

THE NEW TIMES

"Ye shall know the truth, and the truth shall make you free"

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CORRUPTING THE STATE OF VICTORIA

by Eric D. Butler.

The ruthless attempt by the Victorian Liberal-National Party to sweep away the foundations of Municipal government with forced amalgamations raises questions more far-reaching than the amalgamation issue itself. What is happening poses the question of whether political corruption has in Victoria sunk to the level where members of the government no longer subscribe to the normal standards of moral behaviour in a civilised society. Is there no longer such a thing as integrity? The Kennett government has struck a deadly blow at the very foundations of responsible government. Victorian electors are being blatantly told that they can no longer believe those who should be their political servants. Surely there must be at least a few of the government's backbench Members who can grasp that Victoria is being morally poisoned?

It is not only that the Kennett government has taken over the policy of centralising power long advocated by the Labor Party, with Members of the Labor Party congratulating the Kennett government on its "reforms", it is the fact that only a few years ago Premier Jeff Kennett and his colleagues were denouncing this policy and promising that when elected they would oppose it. They have made no attempt even to explain how what was wrong yesterday is right today. Australian constitutional development has been rooted in the British experiences of over a thousand years. Decentralised power and local government were the basic foundations essential for a free society in which the individual's basic rights were assured.

The question of whether bigger political units are more efficient than smaller units is a subject for legitimate debate. But it is a manifestation of naked totalitarianism to deny the individual the right to have a vote on the subject. When opposing the Cain government's programme for amalgamating Councils, Jeff Kennett said that ratepayers should campaign for a referendum. Did he really mean this, or was he merely attempting to ride the huge wave of protest against the Cain government's amalgamation programme? Could it be that Jeff Kennett has been sailing under false colours for many years, that he is a closet totalitarian who has never believed in what was once Liberal Party philosophy? Whatever the answer, only his backbench Members and those of the National Party, can prevent what will ultimately prove to be a major disaster for Victoria. The National Party is helping to dig its own grave.

NATIONAL PARTY LEADER "HORRIFIED"

Consider the following statement by the present National Party leader and Deputy Premier, Mr. Pat Macnamara, at a Gippsland Rally of over a thousand people on February 10, 1985: *'We of the National Party are horrified at the procedure of this amalgamation. Our basic philosophy is that any changes to boundaries should certainly not be imposed . . . We reject the attitude that enforced State-wide re-structuring of local government is necessary or desirable . . . The National Party*

rejects the claim that only re-structured Councils can bring economies of scale . . . when we look at government bureaucracies, State and Federal, we can see that large is not always more efficient.' Mr. Macnamara went on to say that there were a "great number of small efficient municipalities." He had served for nine years as a Councillor in the Shire of Goulburn.

Surely Mr. Macnamara has a moral obligation to those

OUR POLICY

To promote loyalty to the Christian concept of God, and to a society in which every individual enjoys inalienable rights, derived from God, not from the State.

To defend the Free Society and its institutions - private property, consumer control of production through genuine competitive enterprise, and limited decentralised government

To promote financial policies, which will reduce taxation, eliminate debt, and make possible material security for all with greater leisure time for cultural activities.

To oppose all forms of monopoly, either described as public or private.

To encourage electors always to record a responsible vote in all elections.

To support all policies genuinely concerned with conserving and protecting natural resources, including the soil, and an environment reflecting natural (God's) Law, against policies of rape and waste.

To oppose all policies eroding national sovereignty, and to promote a closer relationship between the people of the Crown Commonwealth and those of the United States of America, who share a common heritage.

who believed him in 1985, to explain why he is no longer "horrified" by the "re-structuring" of the Victorian Municipal system of local government. But perhaps he is still "horrified", and has sold his soul for the perks of Deputy Premier, even if this means sacrificing the rural communities he and his party are supposed to represent?

Standing on the same platform with Mr. Macnamara at the Gippsland Rally was Mr. J. Delzoppo. The position of Mr. Delzoppo highlights the moral nature of the Victorian amalgamation issue. He was asked to help write the Liberal Party policy on local government and said in his address: "*Our Party will not compel amalgamations which are contrary to the local wishes.*" He had at the time had nineteen years experience as a Shire Councillor. Currently Mr. Delzoppo is Speaker in the Victorian Parliament. Does he feel morally comfortable with a Party, which has repudiated what he had to say about Council amalgamations? This is the question, which all Members of the Liberal and National Parties have to face.

A EULOGY OF LOCAL GOVERNMENT

The following are the relevant extracts from Delzoppo's Gippsland address:

"I have a great feel and great love for local government and will not sit idly by to see another form of government interfere with its autonomy which has been won since this country was first settled. The word democracy says the power should be in the hands of as many people as possible. There are a great number of fallacies and mistakes in this idea that big is beautiful and that you can measure the effectiveness of a local government by its administrative costs or anything else. To me there is only one criteria that should be applied, and that is the will of local people . . .

"The Local Government Commission had their 'marching orders' and instructions before it even started to consider the question of amalgamations. It is one of the oldest tricks in the book to appoint a Commission, which everyone knows, will carry out A.L.P. policy. I am going to make the question of amalgamation in the Shire of Traralgon an item in my election campaign. If you are intensely interested in the independence of your municipality you know which ways you should cast your vote".

