisfied that relief was required and that a price increase would be inconsistent with the Government's policy of price stabilization, it recommended to the Minister for Trade and Customs that a subsidy should be paid."

" . . . These measures were announced on 21st July, 1943. The price of tea was reduced by 1s. 2d. per lb. to its pre-war level and the standard retail maximum price for potatoes was fixed at 5 lb. for 6d. (capital city basis)."

" . . . The range of commodities chosen for price reduction was small but all were universally consumed so that it was certain that the benefit of the reduction would be spread throughout the community. . . ."

" . . . Late in 1946, important steps were taken by the Commonwealth Government to modify the operation of the Price Stabilization Plan. . . . relief from increased costs would be extended by price increase more frequently rather than by payment of subsidy. . . ."



PRICES STABILIZATION SUBSIDIES — EXPENDITURE: AUSTRALIA.

Item	1943—44	1944—45	1945—46	1946—47
	£	£	£	£
Potatoes	1,725,446	2,433,492	2,829,648	3,012,170
Tea	2,460,612	2,188,292	2,356,176	4,413,702
Milk	318,976	1,785,946	2,517,247	2,252,649
Recoupment of Basic Wage. .	1,101,603	801,891	555,372	2,307,435
Imports (other than Tea) . .	967,041	2,436,683	3,006,464	3,690,859
Coal	101,268	182,767	456,657	958,949
Firewood	199,679	305,221	201,204	314,852
Rubber . . . . .	..	98,783	141,200	333,575
Raw Wool . . . . .	..	..	..	3,416,876
Tobacco . . . . .	..	..	250,000	617,704
Other Expenditure	131,035	576,349	669,766	1,322,137
Total	7,005,660	10,809,424	12,983,734	22,640,908

RETAIL PRICE INDEX-NUMBERS. 1939—1947.

WEIGHTED AVERAGE OF SIX CAPITAL CITIES.

(Base of each Group: September Quarter, 1939 = 1,000)

Period	Food	Rent	Clothing	Mis-cellaneous	All Items "C" Series
September quarter 1939 . .	1000	1000	1000	1000	1000
" " 1940 . .	1019	1006	1146	1049	1046
" " 1941 . .	1017	1009	1349	1117	1102
" " 1942 . .	1147	1009	1605	1155	1207
March " 1943 . .	1130	1008	1685	1196	1226
June " " . .	1150	1008	1754	1205	1248
September " " . .	1126	1008	1734	1212	1237
December " " . .	1103	1008	1718	1215	1226
September " 1944 . .	1126	1008	1714	1211	1233
September " 1945 . .	1130	1008	1693	1208	1229
September " 1946 . .	1118	1009	1819	1214	1251
September " 1947 . .	1200	1010	1873	1262	1301





WHY ALL THIS IS POSSIBLE.

Although technological innovation features heavily in day-to-day living, bombarding every television viewer in the galaxy of advertisements, our economic faculties are still labouring in the psychology of scarcity. We are goaded with the necessity for harder work and increased production. We have even been warned against labour-scarcity in periods of inflationary boom, and one can still find advocates for increased immigration as an economic necessity.

But the 20th century has heralded in an age of potential abundance, scarcely masked by the intensity of human conflict resulting from the refusal to concede that such abundancy exists.

With the giant strides already made, it is still scarcely possible to envisage the ultimate potential of the technology we have at our finger-tips. What sort of world will it be? What sort of life lies ahead for the citizens of tomorrow?

Economic activity consists of applying existing energy forms to matter, to change it to a more useful form. Although we have transcended steam, we have largely clung to the energy sources of the nineteenth century - solar energy locked in to the fossil fuels, oil, coal, gas etc. We have built such an infrastructure round these forms, and there is such a huge vested interest in their continuation, that little investment is made in pollution-free and costless alternatives. If one fraction of the concern and effort expended on conservation and combatting pollution was devoted to unlocking the array of clean, costless alternatives, the repair of our environment would already be under way.

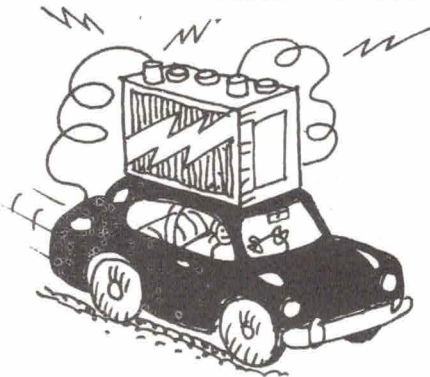


There is enough latent energy in a bucket of water, it is said, to power an economy as large as the United States for a considerable period. The solar-cell, hydrogen, the maintenance and depletion-free battery, the magnetic motor, plus countless other innovations, lie locked away waiting for economic liberation. The key is in the financial arena.

A hypothetical example serves to illustrate the dilemma. Man has begun the first steps into the science of molecular

dissection. It is possible to separate the atoms of matter from existing compounds, re-combining them into new metals and other basic materials with properties currently unknown. It is possible to forecast production of capital equipment in the future with virtually no depreciation-rate; homes which last 1,000 years; cars and machinery which can be handed from one generation to the next; community buildings and equipment lasting far longer than a human life-time.

Consequently, it is possible to imagine a world of abundance requiring only a small percentage of the global workforce for maintenance and distribution.

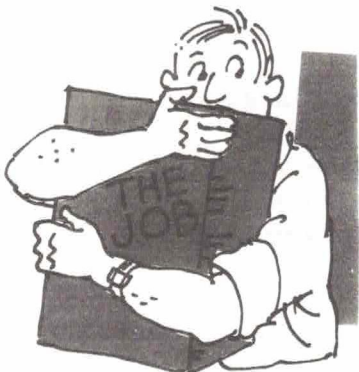
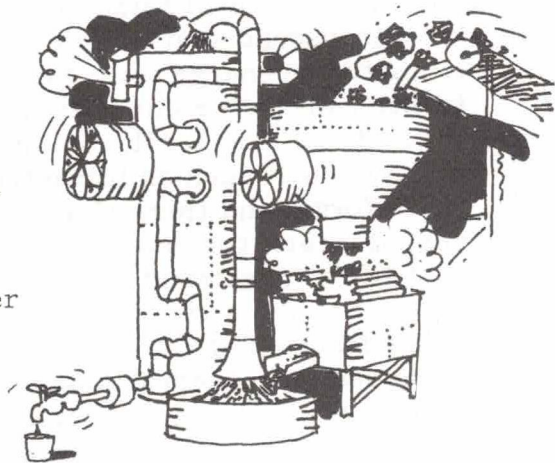


To harness such potential to a situation where the adult without employment could not acquire a portion of the production would be to generate poverty in the midst of plenty on such a gigantic scale as to beggar the aggregate of all the human misery in history!

The dilemma we face can be summed up thus:

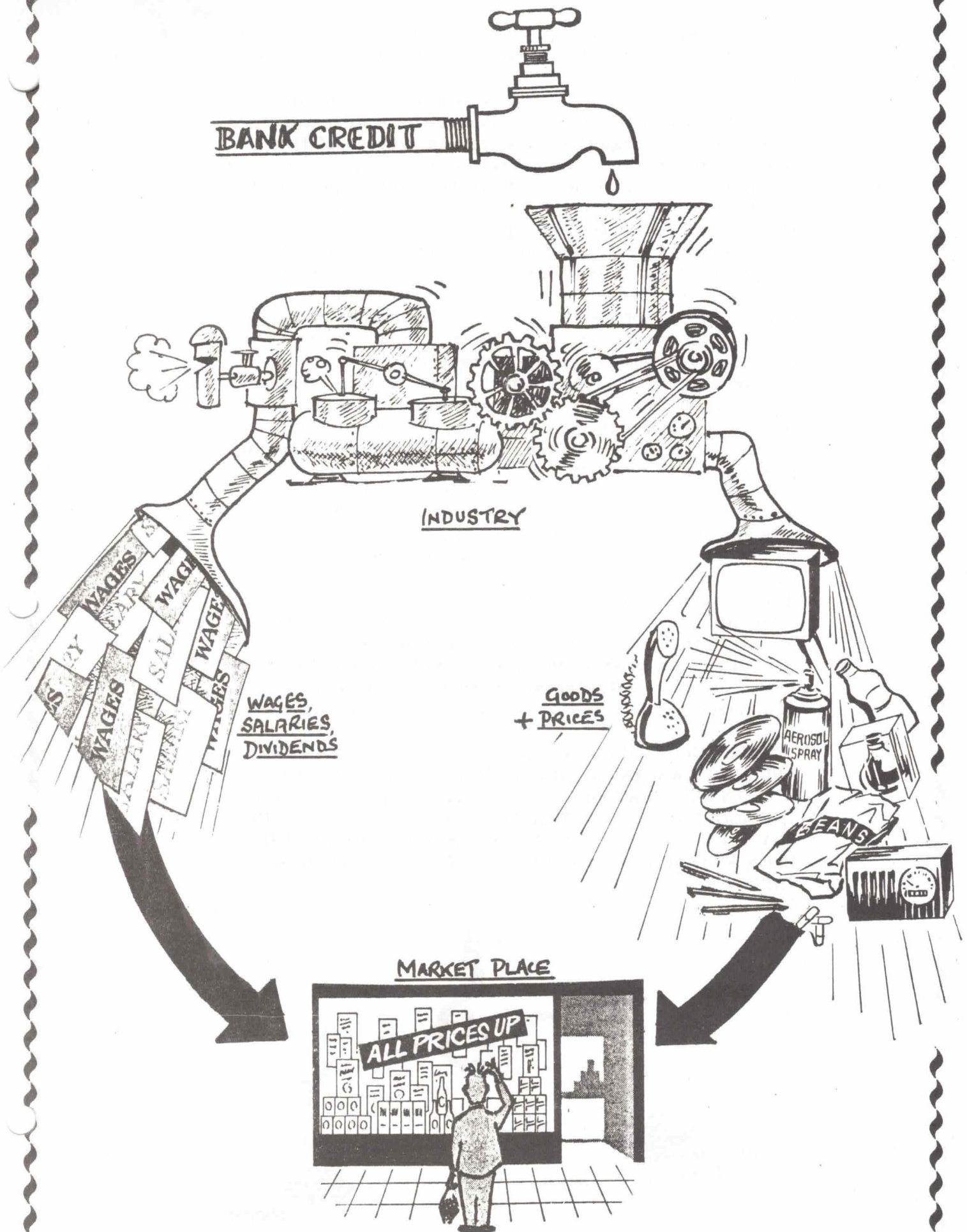
EVERY INCREASE IN PRODUCTIVE EFFICIENCY
RENDERS REDUNDANT A GROWING PERCENTAGE OF
THE WORKFORCE.

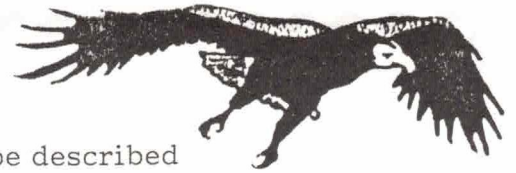
There are only three ways in which this problem can be addressed; - firstly, we could destroy technology, opting for a return to an age of scarcity which kept everyone busy surviving; secondly, we could opt for some form of totalitarianism, where a central power could allocate non-productive activities in return for a "ration" of production; and thirdly, we can arrange for a distribution of purchasing power commensurate with the



growing "inheritance-factor", on a birth-right basis to all citizens, which would endow them with a form of freedom currently unknown - a shareholder's dividend in the "life more abundant". The human potential which could be unleashed as a result of the common sharing of this type







of freedom is presently unknown and can only be described in Shakespeare's words as "such stuff as dreams are made on."

The existing deficiency can be seen in the adjoining chart. (Please note: It is conceded to those with some technical knowledge that this cycle is over-simplified. Such factors as the re-investment of savings, the influx of foreign capital, investment of taxation in NGO production etc. has not been included. But, it is stressed, none of these factors alter the basic premise.)

At the top is the provision of bank credit - created by trading banks and distributed in the form of interest-bearing loans. It is now widely accepted that the expansion and contraction of credit determines which cycle of the economy will prevail - "boom or bust". If credit is cut off completely, a Depression results.

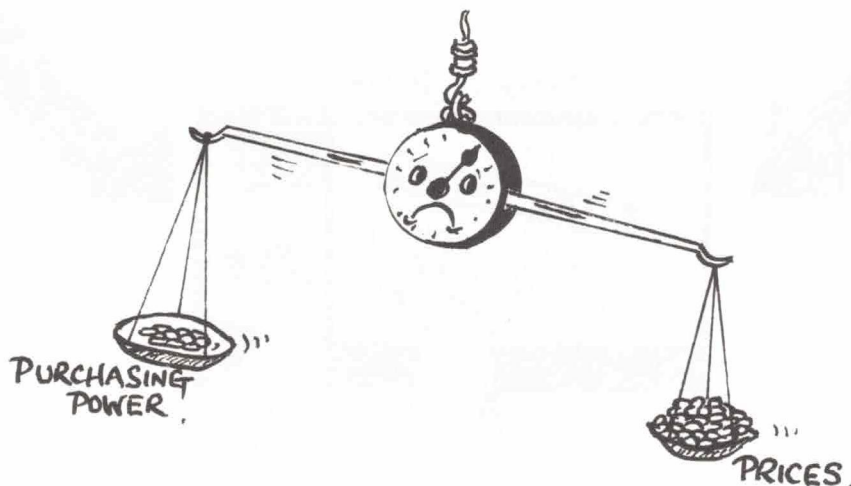
Depending on the availability of loan-finance, industry is "licenced" to produce. Currently, industry distributes purchasing-power in the form of wages, salaries and dividends. This constitutes the sole source of purchasing power in the community.

Industry also produces a stream of goods and services, which must be priced.

In any situation, or cycle, industry must recover in prices all costs of production. If wages, salaries and dividends were the sole cost of production, supply and demand would flow smoothly.

But industry has a range of costs separate from, and in excess of the current wage, salary and dividend aggregate paid out in the productive cycle. This range includes such things as loans and interest, depreciation on capital equipment, maintenance on buildings, taxation etc.

THUS, THERE WILL ALWAYS BE A RANGE OF COSTS OVER AND ABOVE WAGES, SALARIES AND DIVIDENDS PAID WHICH WILL ENSURE THAT PRICE AGGREGATES ALWAYS EXCEED THE AGGREGATE OF DISTRIBUTED PURCHASING POWER IN ANY CYCLE OF PRODUCTION. THIS HOLDS TRUE WHETHER IT IS ON AN INDIVIDUAL, A LOCAL, A STATE OR A NATIONAL BASIS.



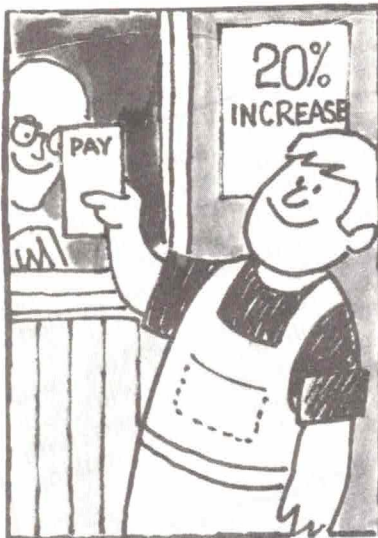


The effects of this cycle can be seen in current events. Until the recent break-down of the arbitration system in Australia, one group of earners - the trade unions - went with increasing frequency to an especially-established court - the Arbitration Commission, now replaced by the Industrial Relations Commission - seeking a wage increase on the basis of rises in the Consumer Price Index (C.P.I.). The Commissioners could do little else but agree. After surviving the outrage of management, they periodically

brought in a new award - say, for the sake of illustration, a 5 percent national increase to cost \$1 billion.

Industry was immediately ordered to pay the new rates. Occasionally, it was retrospective! With no option, industry arranged short-term loans, totalling \$1 billion, which immediately went into workers' pay-packets.

The worker, feeling like a drug-addict who has received a shot in the arm, immediately had part of his wage increase forfeited



in extra taxation. With the remainder, he soon discovered that the prices of his requirements as a consumer had also gone up, and he was no further forward than he had been before. Industry had been forced to increase prices to cover the wage-rise by \$1 billion plus interest, (perhaps \$1.1 billion). So the unions went back to the Arbitration Commission once again!

This cycle is too well-known to need further explanation. It prevails throughout the western world.

The key to a breakthrough lies in the fact that, during the cycle, the money-supply was increased by \$1 billion, loaned as a cost to industry which could only be recovered in higher prices.



IF PRECISELY THE SAME SUM OF MONEY - \$1 BILLION - WAS CREATED DEBT-AND-INTEREST FREE, AND DISTRIBUTED

NATIONALLY OUTSIDE THE COST STRUCTURE, THE CYCLE WOULD BE BROKEN!

The determining factor would no longer be the struggle between different sectors inherent in the existing system. It would be an impartial assessment of the TRUE economic position, decided by time-honoured prudential and accountancy procedures, solving a dilemma which otherwise threatens to destroy all industrial economies.



"The sharp increase in labour costs, relative both to the price of output and the costs of other factors of production, which occurred in 1973 and 1974 — and which has not so far been wound back — has encouraged firms to shed as much labour as they can. They have been replacing workers with machines; replacing full-time staff with part-time; replacing wage and salary earners with self-employed contract labour; in short, making do with less labour all round".

From the Budget Speech, 1978-79

"We used to think that you could just spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you in all candour that that option no longer exists and that insofar as it ever did exist, it worked by injecting inflation into the economy".

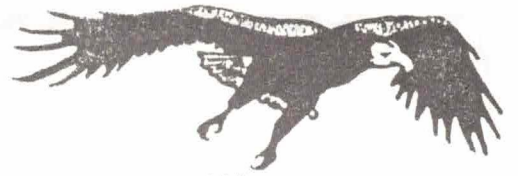
James Callaghan,
British Labour Prime Minister,
in his address to the British Labour Party
Conference, 28th September, 1976.



"The main cause of rising living standards in Australia in the last 100 years is not government legislation, not the pressures of trade unions, not the flair of salesmen or stockbrokers, though all these played a part. New machines primarily made possible shorter hours and higher real earnings.

Geoffrey Blainey —
Professor of Economic History,
Melbourne University.





ECONOMIC FREEDOM POTENTIALS II.

The Industrial Revolution which commenced just over 200 years ago was the threshold to the intensifying conflict between technology and full employment. As the first machines arrived in the cotton-mills of the English Midlands, two things happened: Production increased dramatically - as did poverty. As the machines replaced workers, human labour was cheapened dramatically. Men and women often worked long hours for no more than the price of bread. Small children were forced into incredible drudgery, slaving underground in the mines or as human chimney sweeps. There were no trade unions to protect them. They arrived later, starting as voluntary associations through which workers defended themselves and each other by insisting on minimum standards.

