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*The price of Freedom is eternal vigilance —*

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Thought for the Week: "It is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few. The power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying, so to speak, the lifeblood to the entire economic body, and grasping, as it were, in their hands the very soul of production so that no one dare breathe against their will."

- Pope Pius XI.

TOWARDS SOCIALISM VIA INFLATION: Writing in his Introduction to a new edition of C.H. Douglas's major work, "The Monopoly of Credit", Dr. Geoffrey Dobbs points out that compared with the Great Depression period "The difference this time is that, whereas in the 1930's monetary restriction at least temporarily halted the devaluation of the currency, now, nearly half a century later, it can cause no more than a hiccup in the rate of inflation." The latest increase in the Australian inflation rate, the 2.8 per cent increase for the June quarter, being the highest for three years, confirms what Dr. Dobbs says. Even by creating the biggest number of unemployed in the United Kingdom since the Great Depression, the Thatcher Government can only produce a "hiccup". If Mrs. Thatcher and her "experts" persist with the policies they are pursuing, they will produce an open revolution in the United Kingdom along with the installation of a complete totalitarian State.

Last week the United States Administration released economic forecasts for the next two years which, when analysed, indicate the possibility of a major inflationary boom followed by a major disaster in 1982. The restrictive credit policies being applied at present have only had a minimal effect on the inflation rate. Here in Australia the Treasury "experts" front public relations man, has reacted to the further increase in the inflation rate by

claiming as some type of a credit that Australia's inflation rate was lower than that of its trading partners. In other words, other nations are bleeding to death at a faster rate than Australia, for which Australians should be grateful. Mr. Howard and Prime Minister Fraser both admitted that higher oil prices had been a major factor in the increase in the inflation rate, but doggedly insisted that their "economic strategy" was being successful. Mr. Fraser said, in essence, that he did not care what was said about the oil policy, he was going to persist with it. The Prime Minister will find that large numbers of Australians who strongly object to paying high overseas prices for their own locally produced oil, will not forget his attitude when they go into the polling booths.

"The Australian" of July 25th quotes unnamed "financial experts" as saying that Australia's careful wage-fixing system will keep it in what they are pleased to call the "low-inflation league of the 24-nation Organisation for Economic Cooperation and Development. "The experts" believe that inflation has now "peaked" in Australia. Presumably Australians are now asked to accept a 10 per cent inflation rate as "normal". This rate of inflation can only carry Australia down the Socialist road, with increasing Government intervention in many areas in an endeavour to deal with the inevitable effects of inflation.

Some time ago Mr. John Howard was sent a copy of D.J. Malan's brilliant little booklet, "Natural Cost and the Ownership of Money", with a covering letter urging him to use his own common sense, read the booklet for himself and not submit to the "experts", who had been consistently wrong for the past 50 years, and to point out any errors of fact. Mr. Howard has not even replied, which must be taken as evidence that he can find no errors. This being the case, he is continuing to promote policies which he knows cannot work, irrespective of what he tells the public. The un-elected "experts" of the Treasury and Reserve Bank emerge clearly as the real makers of financial policy. The cause and solution to inflation has been known ever since C.H. Douglas started writing after the First World War. But to adopt his proposals would mean reversing the ever-increasing thrust towards more centralised power. The only period over the past 50 years when inflation was ended without mass unemployment and widespread business bankruptcies, was during and after the Second World War when consumer subsidies were used, as suggested by Douglas, to reduce the price of basic items in the economy. This made it unnecessary for the creation of new credit to finance progressive wage increases - these increases in turn stimulating inflation.

The Socialists and Communists were in the forefront to have the use of consumer subsidies ended. When Premier J. Bjelke-Petersen attempted to revive the consumer subsidy concept in his famous "Petersen Plan" during the Whitlam era, he met hostility from those who have a vested interest in inflation and its inevitable disastrous results and has since had his policy rejected by the Fraser-Anthony Government.