Those who took Mr. Delzoppo and his colleagues at their word have now found that their votes have been used to impose a policy they have rejected. Jeff Kennett said in a letter to *The Bendigo Advertiser* of September 18, 1986, "*The Liberal Party, on your behalf, will continue to defend your right to live where you wish, and be administered by the local government system of your choice.*" Back in 1986 Jeff Kennett urged communities opposed to Council amalgamations "*to demand referendums on the issue.*" "*Government should be forced to accept the result of a referendum.*"

But the same Mr. Kennett who advocated genuine democracy when the Cain government was in office, now implements a programme of forced Council amalgamations, removes the elected representatives of the ratepayers, replacing them with highly paid Commissioners who will act as administrators until ratepayers can have a vote for a "reconstructed" group of Councils. Members of the Liberal and National parties should be asked to state publicly if they think it is morally justifiable to impose in office what was strongly condemned while in Opposition. They should also be asked how can they ever be trusted again.

The best that the Kennett totalitarians can do in an attempt

to justify what they are doing, is to talk of the "huge financial savings" which will result from amalgamations. But in Opposition they rejected the claim about bigger being more efficient. Now a senior Cabinet Minister, National Party Member for Swan Hill, Barry Steggall, challenged the Cain government to produce any evidence that bigger political units were cost saving and provided better services. There is no such evidence. Generally speaking, the smaller Victorian Municipalities have the lowest debt structures and provide the best services. Those bigger Councils, with the biggest debts, are encouraged to believe that they can solve their debt problems by taking over Councils with less debts. They also see scope for broadening their rate bases. Debt problems automatically foster centralisation.

BEHIND THE GRAND DESIGN

A possible clue to the driving force behind Jeff Kennett's moves towards centralisation was his statement on December 9, 1993, in which he warned that Councils who refused to amalgamate could find themselves isolated "*and ignored by those making investment decisions.*" There is no secret about the Kennett grand design for a Victoria completely "reconstructed" with even water supplies privatised and made available to international corporations.

We have no doubt that in their visits to the investment houses of New York and under world financial centres, Mr. Kennett and his Treasury Advisers have provided a full report on what is proposed for Municipal government. The "reconstruction" of Municipal government must be seen as part of the total programme for "re-constructing" the State and its vast resources. The future of Victoria is now in the hands of the backbench Liberal and National Party Members. Can they be brought to see that a fundamental moral issue is involved? No help can be expected from a Labor Party committed to the same philosophy undergirding the Kennett programme. Unless halted, this programme must lead to the complete destruction of representative government in the State of Victoria.

THE SOCIAL DYNAMICS SEMINAR

The League of Rights' updated and professionally produced video presentation of the Social Dynamics Seminar is proving highly successful. A number of these Seminars have now been conducted in West Australia, South Australia, Victoria, New South Wales and Queensland. The general consensus is that this training programme holds the key to the future. Even veteran League supporters have been amazed at what they have learned. Brochures promoting the Seminar are now available and prospective students can be signed up and later fitted into Seminars as they can be conducted. The Seminar takes at least six hours, including any meal breaks. Obviously Saturday and Sunday are the best days. The Seminar can be arranged providing there is a minimum of six students present. The charge is \$50. Discounts can be arranged for group bookings. Those who have done the Seminar are then entitled to do as many repeats (which are highly recommended) as felt necessary, for only a nominal charge. Those interested in getting a Seminar together are urged to contact State Directors of the League.

MULTI-CULTURALISM EXPOSED IN AUSTRALIA

The wave of violence between Greek and Macedonian communities, with homes and halls, as well as churches, being fire-bombed, has at last shocked traditionally easy-going Australians into a realisation that the very fabric of orderly society is threatened by a policy deliberately designed to foster ethnic differences. Federal National Party leader Mr. Tim Fischer has had the courage to stress the obvious: all migrants coming to Australia should be expected to make every effort to conform to the traditional Australian way of life; if they are not prepared to do this, they should be sent back to where they have come from. Mr. Fischer has also observed that the growing vote for the political movement, *Australians Against Further Immigration*, at recent by-elections is a reflection of the rising concern by Australians concerning the current immigration policy. With a primary vote of over 8 percent, the anti-immigration group could conceivably win a place in the Senate at the next Federal Elections.

It is revealing that none of the leading advocates of multiculturalism is prepared to admit that perhaps the policy is wrong and should at least be seriously modified. Ms. Irene Moss of the Human Rights Commission is typical of her kind; they "deplore" the ethnic violence, arguing that what is required is more "education" and "tolerance". The Anglo-Saxon-Celtic peoples, who pioneered and shaped Australia and its basic institutions, and who are still a majority of the Australian population, are notoriously tolerant and supporters of the philosophy of the fair-go for everyone. Non Anglo-Saxon-Celtic peoples have been readily accepted into Australia provided the numbers have not been too great and the newcomers have indicated that they wish to become part of the mainstream of Australian life. But traditional tolerance is now being stretched to breaking point.