The Luddites, believing mechanisation itself was to blame, attempted to smash the machines by breaking into the factories at night. But there was no way they could hold back the avalanche of mechanisation. They were followed by Karl Marx, who wrote "The Communist Manifesto" in the British Museum. He blamed not the machines, but ownership of the machines, and promised to unite the workers of the world into a violent revolution which would overthrow the property-owning class - the "bourgeoisie". The ensuing movement was to burst into the world like a virulent plague as the 20th Century dawned - destroying tens of millions of people before tearing itself and its leaders to pieces.



THE SONG OF THE SHIRT

by

Thomas Hood (1799-1845)

*With fingers weary and worn,
With eyelids heavy and red,
A woman sat in unwomanly rags,
Plying her needle and thread—
Stitch—stitch—stitch!
In poverty, hunger, and dirt,
And still with a voice of dolorous pitch
She sang the Song of the Shirt:*

*Work—work—work!
Till the brain begins to swim;
Work—work—work
Till the eyes are heavy and dim!
Seam and gusset and band,
Band and gusset and seam
Till over the buttons I fall asleep,
And sew them on in a dream.*

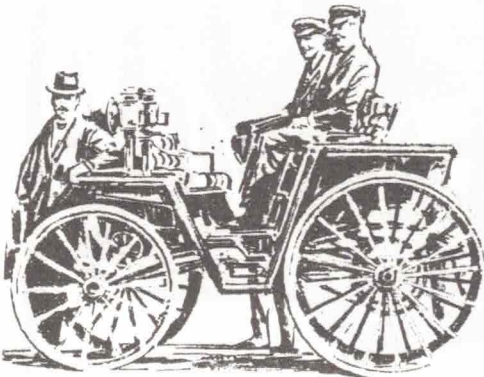
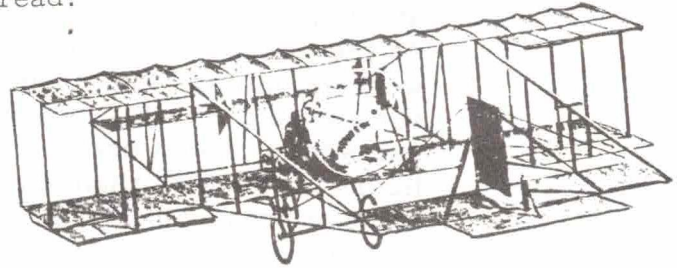
*Oh, men with sisters dear!
Oh, men with mothers and wives!
It is not linen you're wearing out,
But human creatures' lives!
Stitch—stitch—stitch,
In poverty, hunger and dirt,
Sewing at once with a double thread
A shroud as well as a shirt.*



Visionaries and dreamers posed questions never asked before. "Would the day ever come when man was no longer forced to trudge behind a horse and plough to grow his daily bread?"



"Would the day ever come when man could soar in space or span the continents and oceans like a bird flying?"

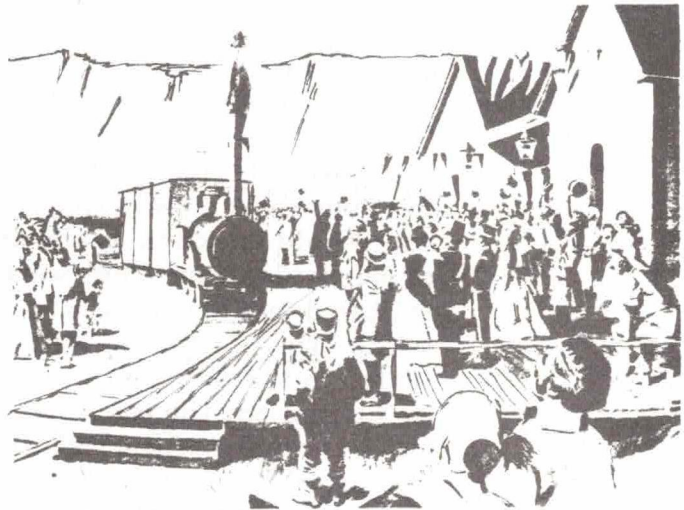


"Would the day of the horseless carriage ever arrive? Or would man ever travel in vessels deep beneath the surface of the sea, as prophesied by Jules Verne? Would man ever travel to the moon or the stars? Could it even be possible that the 'curse of Adam' - forced labour - might be lifted off the backs of men?"

It is now 150 years since George Stephenson's "Rocket" pulled three carriages along the first tracks at the princely rate of twelve-and-a-half miles per hour.

The possibilities are endless. The dreams for the future - limited only by man's imagination - are still to be fulfilled.

"Will the office worker become redundant, as modern technology opens the door to printing, publication and facsimile transmission from home?"



The first train to run in Australia was pulled by a locomotive built in Melbourne in only ten weeks. The engine was tested only three days before it hauled the first train on the Melbourne to Sandridge line

One or two barriers remain to be surmounted - chiefly, a change in the way that incomes are distributed, and how they should be measured in a compulsion-free age. Once determined, the vista of a new era emerges, - the era of the creative volunteer.

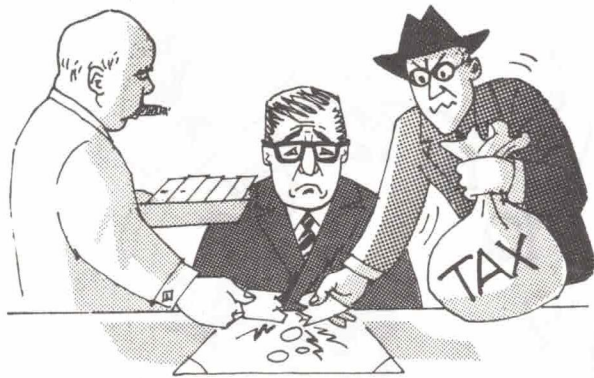
As our real productive heritage is clarified and broadened, each person in each generation to whom it is entrusted should be expected to contribute to its maintenance and development. Earlier and earlier



retirement would be available - but without compulsion. Those who enjoyed carrying on would be able to do so. To some, their work is their leisure. The frenzied materialism of today's profit motive, distorted by the cult of consumerism, would be softened and tempered by the return of the recently-destroyed ideal of service. True aristocracy - which in its original concept was purely one of sacrifice and service - would flower unorganised and unplanned.

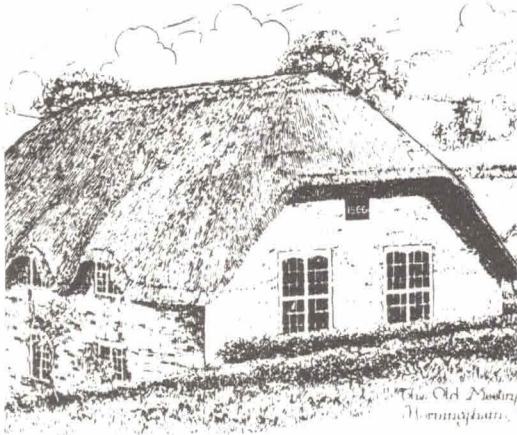
Beyond that, no definition of the paradigms of the free society can be properly attempted; for it is no man's to give. Freedom is exclusive and diverse, different for each person. The disappearance of the current obsession with 'planning' other peoples' lives would give way to forbearance.

It is probable that Social Services would wither away to nothing. Taxation would be at worst a pittance - hardly worth the trouble of avoiding. Government would be limited to a necessary minimum. Few Bills would be passed, and then only after extensive deliberation and consultation with the electorate. Education would be entrusted only to the wise and experienced, able to lead and expand without 'conditioning'.



As each citizen developed the independence, character and responsibility which results from freedom, it would become more difficult to centralise power.

The hunger for standards so tangible in today's destructive society would be fulfilled in the pursuit of excellence. Craftsmanship in hundreds of fields would flourish. The building of the thatched cottage in England's



Elizabethan period - many of which still stand today - would have its modern counterpart as many young couples use modern technology and materials to build their first family home - of an originality and uniqueness far removed from the drab uniformity of the 'Council Estate'.

If we accept that man is made in the image of his Creator, it is in creativity that the likeness is expressed.

Above all, man would re-discover



and master the proper use of time. "Living by the clock," "clocking-in" and "clocking-out", "never having time", "killing time" would become quaint and meaningless clichés. Man's life is primarily spiritual, rather than materialistic. Spiritual destiny is timeless and eternal. It is against man's true nature to be dominated by time. Rather, it would be regarded as one of a number of resources - to be invested wisely, not simply in one's self, but, perhaps, in one's family and in the future - building a



home, learning a new skill for more than commercial profit.

C. Barclay-Smith, a writer and one-time editor of the Queensland Country Life, once estimated that the average person could learn fluent German and French in 30 hours a week over 12 months. The same 30 hours could make a person reasonably proficient - for a layman - in Astronomy, Psychology, the Greek Classics, History or Philosophy. In the same time, a person could read 150 biographies; become familiar with the range of English poetry; or else proficient in the theory and history of music;

read 50 of the greatest works of fiction; or become proficient in pottery, clay-modelling, wood-carving, drawing, painting, tapestry, rug-weaving, or cabinet-making.

And the most challenging aspect is that it is never too late to start! Many great achievements have been accomplished in advanced old age. For example:

LAMARCK wrote his "History Of The Invertebrates" at 78.

Plato learned Greek at the age of 80.

Queen Victoria learned Hindustani at 80.

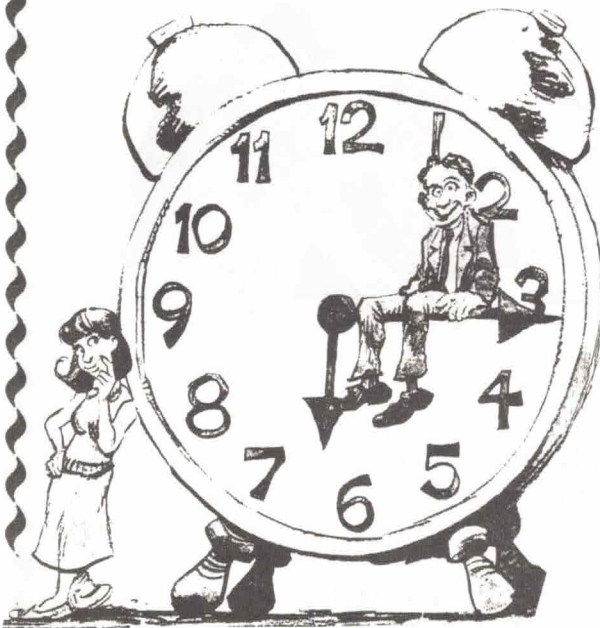
VERDI wrote "Othello" at 74, and "Falstaff" at 80.

He was 86 when he wrote his famous "Ave Maria".

PLATO wrote his "Republic" at 80.

GOETHE wrote "Faust" on the eve of his 83rd birthday.

CERVANTES, author of "Don Quixote" never wrote until 80.



Human identity itself would change perceptibly. At present we identify people by their occupation. No sooner have we greeted a stranger than we make a stock inquiry: "What do you do?"

We classify our acquaintances by their jobs - butchers, bakers, candlestick-makers, bankers, farmers, housewives, salesmen, politicians.

Periodically, newspapers run polls on the level of regard for occupations - as though we are simply to be categorised into some social pecking-order. At the moment, politicians, used car salesmen and lawyers vie for the lowest esteem. A moment's thought will show how false a measure this is. Virtue has little to do with occupation - unless we have opted for crime! - And, quite often, the greatest criminals are the most socially respected!

The artificial battle over "sexism" between men and women, has its origins in the stereotypes created by "bread-winning", house-keeping". Economic roles now distorted by false financial stringency and usury, destroying any equity, would largely disappear. Men and women would re-discover the joy of their complimentary roles.

Education would transcend the modern concept of teaching. Teaching is a mechanical thing. One can teach a dog to chase sheep, and lions to jump through hoops. Education, in its fullest sense, is an opening and leading process, which teaches people to learn for themselves. Man's purpose is spiritual, not mechanical. His destiny is higher than to be a cog in an economic machine.

What, then, happens to those whose existing function becomes obsolete? When the carthorses which preceded the Industrial Revolution became redundant, they were put out to pasture, and were content. Yet we fear putting human beings out to pasture, believing that such a fate bears some stigma.

We forget the Christian proposal that a right

TAKE TIME

Take time to work —
it is the price of success.
Take time to think —
it is the source of power.
Take time to play —
it is the secret of perpetual youth.
Take time to read —
it is the foundation of wisdom.
Take time to be friendly —
it is the road to happiness.
Take time to dream —
it is hitching your wagon to a star.
Take time to love and be loved —
it is the privilege of the Gods.
Take time to look around —
The day is too short to be selfish.
Take time to laugh —
it is the music of the soul.

Adapted from an old Irish prayer.



relationship with God offers permanent pasture, spiritual repletion and "life more abundant". We repeat the words without grasping their explosive potential. Is there genuinely a fulfilling pasture for human beings, in view of the carnage around us? With that question in mind, consider again the old, familiar words in a new light:



Psalm

A Psalm of David

1. The Lord is my shepherd; I shall not want.

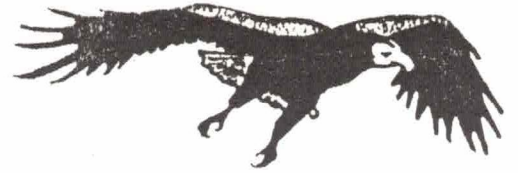
2. He maketh me to lie down in green pastures; he leadeth me beside the still waters.

3. He restoreth my soul; he leadeth me in the paths of righteousness for his name's sake.

4. Yea, though I walk through the valley of the shadow of death, I will fear no evil; for thou art with me; thy rod and thy staff they comfort me.

5. Thou preparest a table before me in the presence of mine enemies; thou anointest my head with oil; my cup runneth over.

6. Surely goodness and mercy shall follow me all the days of my life; and I will dwell in the house of the Lord forever.



In ancient Greece, education was considered a process for life. If accepted for University, one studied under the greatest masters in a multitude of disciplines.

The first reaction on considering this may be that such a pursuit is a waste of time. But we are thinking in terms of today's class-room situation. Education in Greece involved practical application in the outside world as part of the learning process.

How much more do we need to re-consider man's purpose and function? The Church, pre-Reformation, had taken steps in the right direction. A man developed towards 'holiness' - a far cry from today's definition of sanctimonious piety. Holiness equated with 'whole-ness' or completeness, as potential was realised.

Bishop Fulton Sheen, in 1955, stated:

"Man does not exist for the sake of production, but production exists for the sake of man. No wonder that people are sick and tired of it. They feel that all they have to do when they work is to make money in order that they may eat, then eat in order that they may have the strength to go back to work again. Coffee is thrown into the ocean, milk poured onto the ground, grain stored, bananas thrown into the sea. And why? Because the maintenance of an economic price has become more important than human life."

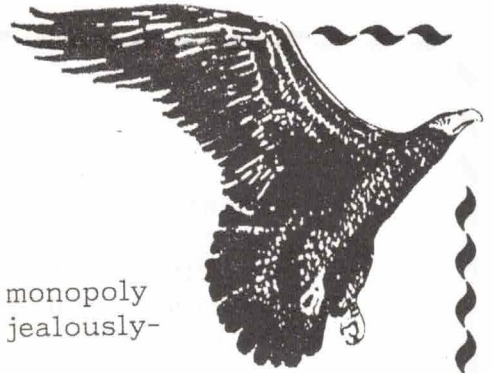
The eminent Christian thinker, Daniel-Rops, wrote:

"The aim of an economic regime is not to increase production for production's sake, nor to increase capital. Its aim should be to make it possible for man to dwell on this earth at ease, in harmony and brotherhood."

Contrast the vision implicit in these statements from the true Christian follower to the chilling alternative of deliberate evil, Leon Trotsky in his book "The Revolution Betrayed":

"In a country where the sole employer is the State, opposition means death by slow starvation. The old principle 'Who does not work shall not eat' has been replaced by a new one:
'Who does not obey shall not eat.'

Thus, an immense and life-changing choice lies before us
- and the time has come to make it.

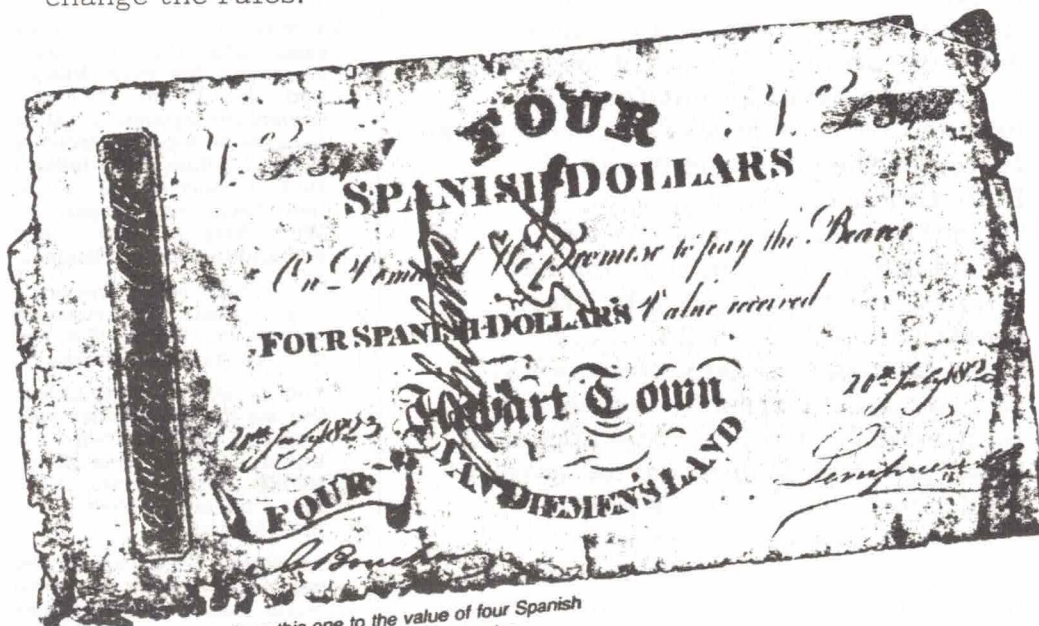


DO-IT-YOURSELF MONEY.

By now the student will have grasped that the monopoly on money-creation is one of the oldest and most jealously-guarded power mechanisms in the world.

At various times individual bankers have spoken out; their claims have met with virtually complete silence.

Why has no nation broken away from this monopoly? A short answer is that it is so entrenched that it is more powerful than governments. Only at times of intense crisis have minor, and largely temporary, attempts been made to change the rules.



Promissory notes such as this one to the value of four Spanish dollars were used in Australia before banks issued notes

In Germany in the 1920s, following the savage reparations imposed through the Treaty of Versailles, the official money system inflated to destruction. Stories of what happened are legendary. Prices on basic commodities changed two or three times a day. Workers took their pay home in wheelbarrows. A postage stamp on a standard letter cost over one million marks. There was widespread misery, poverty and starvation. A number of local councils began issuing their own voucher-money, with beneficial results.

