



ON TARGET

- NEWS HIGHLIGHTS
- BACKGROUND INFORMATION
- COMMONWEALTH AFFAIRS

Registered for posting as a publication —
Category "B"

The price of Freedom is eternal vigilance —

Vol. 16 No. 4

February 16th, 1979.

Thought for the Week: "Upon my tongues continued slanders ride,
The which in every language I pronounce,
Stuffing the ears of men with false reports."
- Shakespeare.

EVENTS CONTINUE TO CONFOUND FRASER GOVERNMENT: The announcement by the Fraser Government on increased interest rates underlines our repeated warning that under present financial rules, Prime Minister Fraser must increasingly appear to be a man whose pre-election promises are worthless. Before the last Federal Elections Mr. Fraser assured electors that interest rates would be reduced by 2%, along with a reduction in taxation. Like all politicians when caught out Mr. Fraser is attempting to wriggle off the hook he created for himself. Preparing last week for the increase in interest rates, Mr. Fraser said that he had been misquoted, claiming that he had only said that "There could be a reduction of up to 2% in some important rates." Mr. Fraser said "It was an accurate statement. I said there could be." But on December 3rd, 1977, Mr. Fraser said his 2% forecast "is a target that can and will be achieved."

The last Budget was, of course, a blatant violation of the pre-election promise on taxation. This year's Budget promises to see further increases in taxation. The facts are clear for all who are prepared to face them. Mr. Fraser has been obsessed with the necessity to reduce the size of the deficit, claiming that this is the basic cause of the nation's problems. Last year saw Mr. Fraser in the embarrassing situation where the deficit was approx. \$1000 million greater than predicted. Federal Treasurer John Howard predicted in last year's Budget a deficit of \$2800 million for the current year. According to estimates made by Mr. Howard's own officials, it is now possible that the deficit could actually be \$4000 million. If Mr. Fraser is going to reduce this figure in 1979-80, he is faced with two alternatives - under present rules:

Taxation can be increased still further. And social welfare payments can be reduced, a policy advocated by some as a means of trying to force the unemployed to take any type of work in order to live. Such a policy would increase both social unrest and crime.

If Mr. Fraser is to avoid further taxation increased or a reduction in social welfare payments, this only leaves him with the alternative of a substantial increase in the deficit - a policy which Mr. Fraser and his colleagues strongly attacked when adopted by Dr. Jim Cairns. But perhaps having broken promises on taxation and interest rates, Mr. Fraser and his colleagues will not find it too difficult to break yet another promise. One thing is now certain: the much-publicised fall in the inflation rate has not produced the results promised by Mr. Fraser in 1975. And there is little scope for any meaningful reduction in inflation. Mr. Fraser is the victim of his own philosophy and blinkered approach to the realities of finance-economics. We doubt that Mr. Fraser is capable of breaking from his blinkered state of mind. What then, is required?

While the first essential is a change of leadership for the Coalition Government, this would lead nowhere unless accompanied by a change of financial policy. A stimulus of the building industry and a substantial increase in defence spending would directly and indirectly do much towards reducing the present unemployment rate and increasing consumer demand generally. Those blinkered by financial orthodoxy will immediately respond by claiming that such a policy would stimulate a sharp increase in the inflation rate. But the first obvious step towards really dealing with inflation, is to REDUCE taxation, starting with the most directly inflationary tax, Sales Tax. Interest rates, for a start, should be cut to, say, 6%. And basic items in the economy should be reduced by the application of a consumer price discount system.

"And where will the money come from for this programme?" is the immediate response. From the same source that it comes from now, created by the banking system. But instead of being written as a debt as is the case at present, it would be written as a credit for the cost of administration. The programme we suggest is PHYSICALLY possible. A people who will not demand that what is physically possible must be made FINANCIALLY possible, are doomed. Australia is far from lost, but its future as an independent European nation now depends on all patriots making every effort to break with what can only be described as treacherous policies.

