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The price of Freedom is eternal vigilance—

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Thought for the Week: "It is a common error in politics to confound means with ends. Constitutions, charters, petitions of right, declarations of right, representative assemblies, electoral colleges, are not good government; nor do they, even when most elaborately constructed, necessarily produce good government. Laws exist in vain for those who have not the courage and the means to defend them".

- Lord Macaulay.

FRASER GOVERNMENT STOKES THE FIRES OF REVOLUTION: By Eric D. Butler

Writing before the December Federal Election I warned that "Mr. Malcolm Fraser has allowed himself to be drawn into a position where, unless he can defuse the situation by an immediate anti-inflation policy, he will be faced with a revolutionary crisis of the greatest magnitude". It is now clear that Mr. Fraser and his colleagues are determined to impose policies which are mathematically certain to stoke the fires of revolution. And the breaking of the firm pre-election pledge to support wage indexation is like pouring highly inflammable fuel on the fires.

It was elementary that the increase in indirect taxes and postal charges imposed by the Labor Government would increase the inflation rate for the December quarter as measured by the CPI figures. I predicted that the increase would be at least 5 per cent. In pre-election statements Mr. Fraser and Federal Treasurer Lynch suggested that they also anticipated that the December quarter inflation rate would reach 5 per cent. Mr. Lynch has observed since the announcement of the 5.6 per cent increase that the indirect taxes and charges imposed by the Whitlam Government were major causes of the jump in the inflation rate. One would think that having made that observation, Mr. Lynch would announce that his Government's first anti-inflation step would be to remove the Socialists' imposition and to adopt at least part of Premier Bjelke-Petersen's policy, slashing Sales Tax. But instead of taking one single step to defuse the situation, the Fraser Government has done exactly what the Marxists hoped they would. Victorian Premier R. Hamer, who has to face the electors before long, naturally was not too pleased about the hedging on an election promise, commenting that trade unionists would feel "let down and cheated".

The Fraser Government's retreat from pre-election pledges started immediately after the elections when it was announced that the Prices Justification Tribunal would not be abolished. Before the election Mr. Fraser made the following specific promise: "The Prices Justification Act will be repealed during the first session of the new Parliament". When asked by Mr. Macillian Walsh of "The Australian Financial Review" if his retreat on the PJT issue would not "reflect adversely upon you and your whole

policy?" Mrs. Fraser replied that "I would have thought that it would indicate a degree of flexibility that's reasonable". (Financial Review, February 2nd.)

Translated into simple English, Mr. Fraser is suggesting that there is no real obligation for political leaders to maintain pre-election pledges. We can now anticipate a further retreat from pre-election pledges, on the issue of tax indexation. The Treasury has never been enthusiastic about tax indexation and will be delighted if the collapse of wage indexation enables Mr. Fraser to use this as justification for not going ahead with tax indexation. It is widely believed that it was Treasury pressure which persuaded Mr. Fraser to retreat on the wage indexation issue.

The attitude of employers in opposing the Trade Union demand for a 6.4 per cent increase in wages is understandable. Their wage bill would be increased by approximately \$2,000 million. But even if the Arbitration Commission accepts the Federal Government's submission that it should award a 3.2 per cent wage increase, this leaves unresolved the basic problem wrecking the free-enterprise economic system and generating revolutionary forces. Irrespective of the size of the increase in wages, that increase must, in the main, be financed out of new financial credit, created and loaned at interest. Employers must, to remain solvent, attempt to recover it in increased prices. These in turn are used to justify still more wage increases. The central Marxist thesis is that growing tensions between employers and employees are "inevitable" under the "capitalist" system, generating a developing revolutionary situation. But the only real cleavage between employers and employees concerns finance. That cleavage can only be removed, and harmonious relationships established, if financial policy is adjusted to realities.

The Treasury-Lynch credit policy is a sophisticated form of "credit squeeze". It is designed to reduce the rate of new money creation, the argument being that there is "too much money". This is a meaningless statement without a reference to prices. Anyone not brainwashed by orthodox Keynesian-Socialist financial theories knows that overall business generally is limited by inadequate consumer purchasing power. The quickest way to increase purchasing power without inflation is to drastically reduce Sales Tax on basic items in the economy, and introduce new credit, not by generating more wage costs, but by using consumer discounts, also on basic items, to reduce prices. This policy would reduce the pressure for higher wages.

The whole weight of the Marxist conspiracy in Australia is against this policy. The Marxists fear Premier Petersen because he has put forward this type of policy. But they are confident the Fraser Government is going to confirm their teachings on the "inevitability" of the "capitalist crisis". Unless deflected from the course now being travelled, the Fraser Government is taking Australia directly towards a major revolutionary situation.

PLAIN SPEAKING ON MIGRANTS IN LETTER TO EDITOR: The writer of a letter to the Editor of The Sun (Melbourne) February 22nd, says that he is fed up with hearing about under-privileged, impoverished, and exploited migrants. His key point is contained in the paragraph:- "Instead of migrant adults teaching their children their national language and customs, they should learn English themselves, and accept the Australian ways they see around them every day".

It is becoming increasingly obvious that we are importing many problems into Australia, along with

many migrants, that we can well do without. Already the Greeks and Turks have been at each others' throats over the Cyprus issue; and lately Lebanese migrants have rioted in Sydney, as opposing factions join violent issue here over the issues of the civil war which is raging over ~~the~~ (Lebanon). We can do without all this!