There is not only the question of ethnic violence, but the realisation that Australia's foreign policy is being influenced by the leaders of one of the ethnic minorities involved in the violence, the Greeks. While Australians generally have a smattering of knowledge about Greece, but little about its politics, the great majority would, until recently, have had great difficulty in explaining the relationship of the former State of Macedonia to the Federation of Yugoslavia. Very few Australians have the slightest understanding of the historical background to Balkan realities. There are no direct Australian interests involved. But the reaction of the Australian Labor Party to the Greek-Macedonian conflict demonstrates that Australia's foreign policy is being dictated not only by Greek leaders in Australia, but by Greek politicians in Greece. This is a dangerous and intolerable state of affairs.

Immediately the Keating government followed the lead of the USA and 58 other countries by granting diplomatic recognition to the former Yugoslavian Republic of Macedonia, there were large-scale Greek protests throughout Australia, primarily in Melbourne, and then the violence broke out. Some commentators have observed that it is strange that the Victorian police have had no success in solving even one case of violence, with some raising the question of whether for political reasons there has been a lack of zeal in attempting to find those responsible for what has been taking place. Acting in a most outrageous and irresponsible manner, Victorian Liberal Premier, Jeff Kennett, openly joined with the

Melbourne Greek demonstrators, cynically attempting to make party political capital out of this affair. When Kennett was supported by federal leader Dr. John Hewson, and his major Melbourne Liberal supporter, Andrew Peacock, this provided further evidence of the moral as well as philosophical bankruptcy of the present Liberal party.

In a desperate attempt to placate an Australian Greek community which has overwhelmingly supported the Labor movement, Prime Minister Keating said that they would not describe the new State as Macedonia, but as "Slav-Macedonia". This absurdity has done little to curb Greek feelings. The Keating government's attempted back-step accurately reflected the view of the present Greek government's foreign minister, Carolos Papoulias, who has been quoted as saying, "*I think the reaction of the Australian Greek community will convince the Australian government that its recognition of Macedonia was a mistake.*"

Dr. Andrew C. Theophanous is the Federal Labor Member for the Victorian Electorate of Calwell, and a prominent member of the Melbourne Greek community. Theophanous helped to prepare a most revealing Paper, *The Role of the Greek Communities in the Formulation of Australian Foreign Policy, with Particular Reference to the Cyprus Problem*, presented to the Institute of International Relations Conference in Athens, in May 1990. The essence of the Paper was that the Australian Greek community could be "mobilised" to assist change Australia's foreign policy. The significant statement was made that "*From the beginning the Hawke government recognised the legitimate interests of the ethnic communities in the formulation of foreign policy. Some would have claimed that this is nothing more than tokenism and symbolic gestures to the major ethnic groups. However, the test comes when the ethnic imperatives clash with other goals of foreign policy, and require the government to adjust its foreign policy stance.*"

The Labor Party has pioneered a strategy, which must ultimately, unless challenged, fragment traditional Australia. The establishment of ethnic Labor Party branches has already resulted in the different Labor Party factions seeking to exploit these ethnic branches. But, headed by Victorian Premier Kennett and his old friend Andrew Peacock, the Liberal Party is moving in the same direction, blatantly seeking to attract ethnic votes. Hopefully, an increasing number of National Party Members will come to see that if they wish to survive as a political force into the future, the sooner they break with the rootless Liberals, the better.

BOOK NOW FOR LEAGUE NATIONAL WEEKEND

As the threat to Australia's independence becomes clearer, the importance of the League's survival programme becomes more urgent. This year's National Weekend starts with the annual *New Times* Dinner on Friday, September 30, which will be followed by the National Seminar and Action Conference. It is anticipated that there will be a record attendance of League actionists present from all over Australia.

Make a note of the date now. Early bookings appreciated.

PRINCE CHARLES ON THE DEBT PROBLEM

History provides numerous examples of public figures suddenly finding that because of something they have said, or advocated, they immediately become the target of a media serving the interests of centralised debt finance. As Conservative British Prime Minister, Margaret Thatcher initially raised no objections to the United Kingdom being part of the European Economic Community. It was the Thatcher government, which implemented the Single European Act, denounced by Lord Denning, former Master of the Rolls, as being a threat to the sovereignty of the Courts and the British Parliament. But when Margaret Thatcher appeared to grasp the far-reaching implications of the Common Market programme, and strongly denounced the concept of a Federated Europe, in an address in Bruges, Belgium, she signed her political death warrant. A media, which had been generally supportive of her, left no doubt that she had emerged as an obstruction to the Internationalists, and had to be destroyed. True, she had provided enough ammunition for her enemies. But the central issue was her open opposition to the policy of reducing the United Kingdom to a mere State of a Federated Europe.

While the media campaign against Prince Charles, with the Murdoch stable playing a prominent role, can be seen as part of a general campaign against Constitutional Monarchy, it was his Kew gardens lecture which, in retrospect, appeared to have triggered an intensification of the media campaign against him. It was during this lecture that Prince Charles said, "We have to find a way of doing something about the burden of international debt." It is no secret that Prince Phillip has some understanding of the debt system and it would be surprising if he has not discussed this question with his son. Both are genuine conservationists and aware of the difficulties of implementing conservation policies under present finance-economic rules.