In one part of Bavaria, a certain mine-owner advertised 200 jobs, and was inundated with applicants. He explained he could not pay wages in national currency, but would offer his own tokens. When asked what value they had, he pointed to a warehouse on the mine-site stocked with basic commodities. These he would sell for the tokens paid.

The scheme worked well, the mine opened and production



began. The tokens were widely accepted in the district, even amongst those not employed at the mine. The wheels of commerce and industry began to turn on a local basis.

The scheme came to an abrupt end when the Central Bank in Berlin 'leaned' on the Government to declare the move illegal. No form of currency was allowed save the official - and worthless - German Mark.

Since then, the printing of any sort of note, or the minting of coins has been met in almost all nations with savage penalties. The story of Benjamin Franklin and the money issued by the early American colonists, and the pressure to stop the development from the British Government was a contributing factor to the subsequent War of Independence.

Similar examples, such as the island of Guernsey in the Channel Islands, and the use of debt-free credit for capital works in Australia such as the trans-continental railway (a government mis-use of a legitimate mechanism) have appeared briefly, but have been buried from the public view as hastily as possible.

It is clear, then, that a large-scale public education programme is necessary, through any means possible, to convince those suffering that alternatives are available.

However, the development of modern credit facilities, operating simply as the exchange of abstract symbols recorded in ledgers or computers, has opened up the possibility of local credit mechanisms which enable partial relief from the financial monopoly.

Most people are aware of primitive barter, wherein people directly exchange, or "swap", one form of production for another. It is a feature of many third-world countries, and operates in a simple way at local markets in more advanced economies.

Barter, however, is cumbersome. It is difficult to arrange "swaps" of items of equal value, or to find the person with the necessary commodity at the right place at the right time.

With the introduction of a simple system of records, it is possible to eliminate the inconvenience factor, and make

California pays bills with IOUs

SACRAMENTO: California, technically bankrupt and suffering its worst economic slump since the Depression, has started paying its bills with IOUs. This last happened in 1936.

Extreme action became necessary after the Republican Governor, Mr Pete Wilson, and the Democrats, who control the legislature, failed to agree on ways to resolve a \$US10.7 billion (\$14.4 billion) Budget shortfall before the new fiscal year began on Wednesday. State law demands a balanced Budget.

Mr Wilson said America's largest State was "running on empty" and called the deficit a "national disgrace".

Officials warned that unless the six-month impasse was resolved quickly, California would have to issue about 800,000 IOUs worth about \$1.5 billion before the month's end.

The State's 274,000 employees will next week be paid with IOUs. Banks have said they will not honour the IOUs for long.

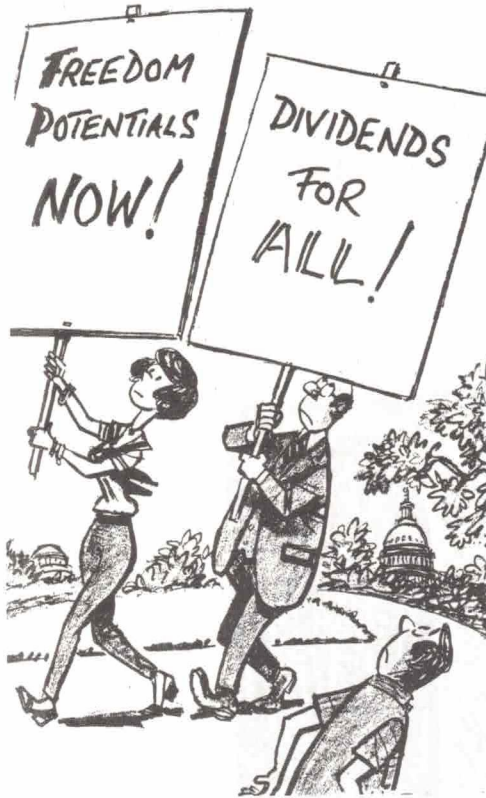
The Times, AFP

The Weekend Australian

July 4-5, 1992

possible a wider range of choices.

If a community of people living in the proximity have between them a number of goods and services which are mutually required, it is fairly simple to introduce the advantages of a means of exchange.



They may, for example, agree on an imaginary symbol of currency, called anything they like. It could be called a "crown", a "bob", a "tom", a "dick" or a "harry". There are obviously good reasons not to produce it in material form. And there is little advantage in doing so.

They may need to start the system by establishing a "par-value" against the local dollar, so that everyone knows where to start. They only need two more things - firstly, a list or catalogue of all goods and services on offer; and, secondly, a means to record, debit and credit each transaction.

This can be done with a letter of transfer, which is only a form of I.O.U.

An approximate figure is placed on the combined value of all goods and services on offer, and a sum of units equal to the average per capita value is placed on credit for each participant.

Trading can now begin. If Joe wants a bag of potatoes from Bill, (which he has seen advertised in the catalogue) He writes a transfer note for ten "bobs" or "crowns" (as the case may be) which is passed to Bill in exchange for the potatoes.

One volunteer in the group keeps the record of transactions. When the transfer-note is sent to him, he debits Joe's account ten "bobs" or "crowns" (as the case may be) and credits Bill's account with the same amount. The first "do-it-yourself" money transaction has occurred.

There is nothing in such an association which precludes the participants continuing in the national money system. It is simply an additional arrangement which supplements the existing system, with its inadequacies and injustice. Obviously, the amount of value is limited. There are certain payments which, for obvious reasons, cannot be



made in "do-it-yourself" money - such things as local rates, petrol and, of course, taxation.

The value, too, will depend on the number of people participating, the variety of goods and services on offer, and the closeness and ease of buying and selling.

However, a number of such schemes exist, in a number of different forms, and have proved immensely valuable to those who have become involved.

Some only operate between companies - and obviously the nature and scope of transactions are big.

Others operate in the more personal area of rural and semi-urban communities. But in either case, they offer economic advantages, and are also a teaching mechanism through demonstration.



THE MACHINE: Come! I have cut your cords. You are free at last!

MAN: Yes, but something else is holding me harder than ever.

(From a 1930s Depression cartoon in Australia.)





DAMAGE CONTROL.

You can hardly have failed to grasp by now that what we are faced with is much more than misunderstanding. It is a battle. The centralisation of power is not a "trend" at all - it is a quite deliberate policy.

For this reason, sooner or later, Freedom Potentials will be attacked. The proposition it fosters is in direct opposition to a conscious programme currently being implemented by a cohesive coalition which is transnational in scope and dimension.

Therefore - if it continues to be successful - Freedom Potentials will come to the attention of those at the helm of current directions, and will be attacked.

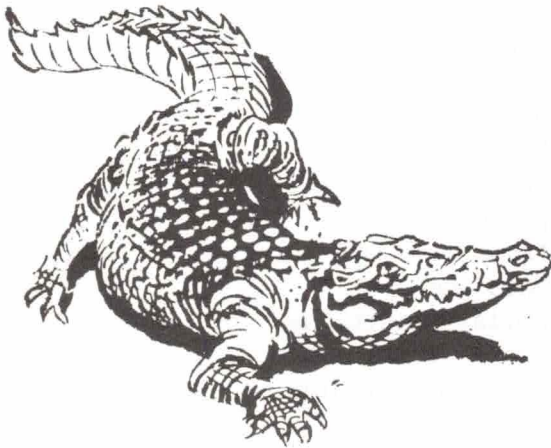
Graduates, therefore, should have an understanding that this is likely, and why it is so.

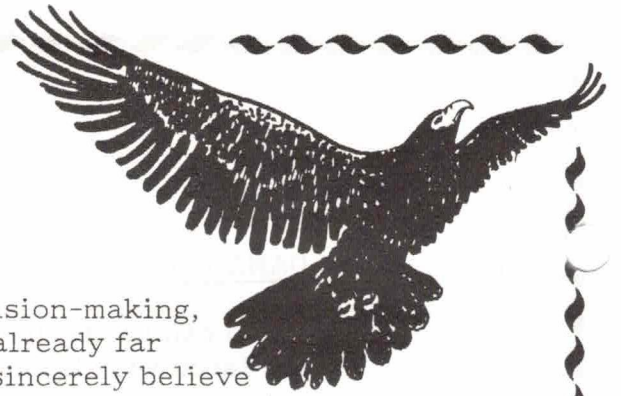
Few people realise how traumatic a public attack can be; -especially the first time. In such a situation truth is the first casualty. Slander, misrepresentation, intimidation and the "smear" are the popular mechanisms. Because of their over-use in recent times, they are no longer as effective as they were. More often than not, they are counter-productive. But they are still pervasive and traumatic to the newcomer. Forewarned, therefore, is forearmed.

We have no idea how far graduates should go in defending the course. Each one will have to decide this for himself.

The designers of the course, obviously, are prepared to defend Freedom Potentials through thick and thin, as a vital and much-needed contribution in a desperately-troubled period of history.

The ultimate form of centralisation is global, entailing





the elimination of local and national decision-making, national borders and homogeneity. It is already far advanced. Those supporting this policy sincerely believe that it will solve human problems. To attain their aim, they must eliminate the right of others to disagree with them. Therefore, their programme is ultimately conceived in fear - the fear of their fellow-man.



The antithesis of fear is love; which, in its proper sense means fostering the freedom of others - even when they disagree with you! It involves traditional virtues now usually scorned and degraded - honesty, respect, consideration, humility, service and self-sacrifice.

Where generally upheld, secure and open social conditions prevail. It was Alfred the Great's boast that a woman could walk the length and breadth of his kingdom without being molested. What woman would dare walk the length of a street in a major western city after dark in our time?

Perhaps the greatest tragedy is that of the Christian Church - a body established with a mandate for exactly such a battle. Its failure to "wrestle with principalities and powers and the rulers of darkness in high places" has left the battlefield without a Christian banner; which is not to say there are no Christians fighting manfully. But they do so as individuals, one here and another there, despite rather than because of their denominations.

BUT - there are signs of stirring! There are young people who care for freedom, who will make sacrifices for freedom when they think it will achieve something.

The great Russian Christian Alexander Solzhenitsyn, has put it thus:

"New generations are growing up which are steadfast in their struggle with evil; which are unwilling to accept unprincipled compromises; which are prepared to lose everything - salary, conditions of existence and life itself - but are not willing to sacrifice conscience, not willing to make a deal with evil ..."

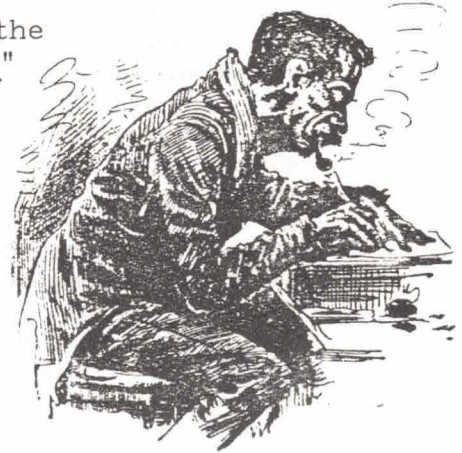


It can be a weary, lonely business standing for the truth. It can even antagonise family and friends who do not share the vision. A people who would be free must be prepared to make sacrifices. It was the famous Edmund Burke who declared:

"All that is necessary for the triumph of evil is that good men do - nothing."

There is a Christian injunction that we should love our enemies. Implicit in this statement is that we will have enemies! You cannot love your enemies if you don't have any! The trick is to love your enemies, while hating the evil they do.

Professor Walter Murdoch, the famous Australian essayist who wrote the bulk of his material during the 1930's, once published an essay "On Having Enemies." It is worth reading in full:



ON HAVING ENEMIES

THE most objectionable thing I know about my enemies is that there are not enough of them. . . .

To this you obligingly reply, "Do not distress yourself; there are more of us than you suppose, but you can hardly expect us all to take the trouble to write and tell you how much we detest you."

Thank you very much; the consolation is kindly meant; but I am unable to accept it, because a mere feeling of personal detestation is not at all what I had in mind. The enmity I refer to is something far above such petty aversions. Mere dislike does not enter into the matter at all. My worst enemy is a man whom I would rather dine with than with many of my friends. We get on with one another very well, on the perfectly frank and clear understanding that he wants my blood, and that his head served up on a charger would be a sweeter sight to me than bowls of primroses. In fact—I suppose everybody must have felt this—one of the embarrassing facts about one's enemies is that many of them are such likeable fellows. But I am straying from the point.

It is pleasant to know that you have troops of friends; but you can hardly feel at ease in your conscience unless you also know that you have regiments of enemies. The more the merrier. Nothing is more repulsive than to hear well-meaning but muddle-headed people say, when a man is just dead, "He had no enemies." They might, one feels inclined to say to them, refrain from speaking evil of him until after the funeral at least. To say that a man had had no enemies is as much as to say that he has consistently shirked his duty. It is to accuse him of all sorts of cowardly compromises and mean capitulations. The planet on which we live is not a place where a man can do the right thing without making enemies. Perhaps it would be a duller planet if it were; at all events, it would be a different one. Some day, it may be, all the problems will be solved and all the quarrels settled—but not in our time, thank God. At the present stage of affairs, life has to be thought of in terms of battle; and to say that a man, in the course

of his earthly pilgrimage, has had no enemies is to say that he has never played the man, but has always slunk from the field, deaf to the summoning drums of duty and a traitor to all that lends a glory to human life. It is to include him in that caitiff crew mentioned by Dante, *a Dio spiacenti ed ai nemici sui*, hateful to God and to the enemies of God; of whom Dante adds, in his terrible way, that they were never alive.

I can think of only one man in all history of whom it could be said, in an entirely honourable sense, that when he died he left no enemies behind him. When Marshal Narvaez was on his death-bed, his father-confessor asked him whether he had forgiven his enemies. "I have no enemies," the old soldier answered, with equal piety and simplicity; "I have killed them all."

You may object that this was the reply of a pagan, or that at least it falls a little short of the Christian spirit; but are you quite sure? Christianity does by no means command us to have no enemies; quite the contrary; for it bids us love our enemies, and how can we love our enemies if we have none to love? Critics of the Christian religion, such as Nietzsche, have made a terrible blunder when they have dwelt on its meekness and submissiveness and forgotten its unquenchable pugnacity. It sends men out upon crusades. It bids you fight to the death for the cause you believe in. Fight, it says, and give no quarter; only beware, when you are fighting, lest you defile your good cause with personal ill-will. Beware of staining your sword with hatred; for hatred is of the Devil, and your sword is of God, lent you for use in His wars: that, I take it, is the high Christian doctrine, and I dare say none of us can live up to it, but I suppose we can try. That is, if we agree with it—for it is a doctrine with which it is very possible to disagree.

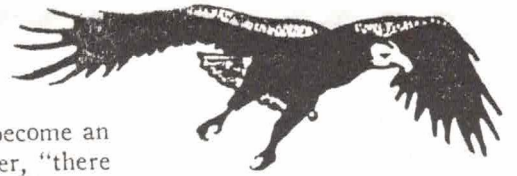
But I have strayed from the point again. The point is that enemies, whether you love them or hate them, are a necessary part of a man's life if he is to keep his self-respect. "It is our business," says Burke, "to cultivate friendships and to incur enmities"; and nobly did he practise what he preached, not neglecting either half of life's business. Beware of the world when it wears a smiling face; and faithfully ask yourself whether its smiles are not the result of your ignoble truckling to the world. Mistrust popularity, the rock on which many a good man has wrecked his soul. Every night, before falling asleep, count your enemies, and make sure that the number is sufficient to earn for you a night's repose.

Whose biographies do you care to read? Not, assuredly, those of the placid, peaceful, placable people; but always of the fighters. The lives of the others may or may not have been worth living; but they are not worth reading about. I am not speaking of men of action only, but of all men whom we call great; your Michelangelos, your Beethovens, your Tolstoys, were men of war, every man of them—and every woman too: Saint Joan bore arms, and Florence Nightingale has been described by her latest biographer as a battering-ram.

When you express the hope that you will die in harness, you mean—I hope you mean—not the harness of a yoked beast, but harness in the ancient and honourable sense, the harness in which Horatius threw himself into the Tiber.

But there is another side to the medal. The words I quoted from Burke are not all; he adds that it is our business "to have both strong, and both selected." You must select your enemies; you must choose them wisely, and even with a certain fastidiousness. It does not matter much—this is what you really ought to have said to me by way of consolation at the outset—if your enemies are few, so long as they are well chosen. To have an indiscriminate multitude of foes may mean a fatal dilution of your energy. Select, and then concentrate: that is the true strategy. Do not try to fight upon too many fronts.





It is terribly easy to scatter one's forces, and so to become an ineffective fighter. "In Hell," said the Scottish preacher, "there are mair deevils than we can ask or think." On earth at the present day there are devils enough and to spare; it is no use taking one's bow and spear and going out to do battle with the lot. There is so much evil in the world that you can easily dash yourself in pieces against its serried mass without anybody's being a penny the worse for all your indomitable and misguided courage. Even in our own Australia, believe me, you cannot hope to fight effectively, single-handed, against all that you see to be thoroughly detestable. We have to organize the forces of decency, and insist that each man stick to his allotted job. If I, for instance, were to sally out to assail all that I hold abominable, how much damage would I do to any one. If I hurled my puny body against the armament firms that are doing their best to wreck the hope of peace, and the high finance that is keeping the world in misery, and the economists who are using their brains to support high finance, and the people who believe the world can be saved by tariffs, and the people who are making money out of fostering the gambling spirit in the community, and the dull and stodgy people who are sterilizing education, and the people who bawl "Communist" at you if you want to change anything, and the politicians who are introducing graft into our public life, and the people who debauch the public mind with despicable films, and the people who make horrible cacophonies and call them music, and the humbugs and the limelighters and the puritans and the rogues—good heavens! the list will never end—what good would I do? Not the smallest shadow of a particle.

Yes, it is plain, a man can have too many enemies. But that is better, a thousand times better, than having none. It is better than to sink into the condition of the man who thinks public affairs must go their own way without his intervention, and to whom, in the end, the defeat of the English cricketers comes to be of more moment than the defeat of an evil economic system. When this happens to you, you may know that you have ceased to be a man. I am not quite sure what you have become.

Am I preaching? If so, it is to myself. The writer of essays is always talking to himself. The readers are eavesdroppers, overhearing a private conversation between the essayist and his troublesome conscience. I have been asking myself two intimate questions: have I enough enemies for my self-respect?—and do I, in my enmities, rise above paltry personal considerations? That second question sounds priggish and absurd in prose; I can only express it by breaking, for once, into verse.