The inflation issue must be injected into the coming Federal Elections. Supporters should equip themselves with copies of "Natural Cost and The Ownership of Money", Price 80 cents posted, "Programme for Reversing Inflation", Price 80 cents posted by Eric D. Butler and "Inflation and Freedom", Price 90 cents posted by Dr. B.W. Monahan. Available from all League offices.

KOW-TOWING TO RED CHINA: When the Communists established "front" organisations like the Australia-Soviet Friendship Society, at least they had to finance it themselves, or from money subscribed by the "useful innocents". But the pro-Chinese Communists can rely upon the Australian taxpayers to help pay for propaganda and activities favouring Red China. Advertisements in the press, paid for by Australian taxpayers, under the heading AUSTRALIA-CHINA COUNCIL GRANTS 1980-81, state that "The Australia-China Council has been established by the Australian Government to expand and develop relations with the People's Republic of China in many fields and to increase friendship and understanding. A small number of grants are available in the following areas: 1. Science and Technology Co-operative Projects. 2. Community and Common-Interest Grants, e.g. media and cultural exchanges. 3. Exchange projects and links between Australian and Chinese institutions. 4. Social Science projects."

The advertisement further states that "A separate programme of travel grants will be advertised shortly." Applicants are invited to write to the Australia-China Council, c/o Department of Foreign Affairs, Parkes, A.C.T.

Although Foreign Minister Peacock is now suggesting that Australia should lift recognition from the dreadful pro-Chinese Khmer Rouge regime in Kampuchea, moving to a position where neither the Pol Pot nor the puppet Vietnam government would be recognised, Prime Minister Fraser continues to advocate recognition of the Khmer Rouge, arguing that this helps to check the pro-Soviet Vietnamese. With an "anti-Communist" Prime Minister openly backing Communist China against the Soviet, involving Australians in a power struggle between two Communist gangsters, it is not surprising that the pro-Chinese Communist newspaper, "Vanguard" (May 15th) should eulogise Prime Minister Fraser as a far-sighted statesman.

Is Prime Minister Fraser as consistently gullible as appears,

or is he consciously following the pro-Chinese Communist line because it is being promoted by the One-Worlders of David Rockefeller's Tri-Lateral Commission? This is a question which might be put to all Mr. Fraser's supporters.

BRIEF COMMENTS: Switzerland has one of the lowest inflation rates in the world, currently running at just over 3 per cent. Even 3 per cent inflation is destructive, but is preferable to over 10 per cent, now regarded as "normal". The Swiss are fortunate in having a Constitution which enables them to run a relatively lower cost structure, even under orthodox financial policies. The power of the Federal Government is severely limited, effective control being exercised at the Canton level. Politicians receive comparatively small salaries while taxation increases can be checked by taxpayers. Australia could do with the Swiss Constitutional system, providing for the initiative referendum and recall. Incidentally, Switzerland must be rated as the only successful multi-cultural nation in the world, the reason being that the three major groups, the French, German and Italian speaking, are practically self-governing and separate.

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While Australia and other Western nations play a major role in providing food for Communist China, the Communists dominating that unfortunate country are providing rural aid for Kaunda's Zambia, still sheltering an estimated 15,000 of Nkomo's troops. The Chinese built the famous Tanzam railway line from Tanzania to Zambia. If the Chinese rural experts can do no better in Zambia than they have in China, the wicked South Africans will have to continue feeding Zambia as they have in past years. But the Chinese are not in Zambia primarily to help with food production, but to attempt to extend Chinese Communist influence in Africa, competing with the Soviet in the process.

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Australians hear little about The Seychelles, formerly regarded as a tropical paradise in the Indian Ocean. But since "independence" times have changed. President France Albert Rene came to power through a coup and late last year survived an attempted coup. Australian Deputy Prime Minister, Doug Anthony called on President Rene in March and reported that the President would prefer to keep the big powers out of the Indian Ocean. But there is alarming evidence that Rene is inviting the Soviet to establish a base to counter that set up by the U.S.A. in Diego Garcia. The government controlled press has become a mouthpiece of the Soviet newsagency, Tass.