A study of Prince Charles's addresses on a variety of subjects reveals a consistent philosophy favouring decentralised organic growth as opposed to sterile big centralised planning. Schumacher's *Small is Beautiful* is one of his favourite works. He also admires Alexander Solzhenitsyn. Prince Charles has left no doubt that he intends to fight to sustain the value system he so courageously supports. Such independence of mind has been carefully noted by those who take the longer view of history, and are concerned that while the Prince's influence can be muted before he ascends the throne, it would be extremely difficult to curtail that influence once he becomes King.

The most constructive action, which the supporters of Constitutional Monarchy can take, is to indicate their support for Prince Charles. Short letters of support for the Constitutional Monarchy should be sent to the Prince at his London address at St. James's Palace. Or the cards being made available by the Australian Heritage Society may be used. Order from Box 1052J, G.P.O., Melbourne, Victoria 3001, sending a small donation to cover costs.

HERITAGE THEME FOR QUEENSLAND ANNUAL SEMINAR

Special papers on the Heritage issue will be presented by Mr. David Thompson and Mr. Eric Butler at this year's Queensland Annual Seminar, to be held at the Range Motel, Toowoomba, on Saturday, May 28. The Annual Dinner will be on Friday, May 27.

ANOTHER GARY NORTH COMPLAINT

We will not burden our readers with another letter from anti-Social Creditor Dr. Gary North, the essence of which is that we have failed to mention his address. He suggests, once again, that we are afraid to have our readers exposed to his book, *Salvation Through Inflation*, and offers to send us a supply on consignment for sale. We feel we have given him enough publicity and that any of our readers who may be interested in obtaining his book may do so by writing direct to Dr. North. We will only handle the book if there is sufficient interest.

Dr. North's address is as follows:

P.O. Box 8999, Tyler, Texas, 75711, U.S.A.

Once again we recommend that Dr. North take up his discontinued correspondence with Mr. Chas. Pinwill. The March issue of *The New Times*, containing letters from Mr. Jeremy Lee and Mr. Edward Rock, was forwarded to Dr. North.

THE ECONOMIC RATIONALISTS

John Carroll, Reader in Sociology at La Trobe University, Victoria, writes in *Shutdown - The Failure of Economic Rationalism and how to Rescue Australia*: "By the 1960s . . . a new mandarin cast of fanatical, free-market economists had taken over the top levels of the key policy-making departments in the Canberra bureaucracy - Treasury, Finance, and Prime Minister's. The way had been prepared since the late 1960s by a rationalist Tariff Board, which Whitlam had expanded into the Industries Assistance Commission, later renamed the Industry Commission. They were, in true mandarin style, more devoted to the purity of their theory and the clean workings of logic than to look with open eyes and some intellectual scepticism at what reality was telling them. The consequence was that nothing was done to control the rapidly expanding debt. There was an intellectual rationalisation, following from the theory that the steady reduction in protection and the elimination of inefficient industry, would soon start to show an improvement in Australia's capacity to export manufactured goods, at which point the deficit on overseas account would turn around. The Treasurer of the time, Paul Keating, spoke year after year of the 'beautiful trend upwards' that was about to appear. It never appeared. The vital new industry exporting to the world was not being built. As a result, the nation witnessed before its eyes the black cloud of economic rationalism casting its pall over the economy and its future. Nevertheless, there were no unorthodox economists to speak out, and virtually all the significant institutions in the country, both major political parties, most large corporations, the ACTU, and indeed the major newspapers and their economic commentators, were all under the thrall of economic rationalism that the impending disaster was met by an echoing silence."

Anyone who took the trouble to try to understand what Liberal leader John Hewson was saying before the last Federal elections, noted that if he had won the "unlosable election," Australia's foreign debt would have continued to escalate, as it has under the Keating government. No "sustainable" economic recovery is possible under debt finance. The underlying philosophy of the economic rationalists is that bigger is better and more efficient. Thus the drive to "internationalise" all the economies of the world, the ultimate being one world economic system similar to that advocated by the Marxist Leninists. But every move towards greater centralisation inevitably produces more problems. The future of the world will ultimately be determined by those who have most successfully resisted the policies of the economic rationalists.

BIG LIES FROM BIG BROTHER

Considerable interest throughout Australia was created by the visit, late in 1993, of Canadian economist John Hotson. He is Professor of Economics at the University of Waterloo, and Executive Director of the Committee on Monetary and Economic Reform (COMER).

The following article by Professor Hotson was a response to an initiative of the highly unpopular Mulroney government in Canada. The argument applies with equal cogency, to Australia. It appeared in the November 1991 issue of *Policy Options*.

Ottawa recently spent a reported \$1.3 million supplying every Canadian household with an eight-page flyer entitled *Important Information About Canada's Economic Plan and How it Affects You*. Judging from the trash can by the mailboxes in my apartment building, most people threw theirs away despite the plea on the cover, "Please take the time to read what's inside . . ."

Despite the sinful waste of trees that involved, maybe it's just as well that most people didn't read the flyer because it contains several out-and-out lies together with several "stretchers". This isn't to say that there is not some good stuff there too; just that it is a pity the untruths weren't killed in the proofreading. This is especially true since the Mulroney government seems to believe these untruths itself, untruths that are central to what is wrong with the government's economic programs, and to what is holding back Canada.