DILIGITE INIMICOS VESTROS

I hated him when we began . . .
 At the first clash of steel, we knew
 'Twas die who must and live who can:
 Too small the world to hold us two.
 His life or mine—the prize was life
 For which with thirsting blades we fought;
 Yet in my heart, amid the strife,
 There flamed a strange and secret thought.
 I knew him for a splendid foe
 That fronted death with eyes serene:
 He was my enemy; but oh,
 How brave a friend he might have been!
 Within the secret soul of man
 What depths unplumbed, what runes unread!
 I hated him when we began;
 I loved him as I struck him dead.



Thus, having enemies is, in a sense, an indication of effectiveness and potency in the battle for truth.

The stories of men and women who, in years past, have accepted criticism, loss of career, reputation and even life are not numerous. But they are there. Their sacrifice has not been in vain. They have shamed, challenged and inspired others to take action. No matter how great the armies of tyranny, the truth in the end stands triumphant.

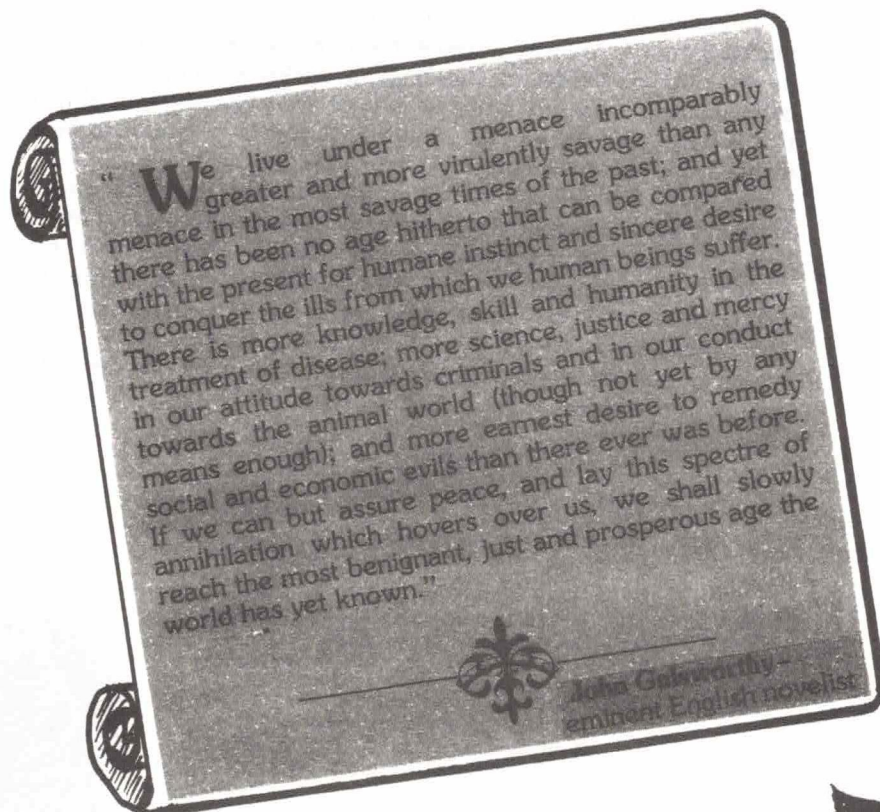
Having 'democratised', or brought into common and shared usage, the word and the vote, the West is just beginning to perceive the last great despotism - the power of the Dollar.

The idea of 'democratising' money is haunting the bankers' capitalism.

THE TWENTY-FIRST CENTURY IS YOURS! CAN YOU SEE ITS BLAZE OF COLOUR?

Our last wish for every graduate of Freedom Potentials is Christ's great prophecy, that

"YE SHALL KNOW THE TRUTH: AND THE TRUTH SHALL SET YOU FREE."



Lessons from the Fall of Rome



THE crisis through which Australia is passing is, in its most obvious expression, economic. In a different sense it goes far deeper. As Australia's leading industrialist, Sir Arvi Parbo, said recently: "The immediate expression of the crisis we are in is the deep economic recession, but the crisis goes much farther than that. There is something seriously wrong with how we think, act and behave."

A decade ago the French historian, Fernand Braudel, referring to the general crisis of Western societies, pointed to what this meant. "This is not an economic crisis," he wrote, "it is a cultural crisis, of which the economic crisis is simply an expression."

What we are facing is thus deeper than economics. It is part of the general crisis that afflicts Western civilisation as a whole.

It may therefore be worth a brief reflection on the only relevant parallel — the general crisis of the Roman Empire in the fifth century AD — in order to compare the reaction.

The year AD 410 saw the sack of Rome by Alaric the Goth. In 476 the last Roman emperor of the West, Romulus Augustulus, was killed at the battle of Ravenna. As a mark of the general conviction that the Western empire was finished, Romulus Augustulus was not replaced. During that period of 60 years, Rome's ancient civilisation, which had lasted the better part of a thousand years, came visibly and rapidly to its end. In the Eastern Mediterranean, Constantine established his capital at Byzantium and continued the Roman tradition, although large parts of the near East soon ceased to be characteristically Western and Christian and ultimately became quasi-Oriental and Islamic.

How did men and women react?

The vast majority were apparently no more profoundly con-



B.A.
SANTAMARIA

cerned with political or cultural decline than are their present equivalents; that is, until they and their families were directly or personally affected. They went on as usual. The better looked after their families; grasping what material satisfactions they could; some of them suffering and dying as the barbarian raids bit deeper into the old Roman heartlands; adapting themselves to the enormous destruction of material wealth which the invasions brought about, as their own conditions of life sank progressively and inevitably into the abyss, which led to Diocletian's last, failed, attempt to reorganise the empire.

The worst — composed predominantly of the corrupt upper classes including a substantial proportion of the intelligentsia — grasped frantically for the remaining positions of power and sought solace in the dubious satisfactions of their own sexual perversions, almost in anticipation of the same disgusting satisfactions pursued by today's avant garde.

The Christians had been assaulted with the 10 general persecutions but had somehow survived. J.R. Glover attributes this to the fact that "they out-thought, out-worked, out-fought their enemies". In the first four General Councils, they had — admittedly belatedly — overcome the internal attacks on Christian orthodoxy by Arianism, Pelagianism, Nestorianism and the other great heresies. The historic Creeds provided both a summation and a

*The crisis
Australia
is facing
goes deeper
than economics*

*Weekend
Australian,
August 10, 11,
1991*

continued →



secure foundation for Christian belief. After the Edict of Constantine, they had looked for a new era of toleration and progress. Instead they found the structures of civilisation itself crumbling around them, as the imperial power collapsed through external attack and internal anarchy.

As the lights went out during the course of the fifth century, the noblest spirits understood exactly what was happening, refused to abandon themselves to despair, preferring to devote themselves not to restoring what could not be restored, but rather to building what had to be freshly built.

When he received the news of the sack of Rome, St Jerome is reported to have given expression to his despair by beating his head against the stone walls of his monk's cell in Bethlehem. Never-

slightly younger Augustine. Having tasted the fleshpots, he had been converted, and emerged as the great philosophical genius of his age. Although personally convinced the old civilised worldly order had come irretrievably to an end, three years after the sack of Rome Augustine began his masterpiece, the *City of God*, which he finished 14 years later, in 427.

The *City of God* laid down the basic social and political principles on which the structures of medieval Christendom were built. These were to become ideological foundations of the civilisation which was to express itself in the great cathedrals of Notre Dame, of Rheims and Chartres, the great universities of Oxford, Cambridge, Paris and Bologna.

In the destruction of the times, could anyone really have said his enormous production of books

Western monasticism. He made the monasteries not only centres of prayer but of agriculture and of village life. He devised the harmonious co-operation between work and prayer prescribed in the Benedictine motto *Ora et labora* (Pray and Work), not as the grand panacea of a dying civilisation, but as a sensible pattern for daily living in a world bereft of rhyme or reason. The journalist-historian Patrick O'Donovan has called Benedict's achievement the most revolutionary in the history of Europe.

"If one had to choose one figure for Europe or the Western world," O'Donovan wrote, "if one wanted to find the person who most shaped its glory — it would not be Caesar, or the Emperor Charles IV or Napoleon or Metternich or the Duke of Wellington. They presided over its agonies. The man, under God, who did most for its serenities was Benedict of Nursia . . . Quite simply, he was the founder of Western monasticism and if that seems a small claim in a world that reveres the ruins of monastic houses and yet tends to dismiss monks that once worked and prayed in such places as romantic or irrelevant, Benedict did as much as any Pope or king or poet to restore a foundation for civilisation after the slow decline and death of the Roman Empire."

Asked to account for the ultimate triumph of Christendom, Henri Pirenne, among the greatest historians of medieval civilisation, attributed it to "the triumph of the spirit over the senses, of blind conviction over patent fact . . . a Christian philosophy of history profound and cogent".

Pirenne of course was writing about a universal civilisation, while I concern myself only with the situation of a small provincial backwater called Australia. The stage is different, but the necessary principles — intelligence and courage — remain the same.

Benedict was the founder of Western monasticism

theless, he continued with his life's work — the translation of the Scriptures into Latin — refusing to compromise with the temptation that since everything was finished, further effort was useless. In the midst of the disaster he simply went on translating. The Vulgate — the Latin translation of the Scriptures — proclaimed the Word of God to men of a culture different from that of Christ's despised fishermen and thereby helped to preserve and extend Christianity. Despite the violence of his nature, by observing the canons of Latin scholarship Jerome helped to preserve the Greek and Latin tradition of learning for subsequent generations. And yet at no time could he honestly have said there was any real hope that what he was doing would have any practical effect on the surrounding ruin.

Nor, for that matter, could the

and articles would even outlive his lifetime? Yet, even as he lay dying in the year 430 in his small African cathedral town of Hippo, with the Vandals besieging the very walls of the city, Augustine was still working on a refutation of the writings of Julian of Eclanum.

Benedict of Nursia was probably born around 480, 50 years after Augustine died, a few years after the last Western Roman emperor was killed in the thicket outside Ravenna. The significance of the unprecedented destruction of wealth which the barbarian invasions had involved was now clear to all. Benedict was not a theoretician, not a politician, not an economist, not a philosopher as Augustine had been.

He was a practical ascetic. Oblivious apparently of the hopelessness of the situation around him, he devoted himself to systematising the foundations of

The godless peril driving the West into the abyss

OVER half a century ago, while I was still a child, I recall hearing a number of older people offer the following explanation for the great disasters that had befallen Russia: "Men have forgotten God, that's why all this has happened."

Since then, I have spent well-nigh 50 years working on the history of our revolution; in the process I have read hundreds of books, collected hundreds of personal testimonies, and have already contributed eight volumes of my own toward the effort of clearing away the rubble left by that upheaval.

But if I were asked today to formulate as concisely as possible the main cause of the ruinous revolution that swallowed up some 60 million of our people, I could not put it more accurately than to repeat: "Men have forgotten God, that's why all this has happened."

What is more, the events of the Russian Revolution can only be understood now, at the end of the century, against the background of what has since occurred in the rest of the world.

What emerges here is a process of universal significance. And if I were called upon to identify briefly the principal trait of the entire 20th century, here too, I would be unable to find anything more precise and pithy than to repeat once again "men have forgotten God".

The failings of human consciousness, deprived of its divine dimension, have been a determining factor in all the major crimes of this century. The first of these was World War I, and much of our present predicament can be traced back to it.

It was a war (the memory of which seems to be fading) when Europe, bursting with health and abundance, fell into a rage of self-mutilation which could not but sap its strength for a century or more, and perhaps forever.

The same kind of defect, the flaw of a consciousness lack-

By **ALEXANDER SOLZHENITSYN**

ing all divine dimension, was manifested after World War II when the West yielded to the satanic temptation of the "nuclear umbrella".

It was equivalent to saying: "Let's cast off worries; let's free the younger generation from their duties and obligations; let's make no effort to defend ourselves, to say nothing of defending others — let's stop our ears to the groans emanating from the East, and let us live instead in the pursuit of happiness. If danger should threaten us, we shall be protected by the nuclear bomb; if not, then let the world go to hell!"

Only the loss of that higher intuition which comes from God could have allowed the West to accept calmly, after World War I, the protracted agony of Russia as she was being torn apart by a band of cannibals; or to accept, after World War II, the similar dismemberment of Eastern Europe.

A process that spells disaster

The West did not perceive this was in fact the beginning of a lengthy process that spells disaster for the whole world; indeed, the West has done a good deal to help the process along. Only once in this century did the West gather its strength — for the battle against Hitler. But the fruits of that victory have long since been lost.

Dostoevsky warned that "great events could come upon us and catch us intellectually unprepared". That is precisely what has happened. And he predicted that "the world will be saved only after it has been possessed by the demon of evil".

Whether it really will be saved we shall have to wait



Solzhenitsyn: 'dark and terrible hour'

and see; this will depend on our conscience, on our spiritual lucidity, on our individual and combined efforts in the face of catastrophic circumstances.

But it has already come to pass that the demon of evil, like a whirlwind, triumphantly circles all five continents of the earth.

In its past, Russia did know a time when the social idea was not fame, or riches, or material success, but a pious way of life. Russia was then steeped in an Orthodox Christianity which remained true to the church of the first centuries.

But in the 17th century, Russian Orthodoxy was gravely weakened by an ill-fated internal schism. In the 18th, the country was shaken by Peter's forcibly imposed transformations, which favored the economy, the State, and the military at the expense of the religious spirit and national life.

And along with this lopsided Petrine enlightenment, Russia felt the first whiff of secularism; its subtle poisons permeated the education classes in the course of the 19th century and opened the path to

Marxism.

It was Dostoevsky, once again, who drew from the French Revolution and its seething hatred for the Church the lesson that "revolution must necessarily begin with atheism".

That is absolutely true. But the world had never before known a godlessness as organised, militarised, and tenaciously malevolent as that preached by Marxism.

Within the philosophical system of Marx and Lenin and at the heart of their psychology, hatred of God is the principal driving force, more fundamental than all their political and economic pretensions.

The 1920s, the USSR witnessed an uninterrupted procession of victims and martyrs among the Orthodox clergy. Scores of archbishops and bishops perished.

Tens of thousands of priests, monks and nuns, pressured by the Chekists to renounce the

world of God, were tortured, shot in cellars, sent to camps, exiled to the desolate tundra of the Far North, or turned out into the streets in their old age without food or shelter.

For tens of millions of laymen access to the Church was blocked, and they were forbidden to bring up their children in the faith; religious parents were wrenched from their children and thrown into prison, while the children were turned from the faith by threats and lies.

Yet the tenacity with which hatred of religion is rooted in communism may be judged by the example of their most liberal leader, Khrushchev. For though he undertook a number of significant steps to extend freedom, Khrushchev simultaneously rekindled the frenzied Leninist obsession with destroying religion.

But there is something they did not expect: that in a land

The noose on the neck of mankind

where churches have been levelled, where a triumphant atheism has rampaged uncontrolled for two-thirds of a century, where the clergy is utterly humiliated and deprived of all independence, where what remains of the Church as an institution is tolerated only for the sake of propaganda directed at the West, where even today people are sent to the labor camps for their faith, and where, within the camps themselves, those who gather to pray at Easter are clapped in punishment cells — they could not suppose that beneath this communist steamroller the Christian tradition would survive in Russia!

But there remain many millions of believers; it is only external pressures that keep them from speaking out.

It is here that we see the dawn of hope: for no matter how formidably communism bristles with tanks and rock-

ets, no matter what successes it attains in seizing the planet, it is doomed never to vanquish Christianity.

The West has yet to experience a communist invasion; religion remains free. But the West's own historical evolution has been such that today it, too, is experiencing a drying up of religious consciousness.

The concepts of good and evil have been ridiculed for several centuries; banished from common use, they have been replaced by political or class considerations of short-lived value.

It has become embarrassing to appeal to eternal concepts; embarrassing to State that evil makes its home in the individual human heart before it enters a political system.

Yet it is not considered shameful to make daily concessions to an integral evil. Judging by the continuing landslide of concessions made before the eyes of our very own generation, the West is ineluctably slipping toward the abyss.

What can one say about the lack of unity among the various religions, if Christianity has itself become so fragmented? In recent years the major Christian churches have taken steps toward reconciliation.

But these measures are far too slow; the world is perishing a hundred times more quickly. There also exists an organised movement for the

unification of the churches, but it presents an odd picture.

The World Council of Churches seems to care more of the success of revolutionary movements in the Third World, all the while remaining blind and deaf to the persecution of religion where this is carried through most consistently — in the USSR.

It seems more and more apparent that even with the most sophisticated of political manoeuvres, the noose on the neck of mankind draws tighter and more hopeless with every passing decade, and there seems to be no way out for anyone — neither nuclear, nor political, no economic, nor ecological!

Let us ask ourselves: are not the ideals of our century false? And is not our glib and fashionable terminology just as unsound, a terminology which leads to superficial remedies being proposed for each difficulty?

In every field of endeavor they all must be subjected to a clear-eyed review while there is still time. The solution of the crisis will not be found along the well-trodden paths of conventional notions. Our life consists not in the pursuit of material success but in the quest of worthy spiritual growth.

This article was taken from the Templeton Address which Alexander Solzhenitsyn gave on May 10 at Guildhall in London.

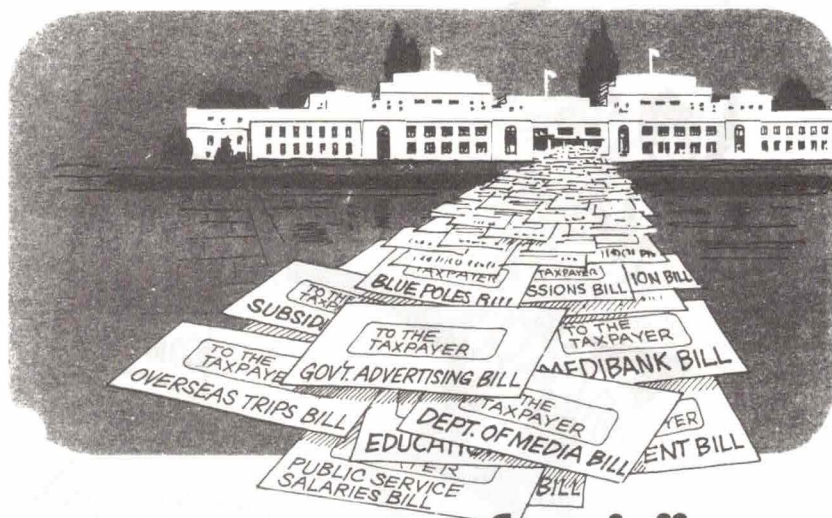
1983



Has the Westminster system produced a form of executive dictatorship?

