



ON TARGET

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The price of Freedom is eternal vigilance—

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Thought for the Week: "...a collectivity has no moral standards of its own and invariably reflects the lowest morals of its constituent parts".

-C.H. Douglas.

LETTER FROM AMERICA: One of our American correspondents with close contacts in the Washington political scene writes to us on some significant developments over the past few weeks:

"Carter, according to unpublished reports, scuttled the original hostage rescue plan which called for 150 men - not 90; and a 200 man back-up force; but he was afraid it would look too much like a 'military operation' - so cut the numbers back. Supposedly, that cut the margin so thin that the mission had to be aborted, whereas if it had been sufficiently manned, it could have been carried out.

"I have no doubt that the West is a sinking carcass ready to soon rot. I hope I'm wrong, but doubt it. Perhaps if a crisis is reached there will be a rejuvenation. There appears to be one here - at least a little one. Today Communist Marchers (May Day) were attacked by groups of patriots carrying American flags in Los Angeles, Washington, New York, Atlanta, etc. I watched it on T.V. Some of it was the result of planned counter-demonstrations and some the spontaneous result of enraged patriots. I saw plenty of Communist blood flowing....

"The traitor, Mrs. Timm, who went to Iran and sat beside Bani Sadr and spoke against America, has returned and has had a ton of mail, crowds milling about her home, and numerous threats. She is being protected by police...."

There is a strong smell coming from the Department of Defense (American spelling) in Washington. The Salt 2 Treaty is probably dead. The Secretary of Defense, Harold Brown, lied to Congress on the crucial issue of U.S.-Soviet equality in military hardware. Last December Harold Brown spoke in public along the lines that there was approximate equality of military power between the two

super-powers. But Brown's confidential Report prepared for Republican members of the House Budget Committee gives a far different picture. It was disclosed by national political columnist, Jack Anderson: "The United States has already slipped into a position of relative inferiority in the areas of strategic nuclear forces and theater (American spelling) nuclear forces". The House Budget Committee Report also notes with respect to conventional, non-nuclear forces: "There already exists universal agreement that our conventional forces (at least in Europe) are unable to match Soviet and Warsaw Pact forces." The Intelligence debate is raging in Washington. A senior politician scientiest asks in a recent issue of the Wall Street Journal why did not the Central Intelligence Agency (C.I.A.) foresee and foretell that the Shah would fall? Why did it not predict that the Soviets would invade Afghanistan? Kenneth Adelman, who asked the question, remarked that these failures were failures of imagination, a common human frailty displayed by the Russians before Hitler's invasion, the Americans before Pearl Harbour, and the Israelis before the 1973 war. The Central Intelligence Agency is losing credibility because of its poor performance over the years. The C.I.A. has consistently underestimated the Soviet I.C.B.M. build-up. It has under-estimated the scale and effectiveness of Soviet M.I.R.V. programmes, and given the assessment that Soviet war-head accuracies, which are acknowledged to be the equal of anything America has, would not be attainable by Russia until the mid-eighties. The C.I.A. under-estimated the power of the Warsaw Pact countries, and those of North Korea by 25% to 40%. The Wall Street Journal makes the point that none of these situations changed swiftly, so surprise was not a factor in explaining these enormous errors. The same newspaper does not raise the possibility of intense subversion within the Central Intelligence Agency. Kenneth Adelman touches on a very hot issue with respect to intelligence organisations, and that is the one of centralisation. He says that Congress should promote independent, rival centres of intelligence collection and analysis; this increasing the quality of reports by increasing the competition and remove institutional biases from final assessments. The legislation now before the American Senate moves in the opposite direction: it would centralise the U.S. intelligence organisations still further. As Adelman states: "Decentralisation precludes the tendency for the intelligence agencies to sway together with the mood of the moment. For precisely this reason, West Germany established three main organisations responsible for foreign intelligence; France four, and Britain, at least five." Australia has several intelligence organisations; viz. A.S.I.O., O.N.A., J.I.O., A.S.I.S. - there may be more. Institutional competition is essential for the development of the effective functioning of a nation's organisation, be they intelligence organisations, universities, parliaments, police etc. Drab uniformity, brought on by centralisation, reverses the development of

effectiveness.