The flyer is organised around "six actions aimed at making Canada a stronger, economically healthier country." These are listed as:

1. increasing our competitiveness;
2. expanding job skills training;
3. reducing the deficit;
4. controlling spending;
5. curbing inflation;
6. reforming the unfair federal sales tax.

A page is devoted to each of these worthy goals, leaving the last page for a pep talk from Michael Wilson and a tear-off in case you want more of the same.

MOST of the untruths I detected are on page 4: "The Deficit and the Debt," and page 6: "Inflation," the two areas in which Ottawa's performance has been most unsatisfactory to itself and to Canadians generally. The flyer will serve a useful purpose if the discussion it causes leads the government to cease believing in erroneous ideas and to embrace better ones.

The first untruth occurs in the very definition of the word "deficit." offered in a box for emphasis, as follows:

"Deficit: The amount by which government spending exceeds revenues. *Governments then have to borrow this amount, which gets added to the 'public debt.'*" (Emphasis mine).

It is not true that "Governments have to borrow" when they run a deficit. Any sovereign government can create money itself rather than allow private banks to create money and lend to it at interest. Even before the Bank of Canada came into existence in 1935, half the currency and all the coins were produced by the Dominion government and spent or lent into circulation. In those days, the chartered banks borrowed from the government rather than vice versa. The Canadian money supply (M2) has been growing about \$30 billion a year in recent years - or about the same amount as the federal deficit, which so frustrates Mr. Wilson. If the government - through the Department of Finance, or through the Bank of Canada, which is under the Department of Finance - created all the money supply added each year, it would not need to add to its debts to pay interest on its old debts. It could stop cold the "devastating effects of compound interest" to which the flyer refers, (emphasis N.T.)

The flyer points out that the government is currently running an operating surplus - meaning that its revenues exceed the amount it spends on programs and services. Thus not only could it avoid adding to the public debt, it could even reduce it if the government, rather than the chartered banks, created Canada's money.

At present the government does produce some money. But the Bank of Canada produced only 2% of the money added last year, and the chartered banks added the rest as they made wise and foolish loans to households, businesses and all three levels of government. What would be wrong with going back to earlier policies when the Bank of Canada and the chartered banks shared the privilege of creating money more evenly? When the Bank was brand new in the 1930s, it sparkplugged a partial recovery from depression by producing almost half (46%) of the increased money supply from 1935 to 1939. During the much greater expansion of the years of the Second World War, it provided 47% of the new money.

These policies, together with sensible wage and credit controls, gave Canada the fullest employment she has ever known, very low interest rates and no inflation during the last two years of the greatest war in history. A very great deal of Canada's current troubles have been caused by the "treason of the Bank of Canada" represented by the fall in its percentage of new money produced from 46% to 2%.

Jan Kregel has recently likened governments giving away their power to create interest free money and then borrowing from private bankers to a mad management of Coke giving away its secret formula and indeed the whole company. Can you picture Coke giving Pepsi, and every other cola bottler, its formula for no remuneration, telling the customers that Pepsi is just as good as Coke, then buying Pepsi at full retail price including costs of production and the royalty?

Those who are inclined to dismiss the proposal that the government create more of the money supply as "inflationary" should be required to explain the economic model by which they reach the conclusion that it is more inflationary for the government's bank to create, say \$15 billion and the private banks \$15 billion, than for the government's bank to create \$0.7 billion and the private banks \$29.3 billion, (emphasis NT).

To be able to restrict the chartered banks to creating half the money, the Bank of Canada will have to be empowered to raise their reserve requirements and to restrict their ability to add to their high interest rate "funny money" accounts. But this would be all to the good, as witness the trouble the U.S. banking and Savings and Loan industries have got into as the result of the deregulation mania of the 1980s. Instead, our government intends to throw off the last restraints on the banks and allow them to operate with zero reserves!

It is predictable that unless the Bank of Canada starts creating moderately greater amounts of money, and greatly lowers interest rates, it will soon be forced to create massive amounts of new money at near zero interest to end, if it can, the next great depression. A depression which high interest rate policies have made all but inevitable.

There is a second "big lie" on page 4, which reads:

"There are two ways to slow the growth of the debt and

reduce the amount of borrowed money needed to meet interest payments. One is to increase government revenues through higher taxation. The other is to restrain government spending."

As surely as a triangle has three sides, there is a third way to "reduce the amount of borrowed money needed to meet interest payments," - reduce the rate of interest. The Bank of Canada can make the rate of interest at which it lends to the chartered banks any number it chooses, and it can peg the rate of interest on government bonds there also.

This was proved in the Second World War when it pegged the rate on T Bills at as little as 0.36% and on longer term bonds at less than 2.5%. At this time the government deficits were as much as 27% of Canada's GNP and the money supply was increasing at a 20% clip. At present the deficit is less than 5% and would not even exist if Mr. Wilson (*Canadian Minister of Finance 1991 - NT*) and Mr. Crow (*Governor of the Reserve Bank of Canada 1991 - NT*), and Messrs. MacEachen and Bouey before them, had not raised interest rates beyond all reason.