What is wrong with the conduct of politics in Australia? In Canberra, the Federal Government is tearing itself apart over a leadership tussle that is fundamentally about ego and personal ambition. In Tasmania, South Australia, Victoria and Western Australia, royal commissions are examining how government agencies managed to lose billions of dollars of taxpayers' money during the 1980s. Meanwhile, the suffering caused by a prolonged recession, with no end in sight, has been reduced to a political sideshow. Were it not for the fact that leadership struggles have become endemic to Australian politics during the past two decades, the nation would surely be outraged.

Patrick O'Brien is a senior visiting fellow at the University of California, and the Australian 1991 Fulbright Scholar.



"You pay for it"

What happened in Western Australia during the '80s best illustrates the inadequacies of Australia's system of government. It is now clear that former premier Brian Burke and his cabinet established almost complete control over parliament, over wide sections of the economy, and over the public purse. Nearly a billion dollars of taxpayers' funds were lost on extraordinary and mainly secret business deals involving donors to the Labor Party. Parliament was never informed of the truth; decisions were made on the run and in concert with conclaves of favored busi-

And that is not all. Secret funds donated by grateful entrepreneurs were used to make large WA contributions to Labor federal election campaigns; in the '80s, federal Labor out-advertised and out-campaigned the coalition at every election. Secret funds were also used to invest tens of thousands of dollars in stamps, gold and property. Burke and several of his ministerial colleagues spent the money solely at their own discretion, and acts of parliament were changed to give ministers



power over the boards of all government agencies.

Those who engineered this state of affairs needed neither a revolution nor a coup d'etat to achieve their ends. They simply grasped the opportunities presented to them by WA's Westminster-derived constitution. In Australia this system of rule is labeled "parliamentary democracy" and "responsible government" by its supporters. But it has grave deficiencies as far as democracy is concerned. In theory, parliament is supposed to be master and the executive the servant. The system no longer works that way, and hasn't for a long time. In reality, premiers and their cabinets—not

to mention prime ministers and theirs—now form a sort of "elective dictatorship," with vast, and often unchecked powers. The Bjelke-Petersen government in Queensland had, according to the Fitzgerald inquiry, managed to turn parliament into a compliant, powerless—and largely irrelevant—institution that could not even begin to check the power of a government that elevated patronage and secret deals with supporters to an art form.

The origins of the Westminster system lie in the long struggles between the British crown and the British parliament over the right to exercise the executive powers of government. This battle for power began

in the 17th century when Charles I claimed a divine right to rule and sacked the parliament. But parliament refused to be sacked: there was a revolt, Charles was tried, convicted of treason and executed. There followed decades of turmoil, including a civil war and a republican dictatorship under Cromwell. Over time, a system of absolute monarchy was transformed into a constitutional monarchy and, in the process, the crown, albeit reluctantly, relinquished its powers, to a "sovereign parliament" at Westminster—hence the term Westminster system. This was a struggle between parliament and the crown for sovereignty; the people had no real part in it.

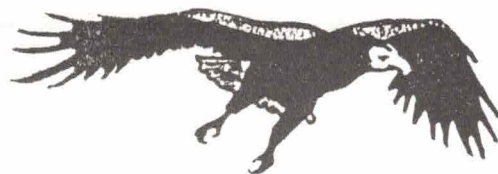
With the rise of disciplined political parties in the 19th century, parliament's powers were effectively usurped by the prime minister and his cabinet—by the executive government. In 1940, a decade before the postwar exponential growth of modern bureaucratic government, England's leading constitutional authority of the time, Sir Ivor Jennings, warned in *The English Constitution*, that the Westminster system provided no check against a government that "really intended to go authoritarian because a government which has majorities in both houses can do what it pleases through its control of the absolute authority of parliament."

Australia has followed a similar pattern. Since Federation, various acts passed concurrently by the British and Australian parliaments have transformed Australia into a fully independent nation-state with heads of state who represent what has now become an essentially powerless and largely ceremonial monarchy. This process culminated with the Australia Acts of 1986, which specifically require governors and the governor-general to act on the advice of the premiers and the prime minister exclusively. What this means in the real world of political power is that Australian governments, not parliaments, are now the sole guardians of the old royal prerogatives, and these include the power to appoint—and dismiss—governors and governors-general.

The people vote in parliamentary elections but they have no voice in determining through the ballot box who shall head their governments or fill other executive positions vital to their well-being and to the public interest. They must accept whomever is chosen by the ruling political parties. Yet Australian premiers and cabinets decide the legislative program of the state parliaments and dictate almost every other aspect of their workings. This includes the funding upon which parliaments depend for their very existence.

Like absolute monarchs of old, premiers and prime ministers feel no need to account for their actions, because they know they are sovereign. The phrase "Her Majesty's Government" has, in the vocabulary of our prime ministers and premiers, been

Australia



replaced with the phrase "my government," thus symbolizing the powers of Australia's new monarchs. Their powers of patronage certainly add up to an awe-inspiring cornucopia that, by comparison, makes the old English monarchs' coinage of patronage seem like mere pocket-money. These powers include the right to appoint governors, chief justices and all other judges, police chiefs, cabinet ministers and heads of all government departments, agencies and financial bodies.

This is only the tip of the iceberg. Australian governments operate vast empires of financial, trading, agricultural, mining, manufacturing, gambling, and educational services, to name but a few, many of which are monopolies or have the power to grant monopolies to others. In fact, governments are the nation's largest employers. They are also engaged in a vast array of joint ventures with private operators and entrepreneurs whom they favor. Where they do not own and control, they can regulate and license. They have the power to enhance the credit of those whom they favor and, conversely, put out of business those whom they disfavor or target as "enemies," a power that is irresistible. Most of these powers can be legally exercised without reference to parliament.

Under the Westminster system, the people were never the supreme source of power. Today they remain subjects and not sovereign citizens. All significant constitutional, political and administrative powers have been transferred from the crown to the executive governments.

The constant struggles between leaders and their deputies—Fraser and Snedden, Fraser and Peacock, Peacock and Howard, Hawke and Keating—are a product of the Westminster system. So too are the hostile divisions within parliament along with their inevitable overflow into society, and the premier's extraordinary powers of patronage. In constitutional and practical, day-to-day terms, an American president is far less powerful than an Australian premier or prime minister. Most of the powers that can be unilaterally exercised by an Australian premier or prime minister can only

be exercised by a U.S. president with the approval of Congress.

Republicanism is being posited as some sort of final recognition that Australia is a sovereign independent country. This might be so if, at the same time, the people were at last freed from their subject status under the Australian version of the Westminster system. This is the fundamental flaw in all Australian constitutions, state and federal,

ally undefined republic. Merely to remove the Queen from the parliaments of Australia would do no more than confirm that those who control parliament, and not the people, possess absolute rights.

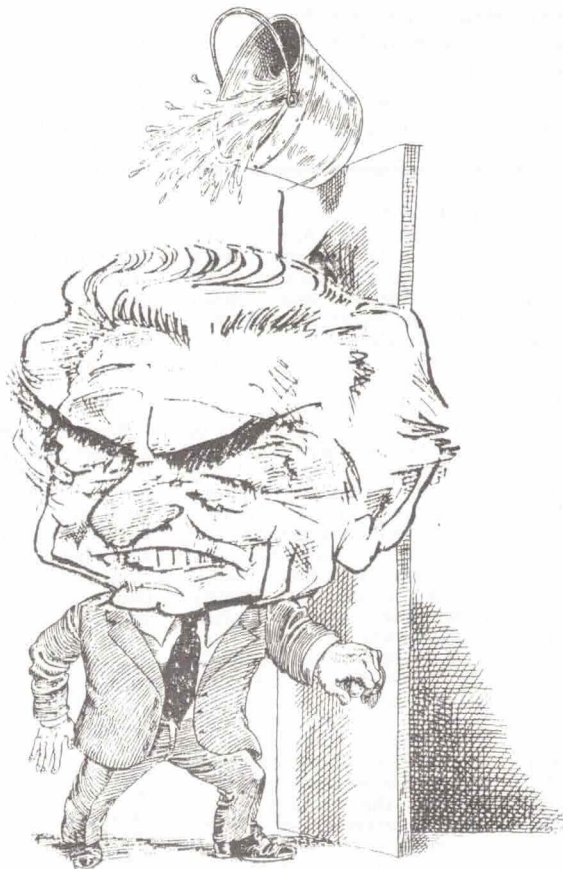
Republicanism in Australia will not go away. For the Labor Party it is a hardy perennial, but for those who are undecided, or who hold views about the monarchy out of sentiment, it behooves them to look more

deeply into the issue than they have done before. This applies especially to those who, while loyally supporting the Queen, have uncritically accepted the practical consequences of the exercise of her prerogatives by executive governments that dominate the parliaments—and thereby diminish the democratic principle.

The primary objective of constitutional reform in Australia must be to ensure, through new state constitutions and a renewed federal compact, that the people of Australia become a sovereign people endowed with the inalienable right to govern themselves both directly and indirectly within limits set down by a constitutional declaration of rights. What is needed is a system of limited government with a clear and absolute separation not only of judicial but also of the legislative and executive powers of government. Perhaps the American model, in which the powers of an executive president are checked by those of Congress, could form the basis for new constitutional arrangements in Australia.

Given the dismal success rate of constitutional amendments during the 90-year history of Federation, achieving the revolutionary changes that are needed to bring real democracy to the states and to the Australian Commonwealth will be a daunting one. But it is a task that cannot be avoided as Australia heads towards the centenary of Federation.

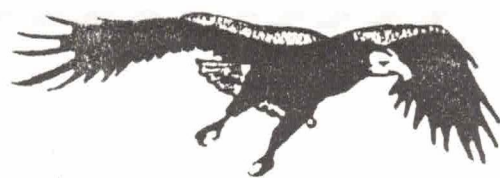
The political system is deeply flawed; politicians everywhere are increasingly held in disrepute; the nation's serious problems are not being tackled, and political debate across the nation is more often than not—to paraphrase Shakespeare—full of sound and fury signifying nothing. The need is for real democracy brought about by real constitutional change. ■



"Her Majesty's Government" has been replaced with "my government"

and the question of whether Australia should or should not be a republic is really a smokescreen to cover the perpetuation of the executive state or, as some might prefer to call it, parliamentary dictatorship.

Republicanism in Australia harks back to the end of the 19th-century British debates about the need for a hereditary House of Lords. Its more specifically Australian argument states that having a monarch living "20,000 kilometers away" somehow makes Australians less Australian and detracts from Australia's status as an independent country. Whatever their merits, these arguments in support of a republican Australia are trivial compared with the constitutional implications of a change from a constitutional monarchy to a constitution-



Time to reform our imperfect democracy?

DAVID ROUND, lecturer in law at the University of Canterbury, draws on the history of democracy in Classical times and in Britain to argue the case for more genuine self-government in New Zealand. A second article by Mr Round will appear tomorrow.

The Roman historian Tacitus, describing the Germanic tribes (including the Angles and Saxons) in the first century A.D., tells us how they chose their own kings and commanders, and how the whole people assembled to argue and decide on important matters.

When our British ancestors came to England this remained so. Right up until the Norman Conquest, kings were elected (most monarchies were originally elective); and even after the Norman Conquest, the principle of primogeniture took a while to become established.

The basic units of government in England, before and after 1066, were the shire (or county) and its subdivisions, the hundred (originally an area that could support 100 families) and the vill. Each of these had its own "court"; and these courts not only decided disputes, but also dealt with all matters of administration: the maintenance of roads, bridges and churches, the use of the common land, and so on.

Everything that was a task of government was done by these courts; and the "judges", who made these decisions, were all the free-men who attended them. In other words, all free men made all decisions about their own affairs, subject originally to only very occasional interference by the king.

This is an example from our own history of direct democracy, as opposed to representative democracy, where the people do nothing but elect representatives to speak and act for them.

The Greeks, who gave us the word "democracy", practised direct democracy as well as the Angles and Saxons. In Athens, every free man was entitled to sit in the assembly, and to speak and vote on any matter; and the officials of the city were elected there from among those present.

Aristotle considered that democracy was impossible in any city with more than 6000 inhabitants, because the assembly would then become too large; too many people would want to speak, and the audience would have difficulty in hearing them. Incredible as it may seem, this directly democratic system often worked very well.

With the Norman Conquest the importance of the communal courts in England slowly declined, although some hundred courts (most in private hands) still exist today, and even last century in England the "county meeting", an assembly of all the freeholders of the county, called by the sheriff to discuss important public questions, was an accepted part of the constitution.

The feudal system which replaced the communal courts also contained democratic elements. A feudal monarch was not an absolute monarch, and the "Divine Right of Kings" is a blasphemous notion of later centuries, quite foreign to our constitution.

It was the right and duty of a king to hold a court for his tenants, and the right and duty of those tenants to attend and advise him; and (as in the communal courts) the tenants were not mere onlookers, but were rather the judges, and the king could not defy them.

"No taxation without representation" is a good medieval maxim. Vassals appeared before the king with swords at their sides (unlike the servile societies of the east, where no weapons were allowed); a reminder of their right to rebel against the monarch if he exceeded his powers.

In the same way Christianity, the other great foundation of our constitution, refuses to countenance absolute monarchy. The idea that Christianity has no place in our law is very recent, and unknown to the saints, lawyers and judges (not mutually exclusive categories) who fashioned our laws.

Bracton, probably our greatest legal writer, sums up the Christian and the legal position when he describes freedom as "the natural power of every man to do what he pleases, unless forbidden by law or force." Bondage is "contrary to nature."

The basic conception of the common law is the free and lawful man, right intentioned and (therefore) innocent until proven guilty. Although the law is conscious of human frailty, it has no belief in the radical corruption of human nature, the theory of Hobbes and Hitler, which necessarily exalts the power of the state (for, since men are corrupt, it would follow that external power, somehow mysteriously better, is necessary to compel men to be good). But men are not worms, but are all made in God's image.

The ancient common law recognises that man is free, and has a right to a say in his own destiny. Our present system of government has drifted away from this proposition, which it recognises only very imperfectly.

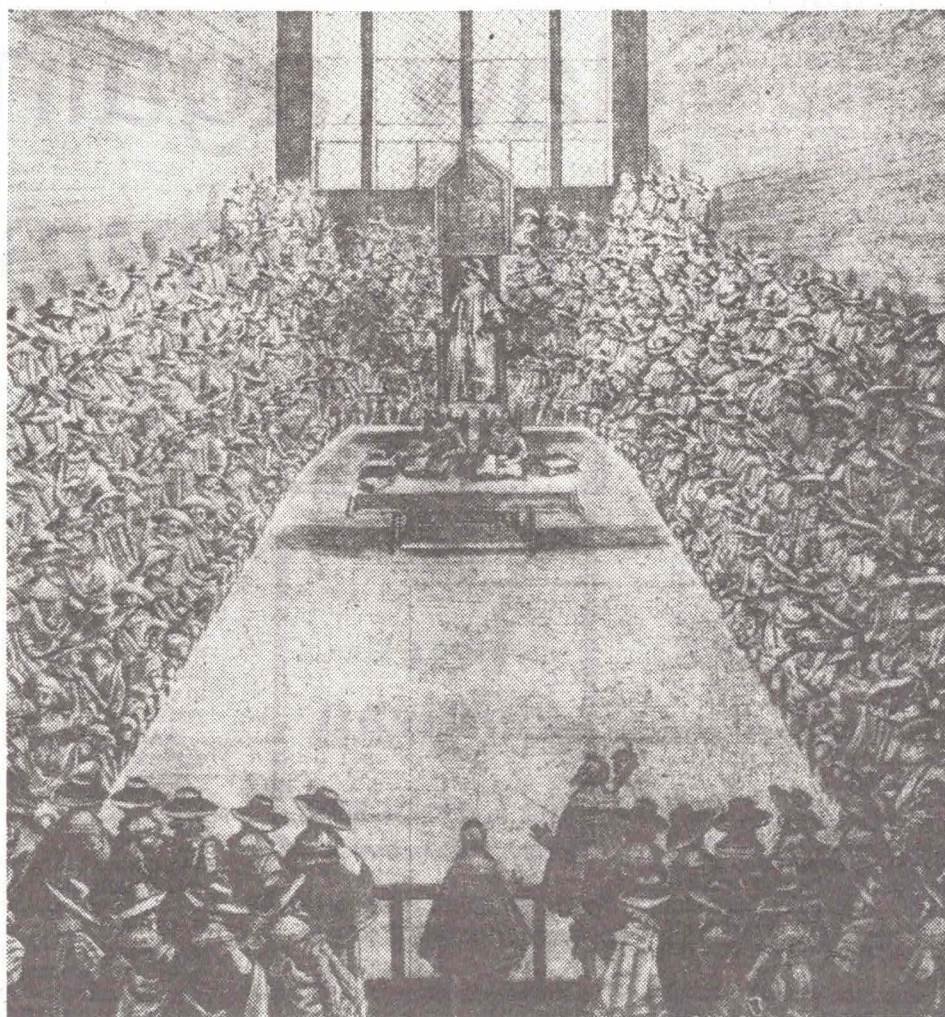
Fifty men in Parliament, the government majority, make laws which are said to be the will of all the people. Many important laws (for example concerning the economy and petrol) are made not even by them, but, in

The Christchurch Press, (N.Z) 19/6/79

(continued over →)



Christchurch Dress article, (continued)



The earliest picture of the House of Commons in Session. It was drawn during the last Parliament of King James I in 1624 and shows the Speaker in his chair (centre), with clerks at the table in front of him. The seating is insufficient and some members are standing. The kneeling figure (foreground) is being reprimanded for infringing a privilege of the House.

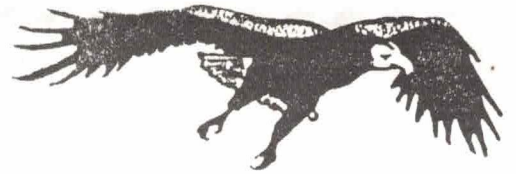
effect, by the Cabinet in which one man often has an undue voice. The democratic element is very faint.

Some specialisation is doubtless necessary, but the idea that one could, let alone should, leave to others all the arrangements of one's affairs,

except putting a paper in a box once every few years, would have been condemned in those times when the foundations of our constitution were being laid.

For both theoretical and practical reasons, New Zealand needs a great increase

in decentralisation and true self-government, and a decrease in bureaucracy. Man is, as Aristotle says, a creature of the city-state; and there, every adult free male anyway, had the right to speak and vote in the assembly.



One result of next week's Budget will take much longer to sink in and have more serious consequences than its inevitable tax cuts, benefits to sectional interests and imposts ordered with deathlike certainty.

It is the swag of new laws, and changes to old ones, which will flow on from the volumes of Budget decisions and take up much of the time of Federal Parliament for the rest of this year.

Possibly because so many of our parliamentarians are themselves lawyers, none seems willing to put a stop to the avalanche of laws and regulations produced by Australian governments.

Whatever the issue, a new law has to be drawn up to deal with it.

Whenever some group feels aggrieved or, more often, feels that everybody else should feel aggrieved by some pet peeve of his or her own, the demand is always for new laws and regulations.

