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*The price of Freedom is eternal vigilance—*

Vol. 13 No. 40

October 28th, 1977.

Thought for the Week: "There are circumstances in which moderation is a kind of treason." - Edmund Burke.

THE GREAT INFLATION SWINDLE: The almost delirious shouts of delight from Prime Minister Fraser and his colleagues because of the CPI figure of 2 per cent for the September quarter, suggests that they have become victims of their own propaganda on the inflation issue. Treasurer Phil Lynch gleefully reacted to the news of the 2% increase by claiming that we have the "figure on the board" - the figure being an alleged single digit inflation figure. Australian consumers will be hard-put to discover any real difference between 9% inflation and say, 10%. The truth is that the Fraser Government has only been able to produce its single-digit inflation figure by counting three of the last four quarters. Australia's inflation rate, measured by the CPI, was 13.1% for the past twelve months.

Like many other observers we were surprised that the CPI figure for the September quarter was 2%. We had estimated that it would be at least 2.75%. But we clearly did not correctly estimate the extent to which desperate business organisations have been sacrificing stocks at discount prices. And it appears that increased petrol prices were not starting to have an impact at the end of the September quarter. But they certainly will in the December quarter.

As we have stressed time and time again, any reduction in the rate of inflation under present finance-economic policies can only be achieved by forcing down the profits of business organisations - forcing them to subsidise prices - until many of them go bankrupt and while others restrict their activities, dismissing staff and adding to the number of unemployed. The Fraser Government's policy of "wage restraint" has meant a progressive reduction in the effective purchasing power of wage-earners. There is consequently a reduction in demand on the production system.

There is not the slightest doubt that the Fraser Government could reduce the inflation rate down to, perhaps, 4%, with its policies. But the price would be still greater bankruptcies and greater unemployment. It would appear, however, that Mr. Fraser and his "advisers" now feel that they have gone as far as it is politically possible to go with the policy of "restraint". In his weekly electorate broadcast last week-end, Mr. Fraser said that "industry can now see we have broken through in the fight to stop running inflation", and that Australia was back on the road to economic health. Even assuming that the annual inflation rate has been reduced to 9%, what an incredible state of affairs when a Prime Minister can argue that this indicates a state of health. Not so many years ago it was stressed that a 4% - 5% inflation rate was disastrous. And of course it was. But now Prime Minister Fraser, Mr. Lynch and other Government spokesman are hailing their 9% inflation rate as evidence of such health that "It gives business and industry the green light to expand with confidence." Businessmen are only going to expand in response to increased consumer demand. But how is increased demand to be achieved without sustaining inflation?

Prime Minister Fraser attempted to answer this question last week-end by urging people to spend to provide jobs. Most people are not only spending to their maximum now, but in many cases are drawing upon bank savings to supplement their reduced purchasing power. Even if the Fraser Government could persuade producers to invest more in capital equipment, this would under present financial rules require an expansion of credit as a debt, which eventually producers would have to try to recover through higher prices. Inflation would continue.

The arithmetic of present debt-finance makes it certain that inflation, irrespective of the figure, is permanent. At least, until it plays a vital role in destroying what is left of the free society. Inflation at any rate is a swindle, completely immoral, and the revolutionaries' greatest asset. If the Fraser Government genuinely wishes to abolish, not "control", inflation, it can make a start with a drastic reduction in Sales Tax, preferably by abolishing it on all items used to measure the CPI, and thus affect wages.

(Recommended reading: A Programme for Reversing Inflation, by Eric D. Butler. Price 45 cents.)

THE WAR ON SOUTH AFRICA: Prime Minister Vorster of South Africa appears to be learning that it is impossible to compromise in any way with the power groups in the U.S.A., who make no secret of their willingness to work with the Communists to create a "New World Order".

The present critical situation in Rhodesia would never have developed if Mr. Vorster had not tried to compromise with Dr. Henry Kissinger. Mr. Vorster made much of his "detente" programme with some of the African states, only to find that this merely encouraged an intensification of the international war against South Africa. He has yielded to pressure through UN on South-West Africa, attempting to negotiate a transfer of power to the different ethnic groups which comprise the population of South West Africa. But he has found that his enemies want him to withdraw South African troops from South West Africa before the proposed general elections. Such a withdrawal would leave the Marxist-backed South West African Peoples' Organisation free to intimidate and to take over, perhaps without having any kind of an election.

The much publicised Biko affair has been injected into the anti-South African campaign for the purpose of intensifying the international campaign against South Africa. We are not at present in the position to express any opinion on the death of the African revolutionary Steven Biko while being held in prison. But the internationally orchestrated campaign concerning Biko reveals his death was but a most convenient trigger for the campaign, the real purpose of which is to destroy South Africa.

Very few South Africans had ever heard of Biko before press headlines appeared. But following sensational stories around the world, Western politicians like Mr. Cyrus Vance, the U.S. Secretary of State, took up the Biko issue as if they had known this black revolutionary all their lives. Even Australia's Foreign Affairs Minister, Mr. Andrew Peacock, felt it necessary to join in the international yapping on the Biko affair.

Needless to say, we hold no brief for police ill-treating prisoners. But why an international campaign to impose sanctions against South Africa when no such campaign is being conducted against the Soviet Union? Millions remain in concentration camps in that country. Why no international campaign against the Communist regime in Cambodia, which has butchered over a million people? The explanation is that South Africa is the major current target for the forces of international revolution.

Prime Minister Vorster is displaying some belated realism with his strong criticism of the Carter Administration, charging that it "has for 10 months been trying to make policies for us. It will be nice if for a change they make their own policies." Foreign Minister Pik Botha, although felt by many South Africans to be too liberal, has accused President Carter of tending to encourage black violence in South Africa, and that it was time South Africa "showed its fist

to the world." Mr. Botha said "America must not come up with moral arguments. We are not prepared to sacrifice ourselves for the merit of their argument." There is no doubt that the Carter Administration has encouraged the subversives inside South Africa. The more open activities of these subversives has led to the South African Government taking such a strong stand in banning a number of organisations and closing papers. Here in Australia the ABC has also suddenly "discovered" the Biko affair and is doing its best to stir anti-South African feeling.

And while the international campaign against South Africa is intensified, Castro of Communist Cuba defends his intervention in Africa, stating that it was "Cuba's sacred obligation to help poorer countries." Castro says he only wants "to do good around the world." Needless to say, no international campaign is being conducted against Castro's Cuba!

BRIEF COMMENTS: The most significant feature of the by-election for late Mr. Rex Connor's seat of Cunningham, N.S.W., was the vote for Independent candidate Mr. Ross Sampson, standing as a de facto Australian Democrat. Mr. Sampson polled 7.7% of the primary vote, and certainly would have done much better with formal party support. If the Sampson vote can be translated into a national vote of the same size, the preferences of the Australian Democrats will decide who forms the next Government.

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It may only be a small ray of comfort in a grim situation, but at least the recent British Conservative Party Conference carried a motion deprecating the Labor Government's encouragement of interference in Rhodesia by outside States. Lord Carrington said, "let us start by saying clearly and firmly that the Conservative Party could not possibly accept or support a settlement imposed on the Rhodesian people from outside."

THE BASIC FUND: 21 "pace-makers" have set the 1977-78 Basic Fund on its way with \$5,105. This type of inspired giving will be a challenge to all other supporters. More on the Fund next week. All Queensland and Northern N.S.W. contributions to Mr. Jeremy Lee, Kingstown, via Armidale, N.S.W. Balance to Box 1052J, G.P.O.,Melb.

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