Lowering interest rates would shrink the deficit in a number of ways. Much of the government's debt is now short term and must be "rolled over" every 30 to 90 days. So lower interest rates quickly translate into lower interest payments. Secondly, lower interest rates will cause the Canadian dollar to drop toward its true international purchasing power - somewhere between \$0.75 and \$0.80 U.S. - stimulating our exports, reducing our imports and creating jobs, employment and increased tax receipts. Thirdly, lower rates will stimulate the production of non-internationally traded goods and services leading to further increases in tax receipts - both from corporate profits and individual income taxes. Fourthly, the increased level of economic activity will reduce the need to pay out unemployment compensation and welfare, and more importantly, end the unnecessary suffering of millions of Canadians.

Indeed, since even Michael Wilson admits Canada is now in a recession, the only way Wilson can hope to reduce the deficit is to cut interest rates drastically. Raising tax rates and/or cutting government spending, as Mr. Wilson attempts in his latest budget, will reduce national income, employment and tax receipts and increase the deficit. Additionally the GST, for which Wilson argues so fervently, has directly added to inflation and may set off a tax/wage/price spiral - which he and Mr. Crow will then turn into a tax/wage/price/interest spiral. Not since the U.S. Hawley-Smoot tariff in 1930 has any country engaged in such misguided economic policies.

Skipping over some "stretchers" we come to page 6 with the theme that "Controlling Inflation is Vital to Canada's Economic Well-Being," and the big lie that inflation "spares no one" and that it is caused by "increased demand for goods and services, which strains our productive capacity," or as Michael Wilson puts it on page 8, "Our economy has been growing at an unsustainable rate, resulting in the build up of destructive inflationary pressures."

Mulroney and Company have sacrificed more than \$100 billion in lost output, the livelihoods, farms and businesses of over one million Canadians, and their own hope of re-election on the altar of "price stability," and their illusion that inflation = excess demand. They seem prepared to sacrifice everything except their illusion that a high interest rate monetary policy will stop inflation. This policy has been tried in many countries ever since they abandoned wartime controls, yet today it takes almost \$10 to buy what \$1 would buy in 1946.

Moreover, Canada's economy has not been growing too fast. It hasn't grown enough in the 1980s to bring unemployment down to 1970s levels, much less 1960s levels. Nor is present capacity utilization near the postwar average. To

the extent Canadian capital capacity has lagged population growth, who is to blame? Clearly the Bank of Canada and its policy of discouraging investment and encouraging coupon clipping by high interest rates.

High interest rates, and high taxes are not a cure for rising prices - they are the prime cause of rising prices. Prices rise whenever people's incomes grow faster than their output. Those whose incomes grow faster than the price level rises gain from the inflation. It is only those whose incomes rise more slowly, or not at all, who lose.

Who have been the big winners from Canada's inflation? Those who receive interest income and the government itself.

Who have been the big losers? Those who receive profits, particularly those who receive profits from small businesses, especially the farmers. The great majority of Canadians who receive wages and salaries have better than held their own, increasing their share of income somewhat. Despite this, all the "cost push" literature, including this flyer, single out "wage push" rather than the more explosive "interest and tax push" as cause of the price rise.

From 1950 through 1990 real GNP in Canada rose from an index of 1 to 5. However, money GNP increased over the same period from an index of 1 to 35.3. Thus for every dollar of real GNP we produced in 1950 we produced \$5.00 of real GNP in 1990, but we paid \$35.30 for it as the price index rose from 100 to 684. For every \$1 of wages paid in 1950 we paid and received \$42.20 in wages in 1990.

However, Total Government Revenue grew 10 times as fast as did real GNP so that in 1990 we were paying \$57.80 in taxes for every \$1 in 1950. For every \$1 of Interest and Miscellaneous investment income paid/received in 1950, Canadians paid/received \$146.00 in 1990!

Why this blindness? Would anyone be so foolish as to try to stop inflation by giving workers a big raise? Or by raising profits greatly? Where did the nonsensical idea come from that giving interest recipients a big raise is anti-inflationary? Did the bankers invent it? Great idea, for them, but why do the rest of us believe it?

What economic plan might work for Canada, giving us full employment, resources to clean up the environment, modernize our private and public capital, and educate our youth for the challenges of the 21st century? Let me sketch a few ingredients of such a plan.

1. Lower interest rates immediately to the U.S. level and eventually to 2% above the rate of price rise. This, combined with other policies below, will reduce the price rise while stimulating the economy toward full employment. If we should, at length, succeed in totally eliminating inflation, interest rates would fall to 2% to 3%, their long run average in the 19th century.
2. Canada must expect external price shocks like the current oil crisis from time to time. She can, however, contain the price level rise they cause to a minor figure by preventing a domestic price/wage/interest spiral from getting underway, through a wise incomes policy. We should start by applying Mr. Wilson's limit for public servants of not more than 3% wage increase per year for the next three years to the private economy as well. What a pity that he undercut his own policy by giving 4.2% wage increases to the 50 top Ottawa mandarins the night before his budget speech! Not only should the PM and the MPs have their wages frozen for the next three years, but the freeze should apply to John Crow, the favoured 50, and the top corporate and bank officers, as they have been the chief winners in the pay increase sweepstakes in recent years.