This week, the Federation of Australian Consumer Organisations, the self-proclaimed largest lobbyist on behalf of consumers, demanded that new rules be imposed to compel car makers to put a label on every windscreen spelling out the car's fuel consumption rate together with the range of rates for cars in the same class.

It'll probably happen, too.

Such fuel consumption tests are a totally useless guide. They are done under laboratory conditions which bear no relation to the real world of driving and taking no account whatever of the variation in driving skills, the car's condition or even the weather.

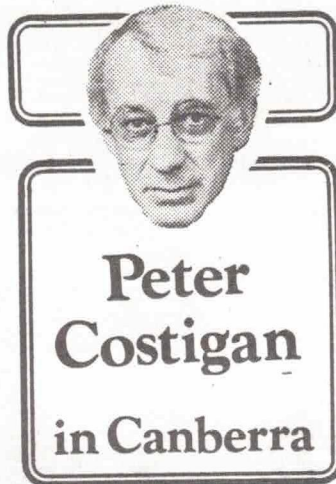
The bureaucrats, who have much more control over what the government and elected politicians do than the voters, love these ideas.

They create whole new bureaucracies, truckloads of forms, inspectorates galore and another official label to stick alongside the registration sticker, the price label, the motor vehicle dealer's number and the model details - all of which are now compulsory in many parts of Australia, and none of which has been proven to get car buyers better cars, or even better deals.

Perhaps it is the bureaucratic conscience coming to the fore, trying to cover up the windscreens of Australia for one of the most dangerous and silly regulations introduced here several years ago and one which has proved totally resistant to commonsense, let alone the dictates of road safety.

That is the regulation which bans tinting of windscreens here, despite Australia being the sunniest and most glary motoring nation and despite the fact that virtually all other affluent countries allow a reasonable degree of tinting for the driver's comfort and to minimise

We need a law against new laws



Today he starts a twice-weekly column on political affairs.

the dangerous glare from the sun and headlights.

But it was another proposal made this week which illustrates not only the official Australian urge to tackle problems with laws and more laws, but shows quite starkly the inherent danger of the impulse and how it can be counterproductive. Dame Roma Mitchell, the chairman of the Human Rights Commission, called for new laws to eliminate the problem of racial defamation.

In a speech in Canberra, widely reported around the country, Dame Roma said: "If there is no legislation to prohibit racial defamation, a person of ill-will or the racial bigot can continue with impunity to stir up racial hatred against particular sections of the community, providing he does it only by the use of words, whether written or spoken and provided he does not defame a particular member of the group."

Apart from the point that mere words are unlikely to stir racism where it does not already exist, the politicians Dame Roma is pressing to pass her proposed legislation need to think about it carefully, as

Attorney General Gareth Evans has promised to do.

Can you legislate to eradicate racism? And what happens when you try?

The history of do-gooding and intemperate moralism is stained with the brutal results of misplaced laws.

You can ban abortion on moral grounds and create a backyard industry of human butchery. You try to ban debate about dogma and prohibit breaches of it - they used to call it heresy and adultery - and you get the Spanish Inquisition.

You legislate against political dissent and create tyranny.

Dame Roma especially objects to graffiti which has appeared in recent months around Australia, much of it directed racially against Vietnamese, and believes such racial defamation won't go away unless laws are passed to prohibit it.

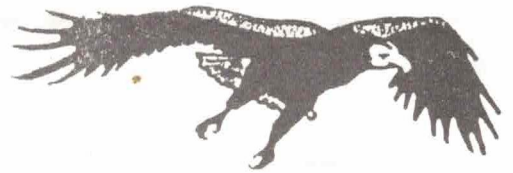
There is more chance of such a law, worthy of being called fatuous, were the proposal not so serious, driving racism even further underground and even putting open debate about the evil at risk.

The sloganeers and racial stirrers are condemned by their own words. More laws to ban the unbannable would show how little faith we had in our system and in the judgment of the majority by demanding their silence.

Anyway, what's wrong with the old and still extant bill posters' laws? Catch a racist graffiti writer and hit him or her with a writ for damaging property, or blighting the landscape. That is more salutary and less dangerous than yet another law, especially one that has the inherent danger of any law that tries to control what people think and say.

In her speech, the Human Rights Commission chairman declared in defence of her proposal: "Of course, there will be many calls to mount the battlements and to defend the right to freedom of speech."

Dame Roma, you're dead right, in a country where so much law already inhibits public debate, including about racism.



Too many lawyers?

PADDY McGuinness (*The Australian*, 6/5) has got the cart before the horse.

The stifling of economic growth and wealth creation comes not from over-lawyering but from "over-lawing". Too many laws, especially complex laws, make society and business more complicated and force people to seek legal advice.

The proliferation of laws in Australia is opposed by the legal profession, even though our parliaments, by their lack of control, no doubt create work for lawyers. The Law Council of Australia has repeatedly called upon governments and parliaments to stop inflicting such massive volumes of complex laws on the community.

Mr McGuinness's remarks might be better directed to the same objective.

DAVID MILES
President
Law Council
of Australia
Braddon, ACT

IN his article *Legal Eagles Just Birds of Prey* (*The Australian*, 6/5), Padraic McGuinness failed to pose the obvious question: is the increasing number of lawyers in the Australian community the cause of the ills he attributes to them or a symptom of other factors?

Politicians are quick to criticise lawyers, but they disregard the complexities they themselves impose on the legal system. In 1990, Federal Parliament passed more than 3000 pages of new

The Australian, 15/5/92

Too many laws

legislation. When rules and regulations are added, the total volume of new federal law that year alone took nearly 6000 pages to document. Victorian lawyers had to cope with more than 3000 pages of Victorian statutes, rules and regulations as well.

The legal profession's warnings of the problems they were creating have gone unheeded by the politicians. For example, on June 20, 1990, the institute urged Attorney-General Michael Duffy to reconsider the introduction of the substantive provisions of the Corporations Law until its obvious defects were corrected.

The institute's then president, Peter Gandolfo, said: "Many of the changes will be found to be undesirable or simply mistaken and

the legislation will inevitably require constant amendment". Subsequent experience has shown how accurate that prediction was.

There are obviously areas in which the legal system and the way lawyers practise their profession need to be improved. No doubt the same can be said of many other professional and business groups in the Australian community.

However, lawyers do not operate in a vacuum. Mr McGuinness goes much too far when he asserts that "lawyers, like locusts, as they multiply destroy wealth".

GORDON HUGHES
President
Law Institute
of Victoria
Melbourne

AUSTRALIAN
MAY 15
1992

The Australian, 15/5/92

MPs to ask why our laws are so hard to understand

By BILL PHEASANT

Concern over the style of parliamentary drafting has led the Federal Attorney-General, Mr Duffy, to instigate an inquiry by the Standing Committee on Legal and Constitutional Affairs, chaired by Queensland Labor MP, Mr Michael Lavarch.

The formal request to the committee from Mr Duffy as the minister responsible is expected to be received by the secretariat later this week.

Mr Lavarch said although the details of the brief to the committee were still being finalised, he expected to announce the inquiry and request public submissions by early July.

He said the committee was expected to examine several areas of drafting, including whether "too much reliance" had been placed on black-letter law as opposed to fuzzy law or general principles styles of drafting, the need for plain English drafting and the process of Parliamentary counsel taking instructions and preparing legislation.

"There has been an amount of concern expressed about the way the law is written, most pronouncedly regarding the Corporations Law and the Tax

Act," Mr Lavarch said. The issue of drafting styles has been raised by various business and legal bodies — even by the Chief Justice of the High Court — in relation to the Corporations Law.

A paper presented at a legal conference in March by a Freehill, Hollingdale and Page partner, Mr John Green, called for the use of more "fuzzy" or general principle drafting in company law.

The inquiry coincides with the commissioning of the Victorian Law Reform Commission by a second Parliamentary Committee — the Joint Parliamentary Committee on Corporations and Securities — to prepare a plain English version of the Close Corporations Act.

The Close Corporations Act was passed by Federal Parliament at the time of the original Corporations Act. However, a High Court challenge ruled both had been framed unconstitutionally.

Mr Lavarch said the fact that two references on drafting styles had emerged at the same time had not been intentional, but said that they "reflected that there is a general concern about the way in which major areas of law ... [are] being drafted and its accessibility to the users of the law".

Financial Review

17/6/92



Government bodies accused of ignoring judicial rulings

By DAVID SOLOMON

SOME Commonwealth government departments have been accused by former ombudsman Professor Dennis Pearce of ignoring legal rulings and refusing to follow court decisions.

His revelations of the conduct and attitudes of senior levels of the bureaucracy towards the law are likely to cause both political and legal problems for the Government.

Professor Pearce wants the courts to be more conscious of the fact that their decisions may be ignored or even rejected by departments and to implement procedures to ensure that the executive government is not allowed to flout court decisions.

He reveals his concerns in an article he has written for an academic journal, *Public Law Review*.

The article includes numerous examples of his experiences as ombudsman in trying to cope with what he describes as the failure of the executive to give "the law" the same reverence that lawyers give it.

He said that during his time as ombudsman he "encountered circumstances in which an agency was not prepared to adhere to judicial rulings or was prepared to ignore opinions about the effect of the laws that were inconvenient to it."

"I saw that the law was not always thought to be something that had to be followed because it was often considered that those stating the law did not understand the position of the executive and the obligations that it had to meet in the running of the country."

"There was an impatience with what was considered to be the imposition of pedantic and expensive requirements."

"There was a strongly held view that the courts were a costly obstacle to proper management."

"Sometimes these views had some basis of truth in them. However, overall they represent a challenge to the rule of law of which all members of society, and lawyers in particular, should be aware."

Professor Pearce said the purpose of the article was to report on this attitude of the executive government towards the law and indicate why the agencies did not afford the law the same sanctity lawyers did.

One of the problems he discussed was the use by Commonwealth departments of what he described as the "costs bluff" — a practice also sometimes adopted in the private sector which he said had no moral basis to commend it.

One example of its use concerned copyright and the reproduction by an agency of material written by a member of the public without seeking the writer's permission.

He said the agency's legal officer had said there had been a breach of copyright and an appropriate payment should be made, but the agency adopted the attitude that because the amount involved was small it should not be paid because the copyright owner was unlikely to sue for it.

A more dramatic example involved a decision by the Immigration Department to impose a fee to review decisions of the former Immigration Review Panel, despite the fact that legislation to approve the fee had been rejected by Parliament.

The department collected more than \$2 million and deflected a challenge by saying that it would defend the action, and the challenger would have to bear all costs if the challenge failed. Eventually the matter was settled after Professor Pearce, as ombudsman, intervened.

Sanctions one possibility

A different kind of problem involved departments not following the rulings made by courts and tribunals.

"This," Professor Pearce said, "is nothing short of a refusal to adhere to the rule of law because it does not accord with the view that the agency takes of the law."

He referred to cases where the Customs Department had simply not done what courts or the Administrative Appeals Tribunal had told it to do. In one case a person who had won in the AAT

had to bring a Supreme Court action to recover customs duty that the AAT had ruled had been imposed improperly.

Professor Pearce said he had also seen instances where Customs had found reasons after a judgment why the terms of it should not be carried out promptly and a similar situation had arisen with the Tax Office over a refund of sales tax.

Executive departments took these attitudes towards the law because they complain that judges "pay no heed to the effect of their decisions on executive decision-making" and that they do not appreciate the costs which might be involved.

However, Professor Pearce commented that these arguments overlooked the fact that the court was doing no more than stating the subject matter on which the law required resources to be spent.

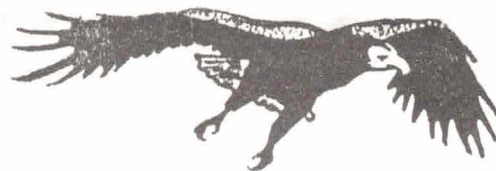
Two responses by the courts could be adopted. The first would be that in making decisions the courts should recognise the difficulties facing the executive.

The second was to strengthen their role in supervising executive decision by imposing appropriate sanctions for a failure to follow rulings.

One sanction would be condemnation by the judges. Another would be the award of substantial damages.

The Australian,

27/9/91



The Canberra Times

Judicial system has broken down

EVERY few months or so some well-meaning member of the legal profession or some well-meaning layperson calls for something to be done about the legal system. They say, quite rightly, that it is inaccessible to most Australians. The president of the NSW Law Society, John Marsden, said in a New Year message to the 11,000 solicitors in NSW this week that it was time to act on the question of affordable and accessible justice. "Our democracy is at risk when the average Australian cannot get justice in our courts," he said. Unless solicitors, who were at the coal-face, did something, the judicial system would break down.

Mr Marsden is quite right in all he says, except for one thing. The judicial system has already broken down. Quite simply the judicial system is irrelevant to the lives not merely of most Australians or even average Australians, but to nearly all Australians. Very few individual Australians can use the legal system to enforce their rights. And the very few who try almost invariably are often hit with bills beyond their wildest comprehension. Litigation in Australia is out of the question for all but the extraordinarily rich, the desperately poor who win the legal-aid lottery, or the merely recklessly desperate who have nothing to lose. Beyond that the Australian legal system is a closeted system for big corporations and insurance companies arguing over very large sums of money.

The only contact ordinary people dare have with lawyers is for conveyancing, family law and drafting a will. Mr Marsden's hope that solicitors will do something to cut the cost of justice is no doubt genuinely held, but not a realistic one. Indeed, one of the best ways to reduce the cost of legal services is to break down the monopoly the legal profession has over them. Real estate agents would be able to do much cheaper land conveyances and in all but the most

complicated cases do just as effective a job. Conveyancing is essentially a clerical, not a legal task — ask any solicitor's secretary or the hundreds of non-legally trained clerks from finance companies who supervise scores of conveyances a week.

Mr Marsden's predecessor, David de Carvalho, called last year for more settlements out of court before trained mediators. He said it was the best solution to the delays in NSW courts. He wanted settlements to take place well before cases came to court, not the day before. Mr Carvalho's suggestion goes to the heart of the question. What are the courts for if not to settle disputes? How bizarre to suggest that the best way to clear the backlog of cases is to put some other procedure in place to do what the courts are supposed to do in the first place. But then, it is not such a silly suggestion because it leads to a much more pertinent question: why are the courts so bad at resolving disputes in the first place? The answer is that the law prescribes that they are not there to resolve disputes at all. They are there to define rights and duties and to find for one party or the other. Compromise is out of the question in our common-law tradition. Yet human experience tells us that most disputes are ultimately resolved by compromise and face-saving and give and take. But our legal system flies in the face of that experience. It holds out to both parties the hope of total vindication and satisfaction, usually at the total cost and dissatisfaction of the other party. While that hope is held out, parties are reluctant to compromise. Moreover, some lawyers do not like the quick resolution of a dispute. The longer it goes on the more money they get.

The new Chief Justice of Victoria, Justice John Phillips, said last month that he would like to see lawyers charge less for their services. Quite right. But will anything be done?

THESE criticisms of the high cost of justice are not coming from outsiders indulging in a self-satisfying act of lawyer-bashing. They are coming from the legal profession itself, from insiders who know. The Trade Practices Commission and the Senate Cost of Justice Inquiry are also looking at the high cost of justice. However, as Mr Marsden points out, it is a case of asking the people who control the system, the politicians, judiciary and bureaucrats, to change it.

Shakespeare's call to first kill all the lawyers is 400 years old and oft repeated. However, that anti-lawyer approach has not worked. The answer must be to go to the other way. Maybe we need more lawyers and more judges, but of a different type. We must break the present lawyers' monopoly. That can only be done by drastically lowering the entry and pass standard of law schools and increasing the intake. Further, lots of judges should be trained straight out of law school. With a swamped legal profession, the charges would inevitably come down and there would be plenty of courts to go to. To be effective the rules of evidence would have to be changed and the adversary system would have to be changed.

Justice, unlike, say, manufacturing industry, is not an inherently expensive thing. It requires paper, tables and chairs. It does not require expensive equipment and raw materials. Of course, the present monopoly holders will disagree with this approach. They would say the quality of justice would fall. However, the present system provides quality justice to a very limited class of people. For the rest it is a question of justice overpriced is justice denied. The only thing to commend it is that it is so wickedly expensive that it drives people to settle their own affairs.



Farmer is king of his castle

By DAVID SOLOMON

A SOUTH Australian farmer yesterday won a 13-year battle to prove that his farm was his "castle".

The High Court upheld his claim for damages for trespass by police who entered an open garage on his farm to serve a summons on his daughter.

The court rejected a statement by the trial judge that the trespass, if it occurred, was "of such a trifling nature as not to found in damages".

It sent the case back to the South Australian Supreme Court to fix the amount of damages — two judges saying they should be "substantial" — and to decide whether the State and the police officer who ordered the summons to be served were also liable.

The High Court's decision applies and explains the 1604 decision by the judges of England in *Semayne's case* where they resolved that while "the house of everyone is to him as his castle and fortress, as well for his defence against injury and violence, as for his repose", there were occasions when the sheriff could enter private property without the occupier's consent.

One of the rules of the English judges was that where the king was a party, the sheriff could even break down the doors of a house to arrest someone or do other execution of the king's process.

That rule was relied on by the South Australian courts when Mr Sydney Graham Plenty sued two policemen who entered his property against his will, along with their senior officer and the State of South Australia, for trespass.

Constable Dillon and Constable Will entered Mr Plenty's property to serve a summons on his 14-year-old daughter and notices on Mr

and Mrs Plenty, requiring them to attend a hearing before a juvenile court of a complaint which had been made against the child.

Mr Plenty made it plain to the police that he expressly revoked any implied consent given to a constable to enter his farm to serve any document concerning the child.

Nevertheless the police did enter the land and eventually left the summons on a car seat next to Mr Plenty. When the police were leaving, Mr Plenty tried to hit Constable Dillon with a piece of wood. After a struggle he was arrested and later convicted of assaulting Constable Dillon in the execution of his duty.

That prompted Mr Plenty's action for damages for assault and

this case were authorised not only to go on to Mr Plenty's farm but, if need be, after demand for entry, to break down the door of his home to effect service on his daughter.

They said the law which provided for the service of the summons, in this case Section 27 of the Justices Act, did not give more power to the police than was given by the common law.

Justices Gaudron and McHugh, in a separate judgment, said that at this late stage in the development of the common law, "it seems impossible to declare that, for the purpose of serving a summons, a constable has a common law right of entry upon private property without the consent of the occupier."

"The general policy of the law is against government officials having rights of entry on private property without the permission of the occupier, and nothing concerned with the service of a summons gives any ground for creating a new exception to the general rule that entry on property without the express or implied consent of the occupier is a trespass."

Their judgment spelt out some of those exceptions. These were:

- A constable or citizen can enter premises for the purpose of making an arrest if a felony has been committed and the felon has been followed to the premises.