MONEY, MONEY, MONEY: Charles Pinwill, Queensland State Director for the Australian League of Rights, sends these comments:

"Mr. Ian MacPhee, Minister Assisting the Treasurer, has recently demonstrated the extent of his understanding of finance in a letter to a Queensland correspondent. The relevant extract of his letter is quoted below:

'The suggestion that banks create money out of nothing is incorrect. Banks can only lend the funds that have been deposited with them...'

"If the Hon. Ian MacPhee is determined upon demonstrating his ignorance of this subject then it is no longer necessary, fortunately, to do more than refer him to an accredited Australian authority on banking - the Bank of New South Wales, the largest private trading bank in the nation. In its monthly Bank of New South Wales Review (October 1978) it states:

'Today in Australia, all money is a debt to the banking system.'

'Bankers do not only lend out money they have received from others. They have the capacity to create money.....'

'The money supply increases as a result of the bank's lending activities. As long as the debt remains outstanding, the community's quantity of money is increased. Money created by bank lending increased in importance during the 1970s.'

Appalling lack of understanding on the part of our Assistant Treasurer at a time of increasing inflation and bankruptcy is not tolerable. I've a feeling that even six letters inviting Mr. MacPhee to contradict the Bank of New South Wales would put an end to this particular folly.

"Mr. MacPhee's letter exposes another more important inaccuracy, viz.

"...achievement of this objective (control of inflation) is dependent on control of the monetary aggregates'.

"The first obvious point is that control of inflation is not an objective; it's a means. The objective ought to be to stop inflation; a limited objective might be to reduce it.

"The control of 'monetary aggregates' is not a limitation upon the Federal Government. Sufficient powers exist if the knowledge and will to use them can be found.

"However, here we fall into the Treasury obsession with 'monetary aggregates'. The Monetarists argue a relatively lesser aggregate; the Keynesians a relatively greater aggregate. This battle now rages within the Treasury itself and commands the status of 'question number one'. Stopping inflation does not necessarily depend on the amount of money issued, or as Mr. MacPhee puts it - 'monetary aggregates'. The choice of hyperinflation, stagflation, or mass bankruptcy, where producers run out of finance with which to meet losses - depends on 'monetary aggregates'.

"Stopping inflation in Australia in 1980 depends upon the 'how' of credit creation, not upon the 'how much'. If purchasing power is created in such a way as to increase costs; i.e. as a debt, it must

increase prices, and inflation. Whether the issue of credit is relatively small or large, the process by which every dollar is issued adds to prices in the course of repayment. The process itself makes inflation inevitable. Further information, if necessary, is obtainable from Chas. Pinwill, P.O. Box 3185, Toowoomba, Qld., 4350. Copies of the October 1978 issue of the Bank of New South Wales Review are available from all League offices. (Price: 50 cents, posted) as is The Money Trick (Price: \$1.40 posted)."

BRIEF COMMENTS: According to the Director of the Institute of Family Studies more Australian families are breaking down, and in poverty, despite general "affluence". He said that the rich are getting richer and the poor, poorer.

Things are not what they seem. If we fold back the cloak of what often appears to be affluence, find a deep black hold of debt. Very many Australians are living in neat suburban villas, with a shiny new car parked in the drive-way, and some nice modern furniture inside the home; but there is \$30,000-\$40,000 swinging on the house; the car is on hire-purchase with \$5000 swinging and there may be some more swinging on that new fridge or colour T.V.

The rich may well be getting richer, as they have the advantage of initial capitalisation (money makes money). The poor probably are getting poorer as they struggle to survive in an intensely materialistic, credit-oriented society. Those without the capacity to have access to continual credit from banks or other sources are in a disadvantageous position. We have our doubts about the "improved education" which was mentioned. We saw an advertisement only recently in a Melbourne daily (positions vacant) which stated that the young applicant "must be able to read".

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The growing rejection of the British people of both the Common Market and Fluoridation has led us to believe that a basic soundness still exists in the British people. We were interested to read comments by the Chairwoman of the British Housewife's League on this very point: "There is no doubt that the Christian ethic is deeply implanted in the collective subconscious of the British people - and from very far back in history. When I heard the one-time Bishop of St. Alban's telling young children that St. Augustine brought Christianity to Britain I was surprised. There was a church in Britain long before that. At the beginning of the fourth century A.D., six Bishops and several hundred other Christians, including St. Alban, gave their lives for their faith under the persecution of Diocletian....."

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