3. Credit controls should be enacted to prevent the creation of money from speculative bubbles, junk bonds and unproductive takeover battles. Deposit insurance laws should be limited by a co-insurance clause giving back to depositors some of the risk the government, and thus taxpayers, have shouldered.
4. Canada should commit itself to full employment and cease victimizing the most vulnerable of its citizens in the attempt to keep prices stable by keeping the economy depressed.
5. Canada should take the "war to save the planet" as seriously as she did the Second World War, uniting with all other nations in an all out effort to reverse the environmental trends that threaten all life.
6. Repeal the Goods and Services Tax as well as the old

Manufacturer's Sales Tax, increase the federal income surtax, raise the excise taxes on tobacco, alcohol, gasoline and pollution taxes, and tax back some of the windfall gain that corporations will otherwise receive from the repeal of the MST. These changes will give the government some of the revenue it needs and coupled with the incomes policies recommended above, will not have an inflationary impact.

7. Last, but far from least, the Bank of Canada should be instructed to increase the percentage of needed new money which it creates, and reduce the percentage of new money created by the private banking system, step by step until it approaches 50%. The Bank should use the new money to buy up new Treasury Bills and Bond issues which cannot be placed with the non-financial sector. Once the federal budget is in better order the Bank should buy up existing federal debt and retire it.

AMERICAN STATES CHALLENGE FEDERAL RESERVE ACT

Those familiar with the work of genuine American conservatives have always highly regarded the work of Archibald E. Roberts, who has long been in the forefront of resisting all erosions of the American Constitution. Roberts has always maintained a high standard of scholarship and has kept himself divorced from some of the more radical American groups.

In his latest publication, *America in Crisis Survival Portfolio*, (P.O. Box 986, Fort Collins, CO 89522, U.S.A.) Roberts warns "*Worsening recession demands specific and immediate action to escape economic collapse - with resulting ruin of American citizens.*" The individual is provided with what is virtually a handbook for survival. Action is suggested for the creation of debt-free money, how to repudiate unpayable national debt and the elimination of federal deficits. The key to what is proposed is the use of the American States as sovereign entities of the Federal system of government. Australians might well look at this programme.

Roberts makes the interesting observation that "*The State, a principal under the constitutional contract, has the power and responsibility to correct violations of the Constitution by Executive, Legislative and Judicial branches of government. Actions by any agent found to be violation of the Constitution, therefore void, may subject the agent to appropriate legislative and judicial action by the State.*"

Roberts lists a number of the States which are involved in

legislation calling upon the President and Congress to repeal the Federal Reserve Act: Arizona, Washington, Arkansas, Idaho, Indiana, Alabama and Texas.

The following have already held hearings to consider the adoption of legislation calling for the repeal of the Federal Reserve Act: Nebraska, California, Iowa, Florida, Louisiana, Mississippi, Virginia, Utah, Montana, Wyoming, Pennsylvania, South Dakota and Nevada.

Roberts outlines some suggestions which the States might take against Washington:

1. **Recall members of the State delegation to congress to give an accounting of their stewardship.**
2. **Enact State statutes providing for enforcement of the Constitution of the United States, with regard to the Federal Reserve System, operating within the borders of the State,**
3. **Direct the State Attorney General to initiate charges of criminal syndicalism against officers and agents of the Federal Reserve System operating within the border of the State.**
4. **Establish a State bank to increase the economic and fiscal autonomy of the State, and whatever other options the State may deem appropriate.**

The essence of what Roberts is suggesting is that the States of the U.S.A. use all the sanctions available to them against the Federal Reserve System of Banking.

THE PROBLEM OF MEMORY

On the day before he announced his resignation from the Federal Parliament, Senator Richardson was being interviewed on the ABC programme *Day Break* concerning the case of a doctor being sued because of an incident 26 years previously. Richardson asked how was it possible for anyone to remember all the details of an incident of so long ago. But the same Senator Richardson was an influential member of the Hawke Labor government, which bent under Zionist pressure and established the obscene and financially expensive war crime trials, at which witnesses were asked to recall what had happened nearly half a century previously.

Researchers on the subject of memory claim that after four weeks people forget 85 percent of their experiences unless prompted by a diary. Many politicians appear to be aware of

this fact, relying upon the short memory of electors to support policies which they had previously opposed. It appears that with appropriate stimulus, people are capable of providing detailed accounts of events of many years back. But it does not mean that such accounts are always completely accurate.

Now that it has become almost fashionable for people to be encouraged to remember some alleged sexual or other abuse in childhood, so that legal action can be taken, it is essential that such allegations are treated with extreme caution. The memory is not infallible. In his work on the subject of memory, Scientist Stephen Rose in *The Making of Memory: From Molecules to Mind* writes that "*memories are living processes, which become transformed, imbued with new meanings, each time we recall them.*" Ross makes the point

that "forgetting can be more than mere erasure of stored information." Information can be transferred from short-term to long-term memory through a process of filtering. How reliable then is memory, if imagining and forgetting are part of the process of remembering?

C.H. Douglas stressed the limitations of written history, pointing out that most of it reflected the perceptions of the writer. Or his memory? Real history can only be assessed by crystallised politics, this requiring a study of events over a period of time.