- A constable or citizen can enter premises to prevent the commission of a felony and a constable can enter premises to arrest an offender running away from an affray.

- A constable or citizen can enter premises to prevent a murder occurring.

However they pointed out that no official, policeman or citizen could enter a dwelling house merely because they suspected that something was wrong.

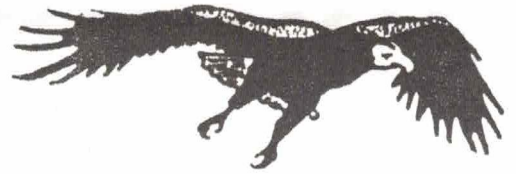
Victory in 13-year fight

trespass, both of which were dismissed by the trial judge in the Supreme Court, whose decision was upheld by a Full Court. This appeal to the High Court only concerned the trespass.

The lower courts held that *Semayne's case* gave the police a lawful right to enter the property, but this was rejected by the High Court.

Chief Justice Mason and justices Brennan and Toohey, in a joint judgment, said there was a "surprising dearth of authority" on whether the service of a summons was "an execution of the king's process".

"It would be surprising," they said, "to find that the third rule (in *Semayne's case*) does apply to the service of a summons, for that would mean that the defendants in



MPs just smart alecs, says Oliphant



Sir Mark Oliphant . . . Government policies "colonial."

From our Canberra Bureau

SYDNEY — Many Ministers in Australian governments are just "smart Alecs," according to former Governor of SA, Sir Mark Oliphant.

Sir Mark said yesterday that the quality of those governing Australia was generally "low by any standards."

Graduates with degrees in engineering, mathematics, geology or other fields would make "far better" Ministers than many of those now in power.

Addressing graduates of applied science at the University of NSW, he said the graduates' greatest

problem was finding work in their chosen professions.

"Many will not, for the present policies of the Australian Government favor mining, farming and grazing as the sources of our wealth," he said.

"These are the policies of a colonial Government, not those of a proud, independent country determined to be as self-sufficient as possible in a cruel, competitive world."

Sir Mark expressed concern at the decline in Australia of industries such as shipbuilding and electronics, which he said were vital to Australia's defence as an independent nation.

He said it was useless to try to compete with "the giants" in producing the ordinary range of consumer goods.

In that field Australia would always be beaten by the multinational companies and so could compete only by innovating.

Graduates should develop completely new ideas for Australian industries and enter politics with "good degrees," preferably in subjects other than economics, sociology or political science.

"The quality of those who govern us today is, in general, low by any standards," he said.

"From my own experience, I know that an engineer, a mathematician,

a geologist or other graduate would make a far better Minister than many a businessman, lawyer, trade union leader or just a smart Alec, as so many of them are."

Australia badly needed leadership for development, as so much had to be done to upgrade railways, roads and air transport as well as the manufacturing industries.

The problems of banking and finance also needed an "overhaul."

"But instead, we fiddle with outdated and overstaffed medical care, with totally unnecessary unemployment, with casinos and SP betting, with shorter working hours and greater penalty rates," he said.

*The Advertiser,
(Adelaide)*

2/5/79



COMMENT

SUNDAY TIMES, JUNE 16, 1991



Don Chipp

Former leader of
Australian Democrats

In truth they toe party lines

THE conventional wisdom prevailing this month is that most politicians tell lies.

It has been claimed, and admitted, that they do it shamelessly and effortlessly.

A lie is more than a simple untruth. I had no difficulty in stating a blatantly false opinion of a hat which my wife bought last week. Surely a lie has to be an untruth which either hurts someone or unfairly brings gain to oneself.

Before any of us becomes "holier than thou" about our members of parliament, let us examine how the party system works in Australia and how it subverts the veracity of those trapped in it.

I refer particularly to the iron-clad discipline imposed by political parties on their serving MPs, which often forces them to vote against their beliefs, principles, and what they know to be the interests of the constituents they represent.

The first speech newly elected MPs hear is from their party whip which goes something like this: "Ladies and gentlemen, welcome to Canberra. I have only one thing to say to you. You will, from now on, forget that rubbish you talked about during your election campaign about serving your electorate. Now that you are here you will think, act and, most importantly, vote as the party dictates."

It is a practice which forces politicians into adopting double standards.

It is a custom which is, for reasons I have never understood, endorsed by the majority of the electorate.

Politicians' vows 'made to be broken'

By JIM DELLA-GIACOMA

AUSTRALIANS were apathetic about politics because they knew election promises would not be kept once politicians were in office, the outgoing South Australian Opposition Leader, Mr Olsen, said yesterday.

Mr Olsen called for the gap between promise and action to be closed when he addressed the 22nd National Convention of the Young Liberals in Adelaide, one of his last official duties before resigning at the end of the month in his plan to fill a Senate vacancy made available by the retirement of Senator Tony Messner.

"There's a recognition — even a resigned acceptance — that the promises made in policy platforms will be disregarded as soon as the question of which party should govern is settled," he said.

Even with a host of policies and a well-run campaign the Liberals, under Mr Olsen's leadership, had missed out on Government by one seat in South Australia's November State election.

Mr Olsen said politicians from all parties must accept the blame for public apathy as maintained involvement of the public in the political process had not been encouraged.

"We have tended to regard their (the public's) interest as things only to be taken out of the cupboard and dusted off when there is an election," he said.

In an address designed to rally the young recruits of the Liberal Party at a low point in the party's fortunes, Mr Olsen predicted the Coalition would win the coming federal election.

The Federal Opposition spokesman on Treasury matters, Dr John Hewson, will speak at the conference this morning, followed by the Deputy Leader of the Federal Opposition, Senator Chaney, tomorrow.

Australian

January 9, 1990

Part-timers because of technology

ADELAIDE. — The speed and the method of the introduction of modern technology will inevitably lead to redundancies and massive part-time employment.

This was the view of the chairman of the NSW Industrial Commission, Mr Justice J. Macken, who yesterday gave the presidential address in the industrial relations section of the ANZAAS Congress.

He said computer and other technology was not creating new demands and new industries in the degree some people suggested.

The few industries that were being created were themselves not labor-intensive. In many cases they were being staffed by part-time and casual employees — and not permanents.

Such features of our human resources future had industrial and not merely social consequences.

"Even in industries which are — for the moment — beyond the reach of new technology and are labor-intensive, new and portentous ground rules are being applied," Mr Justice Macken said.

"The fast-food industry is being largely staffed by school children who are dismissed on leaving school to join the unemployed workforce.

"The food assembly and sales process is broken up into a series of small functions, each well within the capa-

city of a young teenager who only has to be paid casual rates.

"The club industry employs adults — however most are employed as casuals. They work 39 hours a week and, thereby, do not qualify for penalty rates.

"The retail industry — once a substantial source of permanent employment has now a predominant and growing proportion of part-time and casual employees."

Mr. Justice Macken said computer-based technology and word processing machines were cutting a great swathe through clerical employment — especially in banking, insurance and public instrumentalities.

He said it was not mere change — it was rather the fact that the rate of change was inhibiting the effective control "which we should be exercising over the course of our immediate future.

"It is inhibiting the steering of an accurate course towards the harbors of industrial peace."

Mr. Justice Macken said that despite these difficulties he believed the course of events could be sufficiently ordered so as to arrive at a golden, rather than a gloomy new order.

Courier-Mail,
(Brisbane)

May 17, 1980

Japanese love their R2D2 workers

By MICHAEL KASSLER

SEVEN factors have caused Japan to become the world's largest robot user, the executive secretary of the Japan Industrial Robot Association, Mr Kanji Yonemoto, said in a recently published report.

According to the latest robot statistics, more than 275,000 robots, about half the world's robot population, are now at work in Japan.

Industrial robots were introduced into Japan from the United States in the late 1960s. Japan's gross national product was then growing at an annual rate of 12 per cent.

This rapid industrial growth led to a serious labour shortage. In 1965, 1.8 million more skilled workers were needed than the market could supply.

Mr Yonemoto said this shortage spurred the first efforts to develop and apply robots in Japan.

ROBOTICS

The 1973 oil crisis caused Japan to suffer a period of low economic growth. Other factors combined to cause the price of Japanese products to rise. In response to higher prices, wages paid to Japanese workers were increased.

Japanese managers recognised this cost-pushing inflation would have to be restrained if products were to remain internationally competitive. This led a push for radical improvements in productivity.

Accordingly, the Japanese private sector made considerable investments in robots.

The third factor was that

Japan's population was increasing at an annual rate of 1.1 per cent while its labour force was growing at only 0.7 per cent.

It is a Japanese national goal to achieve an economic growth rate of 4 to 5 per cent. Accordingly, further automation of its production processes is essential.

The next factor was another shortage of skilled labour in the 1980s. As of November 1989, demand exceeded supply by 1.9 million workers.

The main reason suggested for the present labour shortage is that the Japanese are entering the workforce later after spending more years in educational establishments.

Mr Yonemoto's fifth factor is the greater priority now given in Japan to the prevention of industrial accidents and of sickness arising from

hard or dangerous work. This gives factory managers additional reason to install robots.

The sixth factor in his list is the increasing cost-effectiveness of robot technology. Advances not only in robots but also in the associated areas of computers and control have made the technology more efficient.

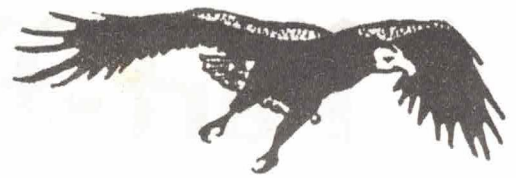
Finally, Mr Yonemoto claimed the structure of Japanese trade unions made them amenable to the introduction of robots.

The unions primarily are organised on an industry rather than craft basis so that management has to talk to only one union.

Because of the Japanese policy of lifetime employment, workers generally do not consider robots to be a threat to their jobs.

Australian,
December 17, 1991





FINANCIAL REVIEW, Friday, June 24, 1988

MANAGEMENT

When staff go home, robots keep the machines running

By PETER ROBERTS

When Rob Fallshaw says goodnight to the last of his staff and switches off the lights of his Melbourne wheel and castor factory he does not stop making a profit.

As he heads for his car in the gathering dusk he can hear the hum of machines running a night shift without any human supervision.

In what is probably Australia's most flexible and efficient small factory, Rob Fallshaw works his machines 24 hours a day, seven days a week with only one shift of production staff.

"Just compare a typical five shift week against the seven days by three shifts — 21 shifts a week — that we work," Mr Fallshaw said.

"We are working four times more efficiently in our utilisation of capital."

Multiple shifting of factories is still rare, though companies such as Pacific Dunlop and Ford with heavy investments in automation have been moving in that direction.

While machinery investment was encouraged until recently by the accelerated depreciation allowance, the key to Fallshaw's rise to number one in its field is a non-unionised workforce that is willing to adapt. Fallshaw's 32 direct production employees will turn out \$8.5 million worth of wheels and castors this year, taking 65 per cent of the market. Ten per cent of production is exported.

"The time to see most production going on is when there is nobody here," said Mr Fallshaw.

"The main, longer runs are done at night when the machines run unattended. What you see during the day are the scraps, the bits and pieces."



‘Until you have worked with a robot you really don’t know what stupid is’

— Rob Fallshaw

To compete, Fallshaw makes 3,000 different wheels and castors, but because of the extreme flexibility of the factory it carries only two to three days' stock.

"What we say is if you give us an order before 10 in the morning we will get it away that night," said Mr Fallshaw.

Fallshaw began making pram wheels in 1920, and when Rob Fallshaw took over as "a snotty nosed engineer" in 1960, the company's staff were trade oriented and hostile to change. He was forced to abandon one of his first ideas which was for job rotation.

But attitudes changed in the mid-1970s when modernising production, increasing skills and redesigning product became a necessity. Nine other companies did not see things as clearly and have since stopped manufacturing.

Wheel production has tripled in the past five years with the same production staff. Most accept training as it is the only way to advance — process staff earn \$200 to \$300 above the award depending on training and responsibility.

Mr Fallshaw said: "They

are well paid, but from the company's point of view they are very productive people."

Fallshaw's staff chose five years ago not to join the ironworkers' union, and it is ironic that their fellow unionised metalworkers are now the most vocal in pressing for payment on the basis of skills.

Surprisingly Fallshaw's North Sunshine factory is not filled with sophisticated robots, but with standard injection moulders and metal presses that are changed over for the latest machines every five to six years. By understanding how the machines work and how they go wrong, simple sensors are developed which monitor the smallest variations from the norm.

"If anything goes wrong it just closes the machine down," said Mr Fallshaw.

"Occasionally we will come in here in the morning and a machine will have stopped during the night. There are nine [injection moulding] machines here and if occasionally one is stopped, it is no problem."

What Mr Fallshaw calls appropriate automation is used in assembly. At the heart of a castor is the bearing

assembly and Fallshaw makes 83 different bearing combinations.

For the most common types special tools have been developed which squirt out 13 blobs of grease into each bearing cap. Then a suction device places a ball bearing onto each blob. Only gradually are these operations being automated, and only where volumes are large. Small runs are left to more flexible human workers.

As Mr Fallshaw said: "Until you have worked with a robot you really don't know what stupid is."

Working relationships within the factory are friendly, and day to day decisions are devolved to the workforce. Manufacturing, for example, begins with an order from the sales team.

"Elizabeth and John, the two assemblers, know what they want in terms of the final assemblies," said Mr Fallshaw.

"They will tell Jane and Ivan what they want in terms of wheels or Mary what they need in the way of castors."

"They just tell them. It is that easy."

The company makes its own injection moulding and metal stamping tools to satisfy the more exacting needs of unmanned running. Tool changes take only a few minutes and with short set-up times small runs become economic. According to Mr Fallshaw "economies of scale" is a very slippery concept.

"In the past you used to say that Australia could never compete because you had to run half a million pieces to amortise the cost of setting up."

"You don't. We change dies four or five times a day and if it takes only four or five minutes to change then it doesn't detract from your efficiency."

The work ethic as an aberration, not the norm? *(United Kingdom)*

FEW politicians have the gift of thinking the unthinkable, particularly if it is an unthinkable future, but it is the politically unthinkable that is always crowding in on us these days. If only it would go away.

Take unemployment: the work society has run out of work; full unemployment as we knew it will probably not come back. But better not say that in the party programme. So you run up a few billion pounds or so — why not make it five — in the way of public spending programmes, shove it through the Treasury computer model, throw in currency devaluation, and lo and behold you reduce unemployment to a mere million. Back come the good old days of the 1950s and the 1960s.

Public opinion doesn't believe it. The opinion polls show that two out of every three people think that high unemployment is going to be with us for another five years or longer. Public opinion may be right.

Politically that is unthinkable, which explains why most of the constructive thinking on the future of work is coming from outside the main channels of politics, often in the form of books and pamphlets from small publishers and relatively little known research organisations. Two such have come my way in the last 10 days. They will probably not reach as wide a readership as they deserve.

Both start from one main assumption, that there is not going to be enough work to go round in terms of the old-style, five-days-a-week full employment, and that therefore a different system must be devised to give access to work to those who would otherwise be unemployed.

One comes from the European Centre for Work and Society in Maastricht in the Netherlands, set

up in 1979 to study the problems created by rising unemployment throughout Europe. It is by Keith Roberts, a nuclear physicist who is head of the theoretical physics division at the UKAEA Culham Laboratory and is also a professional economist. In a booklet called *Automation, Unemployment and the Distribution of Income* he argues the case for an alternative version of the market economy.

An alternative view examined by Harford Thomas

With not enough jobs to go round, you can no longer rely on unemployment as the mechanism for distributing people's incomes, he says. Anyway, why should we assume that the present economic system is the best we can expect.

Why not a little economic engineering? It is not enough for economists to observe and analyse and leave it at that. So Dr Roberts ventures into economic engineering. He sets out specifications for a desirable economy, near enough to a steady state to allow for sustainable use of limited resources, and organised to provide the entire population with an adequate subsistence income.

What he proposes is to detach incomes from dependence on employment. A basic income, which he calls the National Dividend, is to be paid to everyone. On top of that people can earn extra from employment, but how much work they do will be up to them — the assumption being that by and large people will need to do less work to achieve a desired standard of living if they are not totally dependent on their earnings from work. There is thus a free market in work which can be left to determine its own levels of pay

according to demand and supply.

The effect of all this would be to turn all the old orthodoxies upside down and inside out, and to usher in new sets of social and economic values, new styles of life, new modes of attitude and expectations. There would be a new flexibility to adapt to an economy which would be increasingly productive (thanks to new technology) yet with greater scope for leisure.

economic system, seeing a role for a social visionary to devise new social models.

In the short term, he sees most hope in worksharing, not only as a way of distributing work more fairly, but also as an escape from the drudgery of some full-time jobs. He has made an extensive study of work-sharing experiments in European countries as well as the UK, and these he describes in some

suggests, is to be seen as an aberration, not the norm. He doubts if there is now a sustainable ideology of work. In the last part of his book he looks for "new attitudes for a new age," with new priorities and new scales of values.

There is, for example, a need to differentiate between useful work and useless or harmful work. Work is not an end in itself, nor all we have to do.

He suggests an alternative to the work ethic: a contribution ethic which recognises the value of unpaid work, and all the things people do for each other.

There remains the question of the unemployed, possibly in rising numbers. Work-sharing then becomes a duty as well as being a more conveniently flexible system than the traditional working week.

But given that there will still be too many people who cannot find jobs and are denied an income thereby, he calls for constructive social acceptance of the unemployed, with a status akin to that given to the young, the retired, the sick, and the disabled.

One would like to think that is what we can expect in the period of transition to a world of less work. In fact, there is some reason to wonder whether the opinion poll expectations that mass unemployment will continue to indicate an I'm all right Jack mood, not of concern, but of indifference.

Administration, Unemployment and the Distribution of Income, by Keith Roberts, obtainable from European Centre for Work and Society, PO Box 3073, 6202 NB Maastricht, The Netherlands, price 7 guilders. Work in Crisis, by Roger Clarke, St Andrew Press, Edinburgh, £4.75.

detail.

This takes him on to develop a broader aspect of the present work crisis. It is not only a matter of finding income-earning opportunities, but also of adjusting to a world in which work takes a less dominant place. People's values and aspirations would then change, and different modes of living would become possible.

As a divinity-trained scientist and economist, he knows about the Protestant work ethic, the notion that work is the prime purpose of life and the duty of man. He traces the idea of work back to ancient Greece and Rome where leisure was the measure of the good life. In medieval times work and play and community jollification ran side by side.

It was with the Reformation and with the rise of capitalism in Europe that an ideology of work — "the gospel of work" — came to be the overruling principle of life. But this was over a relatively short period of a few centuries, and it lacks Biblical support. In the late twentieth century the work ethic is fading, though the economic system with which it was associated survives.

