



# ON TARGET

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*The price of Freedom is eternal vigilance—*

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Thought for the Week: "I am very doubtful whether history shows us one example of a man who, having stepped outside traditional morality and attained power, has used that power benevolently."

- C. S. Lewis in The Abolition of Man (1943)

FEDERAL OPPOSITION LACKS ANTI-INFLATION POLICY: "We reject, and advocate an end to Labor's stop-go policies and concentration on monetary policy. We wish to achieve a balanced mix of fiscal and monetary instruments... If the Government has failed to take the tough Budget decisions required at this time we will face a severe economic crisis this year."

- Mr. Phillip Lynch, Deputy leader of the Opposition and Shadow Treasurer, outlining the Opposition's view in a featured article in The Age, Melbourne, September 17th.

Mr. Lynch quite rightly denounces the "stop-go" policies of the Whitlam Government. Not so long ago Members of the ALP were criticising the "stop-go" policies of the Liberal-Country Party Government! With the greatest respect to Mr. Lynch, whom we regard as one of the better Members of the Opposition parties, his considered views on finance-economic matters are such that should he become the Federal Treasurer, there is no likelihood of any change in the basic policies now driving the free societies of the world to their doom.

As in other articles and statements, Mr. Lynch makes some excellent points concerning effects in his Age article of September 17th. But, following the lead of the economic theorists, he fails to analyse the operations of the finance-economic system and thus expose the basic cause of inflation. Without an understanding of the fundamental aspects of the present finance-economic system, it is impossible to understand what is required to make the system operate successfully on behalf of the individual.

When we take our motor cars to an automotive engineer we expect him to have a thorough knowledge of the basic principles on which motor cars operate. We expect him to go to the cause of any problem and not waste time tinkering with effects. It is significant that engineers generally grasp more readily than most the basic defect in the operation of the finance-economic system. During the Great Depression of the 'thirties' it was the practical engineer and costing expert, C. H. Douglas, who pointed out that there was no basic defect in the free-enterprise system of production. The problem was a faulty financial mechanism which, if adjusted, would enable the individual to gain the maximum advantages from his production system. Power groups, revolutionaries and subversives had a vested interest in opposing any realistic financial adjustments. The economic theorists of the day, men without any practical experience in operating the industrial system, talked the same type of financial mumbo-jumbo that the theorists are chattering about today.

Groups of responsible business men, like the London and Southampton Chambers of Commerce, examined the situation and agreed that it was the perversion of the financial mechanism which had to be challenged. The Vancouver (Canada) Board of Trade in a Report on Post-War Reconstruction Policies (1943) gave the following clear outline of the operations of the finance-economic system:

"In order to assess the merits or otherwise of the manner in which our present monetary system operates it is necessary to consider its place and function within the national economy...reference has been made earlier to the primary function of the monetary system as being an 'economic voting mechanism'. While this may be readily conceded, its full significance cannot be appreciated unless this...concept is related to the accepted ideas of finance...how can the production of...goods be organised under a system which will give the individual the greatest possible scope for freely associating with others in the common effort, how will a correct accounting be kept of the goods produced, and how will their distribution on an equitable basis be organised?...money...is a ticket system which entitles the holder to obtain the goods and services he wants from the supply available for distribution..."

"This means that money can be issued only against goods and services: further, that the money must be related to such goods and services both in regard to the number of 'money tickets' issued and the relative relation of each ticket to the different types of goods and services...The system which has been evolved and which is in use at present is basically sound. In order to induce individuals to co-operate in the production of goods, money is created and issued to them as incomes for their services. The sum total of all money paid out in all stages of the production of an article constitutes its cost. In this way units of money are related to goods and other material wealth of the community."

"Thus the individual is provided with the inducement to join in the co-operative effort of production... As prices are created in the process of production, so an accurate record can be kept. The individual then has a claim on any of the available goods and services he may choose. From the foregoing, it will be plain that money should be issued as goods are produced, and it should be withdrawn as goods are consumed, for it would be a falsification of the records if 'tickets to goods' were in the hands of the people when the goods were no longer in existence."

The essence of the above comment is that money is but a man-made system of symbols which should reflect economic facts. These symbols are of no value whatever in themselves. Under present financial rules it is clear, as stated by the Vancouver Board of Trade Report, that "the system generates a chronic and increasing shortage of purchasing power in relation to the prices of goods coming on the market." Part of the Keynesian solution for this problem is a "pump-priming" of the economy through deficit budgets, these being financed by the issue of new credit symbols. This in turn expands the financial debt burden of the community. Further debt expansion takes place through hire-purchase schemes. The underlying philosophy of the "growth" concept is not that further capital expansion is necessary for the production of required consumer production, but that this expansion also helps to stimulate the economy. One major result of all this is the creation of financial debt at a faster rate than it can be liquidated. Servicing the debt is a basic contribution to rising prices. Increasing wage demands follow rising prices, these in turn stimulating further price rises.

If Mr. Lynch and his colleagues would apply themselves to understanding the basic flaw in the present finance-economic policy, they would then see that nothing they propose could do more than at best

alleviate the situation. A re-structuring of the taxation system to enable the individual to keep more of his income, this in turn providing greater incentive, is desirable. Mr. Lynch concedes that "reductions in indirect taxes are essential on equity grounds and economically correct in a situation of cost-inflation." He suggests reductions not less than \$100 million. Surely it is elementary that if this figure was expanded to \$900 million, thus enabling the Sales Tax to be completely abolished, this would result in an immediate substantial fall in many prices.