ZIONIST STRATEGY DESPERATELY NEEDED "SCHINDLER'S LIST"

The Hollywood production of *Schindler's List* was urgently needed at a time when increasing numbers of people have started to question the alleged Jewish Holocaust. An American survey of last year revealed that 22 percent of Americans do not believe in the "Holocaust", with another 12 percent stating that they were not sure that it had happened. When the British historian David Irving publicly stated that as a result of his researches, he was a complete disbeliever, this sent Shockwaves through the ranks of the Zionists, who have carefully exploited the legend to further a long-term strategy, two major features of this being to keep the rank and file of Jews in a state of fear, and to create a guilt complex amongst Christians.

Zionist strategy has been most successful in both Germany and France, where any public criticism of the "Holocaust" is a criminal offence. A report from Germany states that the showing of *Schindler's List* is compulsory in German schools. The same Zionists who have openly campaigned to keep David Irving out of Australia, are upset because the Moslem-dominated government of Malaysia has declined to allow *Schindler's List* to be shown in Malaysia. Australian Federal National Party leader, Mr. Tim Fischer, has incurred the wrath of the Zionists by expressing the view that "there is a certain bitter irony that on the day *Schindler's List* dominates the Oscars coverage with its portrayal of the Horrific Holocaust, that the Israeli army has killed and wounded schoolchildren in Southern Lebanon well beyond the boundary of Israel."

So far from *Schindler's List* confirming the legend that millions of Jews were gassed to death in Auschwitz, it draws attention to the fact that Auschwitz was part of a major German industrial complex, established in Poland by Nazi Germany for war production. Jews, along with others, were used as a form of slave labour at this complex. Conditions in the camps were brutal and large numbers died from typhus. The Germans used large quantities of Zyklon B as a disinfectant. From the Germans' point of view, it was elementary that they took all possible precautions to prevent their labour force from dying of disease. Schindler was one of the Germans using slave labour for manufacturing and there is probably an element of truth in the story told by Australian novelist Keneally, whose book was the basis for the film. But there is no evidence that Schindler saved Jews from being killed in gas chambers.

Emilie Schindler, living out her last days in Argentina, presents a very different picture of her husband than the one painted by Keneally, charging that she was never consulted once by Keneally in the writing of his book. Neither was she consulted by the Jewish producer of the film, Steven Spielberg. Schindler's widow is scathing about her husband, whom she worked with for three decades. She describes him as a coward and a fool, stating that he had a vested interest in keeping his factories operating and thus did not have to fight as the Russian armies advanced. Emilie Schindler does not present a pretty picture of a man who treated her like dirt. This is the man who was buried in Israel and eulogised by the Pope and the German government, and who is now used for Zionist

propaganda purposes.

There is no doubt that many Jews, like tens of thousands of others, arrived in Poland in a shocking physical condition. But, as Emilie Schindler recalls, she was the one who helped many of these victims of war with humane treatment. Schindler never admitted once that it was his wife who played the major role in helping Jews. Thus is mythology perpetrated and the truth ignored. Well might Thomas Keneally, prominent in the campaign for an Australian republic, bask in the Zionist adulation he has received for his contribution to another major example of Zionist propaganda.

THREE CENTURIES OF FINANCIAL BONDAGE

Historians generally have managed to ignore the effect of financial policy on historical developments. Occasionally a brave and gifted individual does emerge and attempts to present a much more realistic picture of history than that presented by establishment writers. One of these was William Cobbett, described by C.H. Douglas as perhaps the greatest Englishman of the last century. The self-taught Cobbett was a product of rural England, his best-known classic being *Rural Rides*, in which the author provides a vivid pen picture of rural England following the Napoleonic wars. Cobbett covered rural England on horseback and demonstrated his acute powers of observation. He attacked the debt system and the role of the Bank of England in establishing that system in England.

There was no National Debt in England prior to 1694, when the Bank of England was first established to help finance William III. The chief founder of the bank, a William Paterson, is quoted as having said "The Bank hath benefit of interest on all money it creates out of nothing." Knowledge of money creation by a banking system was well known in Holland and there is little doubt that this knowledge was brought into England following the collapse of the Stuart dynasty and the importing of William III in 1688. The Bank of England was established 6 years later. The first debt created by the Bank of England was relatively small, £1,200,000. But by 1991/92 it had grown to £204,174,000, with debt charges totalling £16,691,000. Almost as if predicting the future, Shakespeare wrote of England making a shameful conquest of itself, enslaved by inky blots and "rotten parchment bonds."

A major theme of Cobbett's writings was that the debt system enabled Jewish stockbrokers to progressively dispossess many of the old English landed families. If Cobbett were writing today, he would probably find himself hauled before some Race Relations Board. Cobbett was, of course, well aware that there had been a period in English history when Jews, generally associated with money lending, were not permitted to reside in England, having been officially banished in 1292 by Edward I. The following centuries were the days of Merrie England. Cobbett gives a very different picture of the period than is generally presented.

It was the victory of Cromwell and the establishment of a Republic, which brought the Jews flooding back into England, bringing with them their knowledge of credit creation by the banking system. The increasing indebtedness of all nations makes a mockery of any suggestion of national independence,

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