

ON TARGET

A WEEKLY COMMENTARY ON THE COLD WAR

"We will bury you . . . your children will grow up under Communism . . ." Krushchev.

FALSEHOODS
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SUPPRESSION

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THE IMPORTANT LESSONS OF THE 1969 FEDERAL ELECTIONS

Thought for the Week:

"The important thing now is that we shall come to agree on certain principles and free ourselves from some of the errors which have governed us in the recent past . . . The first need is to free ourselves of that worst form of contemporary obscurantism which tries to persuade us that what we have done in the recent past was all either wise or inevitable. We shall not grow wiser before we learn that much that we have done was very foolish." F. A. Hayek in *The Road to Serfdom*.

GORTON GOVERNMENT NOW ON TRIAL

After his initial attempt to explain away the major electoral swing against his Government at the Federal Elections on October 25, and his refusal to accept any personal responsibility for the near-defeat, Mr. John Gorton, faced with an open revolt against his leadership, felt it necessary to admit at the declaration of the poll in his own electorate, that ". . . There is some dissatisfaction . . . It is shown by the votes, and it is necessary to be identified and rectified. That will be the task of my Government — assuming it is my Government after Friday and I confidently believe it will be — to do that."

Mr. Gorton's delated confession undoubtedly helped him to survive the challenge to his leadership by Mr. W. McMahon and Mr. David Fairbairn. But Mr. Gorton's claim, after his election, that the Liberal Party will carry on "in unity and growing strength" will only become a reality if his Government can fashion domestic, foreign and defence policies which remove the dissatisfaction he admits does exist. The Gorton Government is clearly on trial, and it is no secret that some Liberal Members voted to retain Mr. Gorton as an act of desperation. At the Senate Elections of 1967 there was a 5 per cent. swing to the ALP under Mr. Gough Whitlam's leadership. Two years later, at the 1969 Federal Elections there was a 7-8 per cent. swing to the ALP under Mr. Whitlam. Unless the Gorton Government can halt the steady erosion of electoral support for the Coalition Government, it faces another electoral set-back at the Senate Elections in 1970. After that

LIBERAL M.P. SAYS POLICIES TO BLAME FOR SWING

"Part of the reason for the Liberal Party's loss of popularity lay fairly and squarely in some of the basic tenets of its policies, the Federal Liberal member . . . Dr. M. G. Mackay, said yesterday. The vote was one of disenchantment with the Government, rather than approval of the alternatives offered . . . It would be disastrous if an undue amount of attention were paid to personalities, important though this aspect has been. There are other things which have contributed to the vote of censure which also must be tackled, and urgently."

—*The Australian*, November 7, 1969.

Mr. Whitlam and his fellow-Fabian Socialists could confidently prepare to take over at Canberra. Time is therefore running against the Gorton Government.

While personality is a major factor in any organisation, Liberal and Country Party supporters wishing to halt the slide towards an ALP victory, must face the truth that only realistic policies, not better staged television performances, will produce unity of purpose in the Liberal and Country parties and regain lost electoral support. This truth was made clear when even Sir Robert Menzies was nearly swept out of office in 1961, such was the strength of the electoral back-lash against the credit squeeze. Irrespective of what may be said about Mr. Arthur Calwell's image compared with Mr. Whitlam's, the fact remains that in 1961 Mr. Calwell went closer to defeating the Liberal-Country Party coalition than has Mr. Whitlam. **It is still a fundamental truth of politics that electors vote primarily AGAINST the Government rather than FOR what the Opposition offers. The vote on October 25 was therefore one of censure rather than keen endorsement of the ALP programme.**

It is appropriate to recall that Mr. Gorton's new Treasurer, Mr. L. Bury, was assistant to the late Mr. Harold Holt at the Treasury when the disastrous credit squeeze was applied in an endeavour to halt inflation. All the evidence indicates that, as a result of the financial policies which the Gorton Government pursued, along the same lines as those of the Menzies and Holt Governments, the rate of inflation will increase in 1970.