Mr. Lynch also concedes that in 1972, a "stimulus was required." In other words, the "anti-Socialists" resorted to an inflationary stimulus with the 1972 Snedden deficit budget. But as we and others have demonstrated, a system of price discounts, starting on basic items in the economy, would enable credit to be expanded without further increasing financial costs. During 23 years the Liberal-Country Party demonstrated that they had no solution to inflation. We are not questioning Mr. Lynch's sincerity, but we can predict now that if or when he becomes the Federal Treasurer, he will be presiding over further economic and social disintegration unless he and his colleagues are prepared to challenge the present rules under which new credit symbols are issued. This is not a question of mere opinion, but one of simple arithmetic.

(The basic cause of inflation is explained clearly and simply in J. D. Malan's Natural Cost and the Ownership of Money. 37 cents posted.)

MURPHY'S "FAMILY LAW BILL" ENDANGERS FAMILY: "The Anglican and Roman Catholic Bishops of Sydney want Federal Parliament to reject the Family Law Bill. Archbishop Loane and Cardinal Freeman have issued a joint statement urging this action."

- The Sun, Melbourne, September 11th.

It is good news, and should be recorded, when two Christian leaders use their authority to pronounce against proposed legislation to weaken the basic unity of a stable society - the family. From the beginning of civilised societies, the family has been accepted as a manifestation of Natural Law. Christianity sought to sanctify marriage and the Christian family was accepted as the norm in a Christian society. Even those who claim that they have "freed" themselves from Christianity, can hardly argue logically that they can free themselves from the discipline of Natural Law without paying a penalty. The end result of easy divorce, which Senator Murphy proposes, is the end of the family as understood today. It is all very well for the avant garde Margaret Whitlam to suggest that perhaps the institution of marriage and family is no longer of great importance. But the lesson of history teaches that the weakening of the institution of family inevitably results in the disintegration of society. The Marxists are well aware of what they are about when they advocate the abolition of the family.

Senator Murphy disguises the real intention of his legislation by calling it the "Family Law Bill". As Archbishop Loane and Cardinal Freeman point out, "The Bill effects a fundamental alteration of the nature of the marriage contract by making it voluntarily terminable by either party to the marriage, even when one party abandons the other against his or her will. The Bill also effects a fundamental alteration in the obligations of the parties of the marriage contract towards each other."

We are aware that irrespective of laws, marriages will unfortunately continue to break down. But legalising the easy break up of a family is but one further step towards destroying stable society. Senator Murphy must be stopped by a flood of opposition from electors.

BRIEF COMMENTS: Recent press reports indicate that the Americans are being "softened up" to accept the establishment of formal diplomatic relations between the USA and Castro's Cuba. Such relations were unthinkable a few short years ago. But Dr. Henry Kissinger has changed all that. Cuba is virtually a Soviet base at the USA's backdoor.

Developments in Angola and Mozambique indicate that there will be an increase of guerrilla pressure on Rhodesia and South Africa. If "liberated" Mozambique decides upon a policy of open hostility towards Rhodesia, it can apply an economic stranglehold on Rhodesia's outlets through the ports of Beira and Laurencio Marques. Writing from Brazil, where he is living in exile, former Portuguese President Caetano suggests that "American" influence played a major part in the toppling of his Government in Lisbon on April 25th. The collapse of the Portuguese in Africa has dramatically changed the course of events, with the result that an intensification of the international campaign against Rhodesia and South Africa is certain.

In a recent letter to Queensland Country Life, Mr. C. Russell, well-known grazier and former Federal Country Party Member for Maranoa, questions whether Australia is obtaining any goodwill in return for the annual grant of \$77 million to Indonesia, far greater aid than that given to any other country in South-East Asia. Ferrying a light plane from the USA to Australia, Mr. Russell had an exasperating time in Singapore attempting to get permission from the Indonesian Embassy to land in Djakarta. The Australian High Commission refused to intervene. "We were informed in Singapore that to proceed without permission to land might have led to the plane being confiscated, or held there indefinitely through their refusal to supply petrol for the onward flight." At increased cost Mr. Russell and his party had to use Qantas to fly to Darwin. Mr. Russell makes the suggestion that "Until such time as our nationals are accorded normal courtesies, I suggest that these funds (to Indonesia) would be better spent in assisting our beleaguered rural industries."

We have no special love for former President Richard Nixon. But it is most nauseating to read the preachings of Senator Edward Kennedy, who has insisted that the rule of law must be upheld concerning the Watergate affair, that nothing should be suppressed. The same Senator Kennedy adopted a very different attitude when he was responsible for the death of young lady by drowning in his car. Senator Kennedy has now announced that he has a good chance of winning the Democratic nomination for the 1976 American Presidential contest, and a "reasonable chance" of winning the election. If the Americans elect Edward Kennedy as President, the rot must be much deeper in the United States than we realise.

Called to lead Australia under very difficult conditions, John Curtin gave of his best to Australia during the Second World War. But it is shallow thinking to suggest that business men should help raise funds to build a \$2 million A.L.P. Canberra headquarters called "John Curtin House". This building will be used to advance international and national policies rather different from those supported by John Curtin. Speaking out with his usual frankness, Queensland Premier J. Bjelke-Petersen recently stated in the Queensland Parliament that "I was told in Western Australia that one big organisation was threatened with blackmail if they did not toe the line. Perhaps that is why so many people in the business world are lending their support." But there are others giving support because they lack any real principles.

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