IRANIAN REALITIES: The generally superficial comment on the Iranian revolution reflects the decadence of the West. Because the Christian

concept of God has been proclaimed dead in the West, replaced by the new god of Science and Technology, it is assumed by many that God is not very much alive in the Middle East either. The Marxists are playing a vital role in the Iranian developments, although not disclosing their influence too openly at this stage. But they are exploiting a situation in which there has been a genuine religious revolt in Iran against the excessively rapid industrialisation programme, along with other manifestations of materialism. Secularised Westerners, no longer moved to fight and, if necessary, die for a religious cause, find it hard to believe that the Moslem world can still be aroused by calls for loyalty to Allah. The Moslem world was a threat to the Christian world for centuries because behind the military threat was a burning religious belief. But it was believed by Western politicians that after the defeat of the military threat with the collapse of the old Ottoman Empire during the First World War, and the growing Arab contact with Western education and technology, there would be an inevitable decline in the strength of the Moslem faith.

Blindly ignoring the fact that the Moslem faith had not withered, but in relationship to the decline in Christian faith had grown stronger, Western Governments permitted themselves to be used to inject a factor into the Middle East which was inevitably designed to undermine pro-Western feeling throughout the whole Moslem world. That factor was the establishment of the State of Israel under conditions destined to produce a running sore in the Middle East. Soviet strategists, who played a major role in the establishment of the Zionist State, correctly took a long view and correctly calculated that this would enable them to exploit the Moslem world. British weaknesses as demonstrated in the scuttle from Aden and the Persian Gulf convinced the Arab world that if the very nation which had pioneered industrialism had as a result apparently become decadent, then surely Moslems would be better served by rejecting modernisation.

The successful threat of an oil blockade convinced the Moslem world still further that the West was decadent. The Soviet, although disturbed about their own Moslem minorities, were delighted to see Moslems thanking Allah for having provided them with the oil to inflict their will upon the West. True, the West could militarily and economically, still bring the Moslem world to its knees. But Western rot, and treachery, prevents this, contributing still further to the growth of a Moslem view that with the aid of Allah the West can be further humbled.

Much more explosive than the toppling of the Shah in Iran and the decisive influence of religious leader Ayatollah Khomeini, are the

views of Ayaltallah's top economic adviser Abdul Bani Sadr, who told the French newspaper "Liberation" before returning to Iran with Ayatollah Khomrini, that he favours wiping out of all external debts, including those for loans from Communist States. The statements of Mr. Bani Sadr suggest that he wants to break with International Finance. Constructive Western leadership should now be concentrated upon evolving a realistic relationship with the new regime in Iran, even if it is anti-Israel, and not passively permitting the Soviet to exploit the situation.

BRIEF COMMENTS: Former U.S. Chief of Naval Operations, Admiral Elmo R. Zumwalt, last week repeated his warning that Australia could no longer count on American assistance to resist military aggression. The Admiral urged a 50% increase in defence spending, "to help yourselves by being so tough a proposition... that you survive the initial months while the U.S. is doing its desperate best to save Europe." We agree with the recommendation that Australia develops its natural resources to make itself independent of possible threats of blackmail. Such a realistic defence programme can only be carried through with a realistic financial policy.

* * * *

Treasurer John Howard is establishing a reputation as the greatest master of double-talk operating out of Canberra. Speaking from Canberra last Monday, Mr. Howard said "It remains an objective of the government to sustain the interest rate reductions that have been achieved and apply the sort of policies that will lead to further reductions in the future." Defending Prime Minister Fraser, Mr. Howard said that his statement about a 2% reduction in interest rates was only a "prediction, responsibly made. It was never a firm commitment." Electors should question all Fraser Government's promises in future, to ascertain if they are "a prediction" only or a firm commitment.

BASIC FUND: We heard from only 14 supporters last week, but they did move the Basic Fund forward another \$744, taking the grand total to \$36,275. We simply must do better. Only \$10 from each of 500 supporters will carry us to our objective. All readers can strike a blow in defence of Australia's future by sending a contribution, however small. Northern N.S.W. and Queensland contributions to Mr. Jeremy Lee, Kingstown, via Armidale, N.S.W. All others to Box 1052J G.P.O., Melbourne.

"ON TARGET"

February 16th, 1979.

Page 4 (16)

ON TARGET is published and printed by The Australian League of Rights
273 Lt. Collins Street, Melbourne. Subscription rate \$10 p.a. posted.