Mr. Grassby can make the issue of migrants ("the family of the nation" was his favourite term he would trot out at every possible occasion) sound all so humanitarian. But there is no "family of the nation": it is an absurd term. A nation only has soul and being when it is homogeneous. It can absorb a small flow of migrants - but it must be very small: otherwise the inevitable tensions and frictions soon assert themselves. As is happening now. Our racial troubles are nothing as compared with those now lying dormant in Britain and the U.S.A.; and ready to explode, again, when the fuses are lit.

WORLD (AND AUSTRALIAN) COUNCIL OF CHURCHES CALLED TO ORDER: In the same edition of "The Sun" (Melbourne) February 2nd, appeared a letter over the name of the Grand Secretary of the Loyal Orange Lodge of Victoria, Mr. J. H. Morris. The letter is short, and to the point, and runs:-

"Much of the heat and hysteria associated with the recent Federal elections has subsided, and with it comes a clear resounding demonstration of no support for clergy who voiced political views.

"Distasteful also was the fact that the Australian Council of Churches meeting in Adelaide before the elections called upon Australians to vote in a particular direction.

"The fact that the A.C.C. is the local affiliate of the World Council of Churches does not give it the right to interfere in the political life of this country.

"It has been the belief of many Christians for some time that the World Council of Churches has become more and more a political organization.

"Surely the preaching of the Gospel is the work for which the clergy, and the church as a whole is called, and that every time the clergy and church councils bring the power of their calling into party political issues, they divide the church and lessen the effectiveness of their sacred office".

J. H. Morris, Grand Secretary,
Loyal Orange Lodge of Victoria.

The League's view is that the clergy should not become involved in Party political issues, but as political issues are moral issues, and morality is based on the acceptance of religion, the clergy should most certainly speak out, in the strongest terms, on the issues of politics. We agree with Mr. Morris that the World (and Australian) Councils of Churches have become more and more, political organizations. Furthermore, some of the material that has been issued in their names, is subversive.

MR. ANTHONY AND THE RISING SUN: "If the business community is expecting Mr. Anthony to work miracles during his talks with Japanese Government and economic leaders over the next two weeks they are going to be disappointed".

- The Australian (February 2nd.)

The Japanese economy is in a depressed state. Mr. Anthony is eager to stimulate Australian exports of beef, sugar, and dairy products to Japan, and Japan, in turn, will want tariffs and import quotas

lowered, especially on their Datsuns, Mazdas, and Toyotas. As pointed out in this week's On Target Bulletin, under "Balance of Trade", every trading nation is trying to export more than it imports; and this is impossible. A young schoolboy could see this readily, but the economists cannot: Mr. Anthony will only see the Rising Sun setting for him: certainly this trip!

BASIC FUND: We are almost three quarters of the way to our stated goal of \$40,000, which will now have to be exceeded because of the heavy drain on the League's financial resources during our massive literature offensive during the December Federal election campaign.

During the past week eight supporters have pledged/donated \$409.00, to take the total to \$29,349. A further report will be given in the near future.

BRIEF COMMENTS: Daniel Moynihan, America's Ambassador to the United Nations has resigned. Moynihan has quite an interesting history of public life, as Gary Allen showed in Nixon's Palace Guard (sorry not available.) His record is that of a One Worder. He has referred to the United Nations recently as the "theatre of the absurd" an apt phrase. He was infuriated by the General Assembly's denunciation of Zionism as "racist". He has referred to Idi Amin as a "racist murderer" - which is pretty close to the mark.

"Weekly Review" (U.K.) in a recent report states that inflation in Japan is now down to 9%: it was as high as 26% in early 1974. This would have been brought down by fiscal and monetary policies of deflation, the same types of policies now being rather slyly followed by the Australian Federal Treasurer Mr. Phillip Lynch. Mr. Lynch is a pleasant enough man, but his role in Federal politics is that of the Treasury's ventriloquist's dummy. He sits on the Treasury's knee; the Treasury works the little levers and says the words; but they come out of Phillip Lynch's mouth. Much of Japan's trouble was caused by sharply increased oil prices, a major Japanese source of power. These were pushed forward into prices of Japanese goods; and as Japan is essentially an exporting nation, these had the inevitable effect.

The report mentioned that (as we fully anticipated) unemployment is now replacing inflation as Japanese concern number one. We can predict with certainty that the Australian Treasury's mounting credit squeeze (albeit disguised) will produce the same effect in this country. If the Treasury, with Mr. Lynch as its obedient spokesman, does succeed in lowering the national inflation rate, then it will be at the cost of employment. Under "accepted" finance-economic conventions, the only answer to inflation is deflation of the economy; and deflation means rising unemployment; period.

The same source has it that Cuban troops are now in Syria, and that other Communist countries will follow the Cuban example of supplying troops for Russian arms in other parts of the world, especially where the locals are unable, for reasons of racial inequalities and inabilities, as in Angola, to master the new sophisticated Russian weapons. The Russians don't believe the All-Men-Are-Equal myth either. They understand, as well as we do, that Africans could never be trained in, say, computer techniques. We can expect, therefore, to see Czechs, Poles, Hungarians, etc., more and more in "backward" parts of the world where the Russians (Communists) are spreading their influence.

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