"BRINGING VALUE BACK INTO THE POUND"

"As a first step in bringing value back into the pound, the Federal Government is likely soon to subsidise some commodities in the cost-of-living index. Cabinet plans to begin its anti-inflation drive, in fulfilment of election pledges, on February 7. "Appointment of a Ministerial economic policy committee was announced today by the Prime Minister (Mr. Menzies). The committee, he said, would work next week with a team of experts so that the Government could formulate a policy on price subsidies at once."—*The Sun*, Melbourne, January 26, 1950.

20 years ago Liberal-Country Party spokesmen made it clear that the principle of consumer subsidies, successfully applied during and after the Second World War, was essential to solve inflation. But they gradually capitulated in the face of the determined opposition of the very Fabian Socialists like Dr. Coombs, whom they had bitterly attacked as Members of the Opposition. Today, Liberal-Country Party spokesmen echo the Fabian claim that there is no answer to inflation. Minister for Primary Industries, the Hon. D. Anthony, told one group of primary producers that the basic wage would double in the next ten years, and that they had to accept the same centralisation that secondary industries have been experiencing.

If the Gorton Government wishes to survive, it should return to the policy attempted by the first Menzies Government. But should insist on making the economic "advisers" the servants of Government policy.

Irrespective of whether the Gorton Government applies another credit squeeze or permits increasing inflation to continue, it is going to be faced with growing problems which could lead to eventual political defeat. Only a realistic financial policy can produce the results necessary to avert growing economic problems of centralisation in all spheres. **Fabian Socialist theoreticians have laid it down that an inflationary credit policy is the most effective way to progressively destroy the free society by forcing it in the direction of increasing centralisation of all power.**

Back in 1949 the spokesmen for the Liberal and Country Parties correctly stressed that centralisation was the essence of Socialism, and that it undermined the freedom of the

individual. They put forward a constructive policy programme. Inflation was to be ended by putting the shillings back into the pound, "rates of taxation, both direct and indirect, could, and would, be steadily reduced," the "burden of government" was to be reduced and the financial sovereignty of the States assured, while the value of social service payments was to be maintained. Inflation was to be defeated, not only by a reduction in the rates of taxation, it being correctly pointed out that all taxation inflates prices, but, in the words of Liberal Party leader Mr. R. G. Menzies, by his Government holding **"itself ready to pay price subsidies in appropriate cases; particularly in respect of items affecting the cost of basic wage earners."**

The last 20 years have witnessed a progressive retreat from the fundamental principles and policies upon which the Liberal-Country party Coalition was first elected. One of the results has been a major Commonwealth-States financial crisis. In announcing why he could no longer serve under Mr. Gorton, Mr. Fairbairn correctly diagnosed one of the major causes of loss of electoral support; the antagonism of the States to the heavy-handed attitude of Prime Minister Gorton, a well-known centralist from away back. In spite of years of propaganda by the Socialists, a Gallup Poll published on February 29, 1969, reported that 73 per cent. of Australians wanted the present system of States retained, while another 13 per cent. want more States created. The Australian people know from experience that decentralised Government provides more opportunity for effective control of elected representatives and the spending of their money.

Mr. D. Fairbairn was not exaggerating when he said, "In my own State many State and Federal ministers scarcely speak to one another." N.S.W. Justice Minister Maddison is on record as saying that "he was damned if he would help any more Federal Members in elections." Health Minister Jago has put it more bluntly: Federal authorities were "not beyond deliberately deceiving the public." The *Sydney Daily Telegraph* of September 11, 1969, quoted Mr. L. A. Punch, M.L.A., as saying, "There is no doubt that children in N.S.W. schools, patients in hospitals, car owners, and indeed all N.S.W. citizens are suffering inconvenience and hardship because of the Commonwealth's attitude in withholding funds."