The work ethic, Roger Clarke



An ideas solution to our crisis

SIR — The unemployment crisis provides us with the opportunity to think creatively about what sort of society we want and possibly to commit ourselves to an equal, just and participatory democracy.

An essential aspect of the process should be the involvement of the community in developing solutions. We citizens need not wait for government prompting; we can get together in our normal groupings — parents and friends societies, church groups, feminist groups etc — and come up with ideas to be circulated to other groups and to the Government.

Several authors have already developed interesting approaches to the problem.

The politician Shirley Williams (Politics Is For People) points out that government subsidies have created jobs in small and medium-sized firms in various countries. Her ideas about business accounting merit attention. She suggests that employees and their training be regarded as an asset in the same way as is capital equipment, and tax-laws be changed appropriately.

Peter Robinson (The Crisis In Australian Capitalism) believes that the main source of employment will come

from the manufacturing sector rather than the mining industry. And Harwood and Hartley (An Energy Efficient Future For Tasmania) have lots of ideas for things to produce through labor-intensive industries.

The production of energy-efficient houses complete with insulation, solar water heating, heat pumps or wood stoves is more labor-intensive than our usual style of building.

Stimulate

Industries which use district heating schemes requiring low-grade fuels and domestic rubbish, and which produce long-life products together with home-delivery and after-sales service will also demand an increase in worker numbers.

Countries such as Canada, the U.S., New Zealand and Britain have experimented with subsidies, low-interest loans to consumers and tax concessions designed to stimulate these industries. Australia should select from the best of these ideas and use them to the people's advantage.

Keith Windschuttle (Unemployment) has a different idea. He suggests that worker involvement in decision-making could mean that the

replacement of people by machines is not so frequent. Examples of various levels of worker-control exist overseas and seem to offer some answers to our rather abysmal industrial relations situation.

Ivan Illich (The Right To Useful Unemployment) suggests we should welcome unemployment because it frees us to use our time creatively and usefully.

A small percentage of alternative lifestyles people are prepared to live out such a philosophy. Though their absence form the workforce can decrease competition for scarce jobs, the community must assist them by granting a guaranteed minimum income and by changing its attitude towards work. (The belief still persists that paid work is somehow more valuable than that which is unpaid.)

And where will the money for such schemes come from? Well, I'm happy for my tax to be increased for such a good purpose. I'd be even happier if I heard that a portion of our defence expenditure was diverted from the task of preparing to kill people overseas to the positive goal of helping the unemployed here.

ROSEMARY WALTERS
Lyneham, A.C.T.

The Australian, 24/5/83



Full employment needs a return to the Stone Age

OF recent months the recession and the number of unemployed has been given considerable attention by the media, with calls to the Government to create more jobs.

Comparisons have been made with the Great Depression of the 'thirties. I don't think you can make comparisons as the two situations are entirely different. In the Depression work was labour intensive, with women relegated to the kitchen, to cook, clean and look after the kids.

But, since then there has been significant sociological changes, brought about in the first instance by the war. There was a desperate need for labour and as a result women were enticed to come out of the kitchen and go into the factories. Not only did the women do a first class job but they found they had ability to do skilled work. When the war was over they did not want to go back into the kitchen, as they had enjoyed freedom, companionship, and most of all, financial independence.

As a result of women's participation in the labour force there was a greater pool of labour; a good thing when there is a demand for labour, but not so good when there are not so many jobs available.

Of recent years the number of jobs available is getting smaller and with the demand for more skills and better education there has

emerged a group who cannot compete. And, as technology advances the situation will get worse.

The computer, word processor, the photocopier, the fax machine, the calculator and multipurpose telephone have complicated the situation.

Work opportunities for the uneducated, unskilled persons are even more limited with such machines as the bulldozer, forklifts, wheat and coal loaders and other labour-saving mechanical devices.

If we want full employment again then we will have to reverse the clock and do away with what technology has given us. For instance we could get the Federal Government to start the construction of the third runway at Sydney Airport but the contractor would not be able to use bulldozers and other earthmoving machines. It would have to be pick and shovel, wheelbarrows with the horse and dray doing the carting.

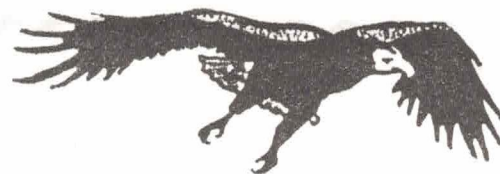
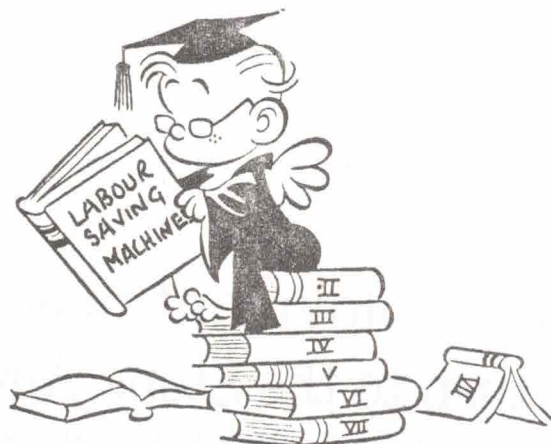
However, whatever we do the machine is here to stay and it will keep displacing people from the workforce.

It would seem the problem for us now is to find a new financial system that will pay man and woman the wages of the machine.

R. F. MORLAND
Newcastle, NSW

The Australian

3/2/92



Jobs that will never return

MANY jobs that were once plentiful are lost, never to return.

Technology creates new industries and employment, but nowhere near balances the vast numbers made redundant by new processes.

Businesses such as petrol stations, supermarkets and most large department stores have become self-service industries.

Financial institutions such as banks and insurance companies once took on large numbers of school leavers, but now few, or none. Why pay tellers, when customers themselves do it all with plastic cards in automatic machines?

Computers and word-processors have displaced thousands of accountants and secretaries.

Industries everywhere have been destroyed through the Government's level playing field nonsense and the unregulated importing and dumping of goods.

Robotics in car-welding etc and electronic metal and fabric cutting and processing have replaced tens of thousands of jobs.

Modern container shipping, wharf, road and rail freight techniques have drastically reduced numbers

of previous manual laborers.

Electronic ticket-dispensers have eliminated conductor ticket-sellers for good.

Very profitable corporations such as Telecom axe thousands who are no longer needed.

In newspapers and publishing electronic setting and desk-top publishing negate thousands of jobs.

The end of featherbedding and inefficient work practices means the loss of thousands of employees.

And the scientific and technological revolution is only just beginning!

When are the host of operators, advisers and commentators in government, bureaucracy, business, union and media going to acknowledge and front these basic truths and their required outcome?

KEN O'HARA
Drummoyne, NSW

TWENTY or 30 years ago the pundits assured us that automation and computers would revolutionise our lives. The amount of manual and routine work would be greatly reduced. We would have to learn how to take good use of more leisure time.

It has happened.

At the same time, a revolution in housework took place, labour-saving machines, tools and materials largely freed women from many arduous tasks at home. (Remember the routine: washing took up most of Monday; ironing and mending Tuesday; house cleaning and polishing Wednesday and Thursday; shopping Friday). The result was that women were able to rearrange their lives to allow them to join the paid workforce.

For a time, particularly in the '80s, the excess could be accommodated and people were kept on in what are now seen as inefficient workplaces. Now that the world is in recession, employers are retrenching surplus workers to become lean and competitive.

High levels of unemployment and taxation to support the unemployed are probably here to stay. This was part of the forecast of 20 or 30 years ago. A paid job would be something of a privilege, but high taxation to support the jobless would be quid pro quo.

The most unfortunate are, and will be, the under-educated, because not only will they continue to have the

most difficulty in finding employment, but they are also less able to use leisure time as well as the better educated.

JOHN MADDOX
Sandy Bay, Tas

ISN'T it time we stopped encouraging the you unemployed to feel sorry for themselves? After all, they are rich in life's greatest asset — time.

Many an overworked housewife and mother would sell her soul for some of the leisure that is spurned by this so-called underprivileged section of society. In no other age has the possession of unstructured time to oneself been considered a disability.

It is generally agreed that full-paid employment is a thing of the past. Let's pay this new, leisured class an allowance, and encourage them to make use of our fabulous libraries and other free facilities. Let's encourage them to streamline their minds and bodies, and to look forward to whatever exciting future an ever-changing world holds for them.

GILL DOBBS
Port Augusta, SA

The Weekend Australian

July 25, 26, 1992

Aust banks 'assisting foreign buy-up'

Financial Review 11/7/90

By MURRAY MASSEY

The debate over foreign investment has taken an extraordinary new turn in Queensland with the Deputy Premier, Mr Tom Burns, complaining that Australian banks are assisting the foreign buy-up of local property.

The outburst by Mr Burns appears to have embarrassed

the Goss Government which is already struggling to inject accuracy and reason into the foreign investment debate.

Mr Burns said Australian banks should not be allowed to lend offshore at interest rates of around 11 per cent to foreigners, who might then use the loans to buy homes or property in Australia, where the bank's domestic borrowers

were paying 17 per cent.

He described this as a "scandalous" situation which demanded a Federal Government investigation into the banking industry.

But some within the State Government retreated in apparent embarrassment at Mr Burns' stand, firstly because it appeared the Deputy Premier's advice on the

issue was seriously deficient.

There was also concern at Mr Burns' specific reference to Australian banks "lending merrily in Asia" at rates 6 per cent lower than those they were charging Australians on the domestic market.

The Premier's office declined the opportunity to comment last night.

New line in paperwork

COMPLAINTS about the workload placed on small businesses by government paperwork have produced a uniquely governmental response — more paperwork.

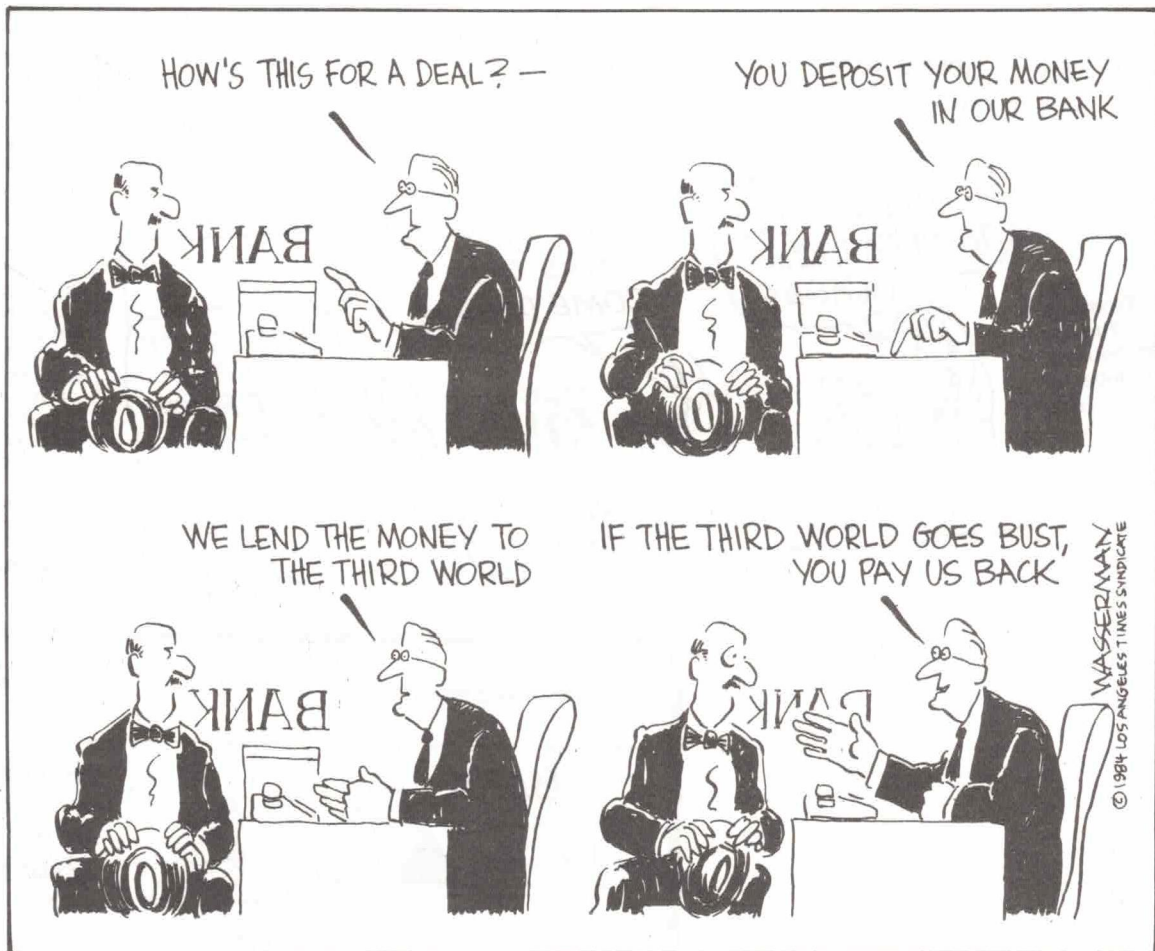
The Small Business Unit of the Department of Industry, Technology and Commerce has commissioned the Australian Bureau of Statistics to find out just how much paperwork has to be endured by small business, how much it costs small business and who the main culprits are.

Those selected by random

sample have been asked to volunteer to help the Government. For three months they will have to fill out a logbook, detailing such matters as time and costs of form filling, whether the information has been duplicated in another form, and how difficult it was to fill in. And there are three 20-minute interviews with an ABS officer.

The process will take 12 months, with different firms sampled each three months. For their trouble, participants are not promised any exemption from future paperwork.

The Australian 14/6/92



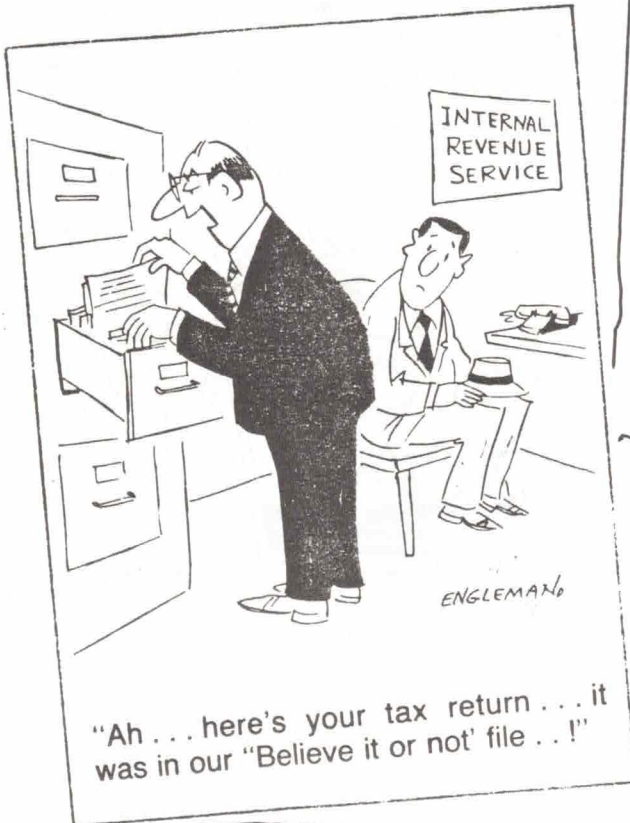
The Guardian Weekly. 17/6/84



EXTRACT FROM ENCYCLOPAEDIA BRITANNICA,
Vol.27, 11th Edition, referring to Athens about 594BC:

"The bulk of the population, who had originally been small proprietors or metayers, became gradually indebted to the rich to such an extent that they were practically slaves. Usury had given all the power of the State to a small plutocracy.

"When we turn to Rome at that same period, we find exactly the same difficulties arising, but here they were never successfully met. As in Athens, the mass of people were yeomen living on their own small estates, but in time they became hopelessly in debt. Accordingly, the legislation of the XII Tables, about 500 BC, was intended to strike at this evil by providing a maximum rate of interest. Unfortunately, however, no alteration was made in the law of debt, and the attempt to regulate the rate of interest utterly failed. In the course of two or three centuries the small free farmers were utterly destroyed. By the pressure of wars and taxes they were all driven into debt, and debt ended practically, if not technically, in slavery. It would be difficult to overestimate the importance of the influence of usury on the social and economic history of the Roman Republic."



**English is a
problem for
many workers**

By MARC McEVOY

ALMOST half of State Rail Authority workers of non-English speaking background can't speak English. 61 per cent have reading problems and 72 per cent have writing problems, say organisers of a national literacy conference.

But 50 to 80 per cent of food and clothing workers can't read a newspaper advertisement, fill out a simple form or take a telephone message, organisers say.

Illiteracy in Australian industries will be the focus of national conferences to be held in Melbourne on October 22 and in Sydney on November 28.

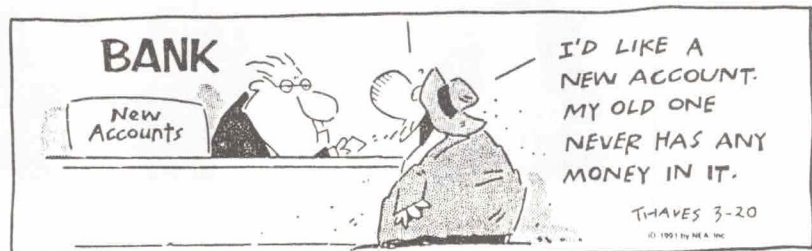
Sunday Telegraph,
14/10/90

Ron
Tandberg,
The Age
(Melbourne),
October 31
1991



Frank and Ernest

by Bob Thaves



SELECTED READING LIST FOR GRADUATES OF FREEDOM
POTENTIALS.



Bryant, Sir Arthur.

Set In A Silver Sea.
Freedom's Own Island.
The Search For Justice.

The Fire and The Rose.
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A Thousand Years Of British Monarchy.
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P.O.Box 92, St Leonards, NSW. 2065.
ISBN 0 949769 24X)

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(Publisher: Macmillan Co. ISBN: 0913022-14-4)

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Wall Street And F.D.R.
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(Publisher: Veritas Publishing Co. P.O.Box 42,
Cranbrook, Western Australia, 6321)

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Letter to Soviet Leaders.
One Word of Truth (Nobel Prize Speech on Literature.)
One Day In The Life Of Ivan Denisovich.
Cancer Ward.
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Words of Warning To The Western World.
The West's Betrayal of Civilisation.
The Oak And The Calf.
Rebuilding Russia - Manifesto For A Rebirth of
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Peoples' Capitalism (New World Books, 1600 Westchester
Park Drive, Room 1406, College Park, Maryland, 20740
Library Of Congress Catalog No 75-44585)



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P.O.Box 638, Hawthorne, California, 90250)

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Money And The Price System.
The Policy of A Philosophy.
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GPO Melbourne, Victoria, 3001)

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