"THE BIGGEST HIRE-PURCHASE COMPANY IN AUSTRALIA"

From address by the Hon. R. J. Hamer, (Liberal), Minister for Local Government, in the Victorian Parliament on September 30:

"... the Commonwealth not only finances its own capital works, free of interest, but actually lends money to the States at full interest. By any reading of the spirit and intent of the Constitution, this would be surplus revenue which ought to go to the States outright. Nothing of the kind. The States have to repay the loans, and, to add insult to injury, they have to pay interest, too. The figures show that for every \$1 of surplus revenue that the Commonwealth lends to the States it receives back \$2.50. So far, the Commonwealth has invested the staggering total of \$2,200 million in loans of surplus revenue to the States.

"The Hon. Samuel Merrifield — The Commonwealth is the biggest hire-purchase company in Australia."

"The Hon. R. J. Hamer — The figures speak for themselves. The Commonwealth will get back the sum of \$5,500 million — a cool profit of 150 per cent. ... This year alone the States will pay \$95 million in interest to the Commonwealth on moneys lent to them out of revenue. Meanwhile, of course, the Commonwealth is paying off its loan debt, and the States, which are carrying most of the costs of development, are wallowing ever deeper into the financial mire. Who can say that this is the kind of Federation which the founders intended?"

If the Gorton Government is to restore harmony within the Federal system of Government, it will need to go beyond a few short-term expedients of handing out some funds

to the States to tide them over until the 1970 Senate Elections are over. The financial sovereignty of the States must be firmly assured so that they, and Municipal Governments can discharge their proper responsibilities. The Federal Government must stop encroaching upon the rights and responsibilities of the States, causing in increasing cases costly duplication. It must fulfil the 1949 promise to "reduce the burden of government."

The Gorton Government's retreat from basic anti-Socialist domestic policies was matched by its erratic foreign and defence policies. Dr. Mackay is right when he says, "On Vietnam, I feel we were defeated on this issue a year before the election . . . we failed to come to grips with doubts people had about Australia's role in this area." He also made a vital point when he said that "We can only defend Australia as far as Australians are prepared to back us." The League of Rights has been the only organisation to stress that if Australia blindly followed the no-win policy of the U.S.A. in Vietnam, there would be an eventual erosion of electoral support. In an Open Letter to Prime Minister Gorton in March, 1968, the League quoted the American Joint Chiefs of Staff as making it clear that the war in Vietnam could be quickly ended by positive action such as the closing of the Port of Haiphong. The Australian Government could have decisively affected American policy by strongly backing those Americans stressing that any policy short of victory must end in disaster. But from the time he said that there would be no more Australian troops for Vietnam, Mr. Gorton has failed to provide any strong lead at all. The special campaign which the League of Rights conducted in Forrester to help remove Mr. Gordon Freeth, demonstrated the concern of a significant minority of the Australian electorate about the haphazard and confusing foreign policy statements by the Gorton Government. Australians will follow a clear lead, if properly given. The Government's responsibility is to inform Australians of the truth about Soviet global strategy and seek their co-operation to meet the situation with an adequate defence policy. But effective defence requires a stable social structure in which all sections are satisfied with the results they are obtaining.

If the Gorton Government persists with the policies it has been pursuing, then it will not only be contributing to its own destruction, but also to the destruction of Australia. The moment of truth has arrived for all supporters of the Liberal and Country parties.

THREE BIG ISSUES

Addressing a meeting of the Carnarvon Electorate Council, Mr. R. L. Sparkes, Senior Vice-President of the Australian Country Party, Queensland, said three very serious issues were exercising the minds of members of the Australian Country Party both on a State and Federal level at the present time, namely:

A disturbing drift towards 'Centralism' whereby more and more power and functions were being centralised in Canberra to the detriment of the State Governments.

An alarming move towards big city political domination, and . . .

The cost-price squeeze and its seriously depressing effect on primary producers . . .

—*The Countryman* (Queensland), October, 1969.

Country Party leader, Mr. John McEwen may find some short-term satisfaction in the fact that the Country Party has the same numerical strength in the new Parliament. But an examination of the loss of electoral support for the Country Party in nearly every electorate reveals quite clearly the eventual destruction of the Party if present policies affecting the rural industries continue.

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