



ON TARGET

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The price of Freedom is eternal vigilance—

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Thought for the Week: "... perhaps I may emphasise the absurdity of talking about systems, as if systems could be run without men. Deep down below questions of finance the fundamental issue which is at stake in civilisation at the present time is that of personal responsibility.

"You cannot fight a system, you can only fight the people who put a system into operation. You cannot fight robbery, you can only fight robbers. You cannot fight malaria, you can only destroy mosquitoes. One of the most pestilential features of our present civilisation is the idea that if someone is paid by an organisation to do an injustice, the responsibility for the injustice lies upon the organisation and not upon him."

- C.H. Douglas in "Dictatorship by Taxation."

TURNING THE FINANCIAL SCREW: The essence of the 1980 Federal Budget is that the Fraser Government and its "experts" propose to continue turning the harsh financial screw under the guise of continuing with "sound economic management." Confident that the Government will be re-elected with a comfortable majority, the Fraser strategy is to attempt to use the budget, which offers few election sweeteners, as an example of its "consistent" and "responsible" economic strategy, thus turning it to political advantage. The few crumbs of relief in the social welfare field, only a fraction of what has been lost in inflation, are designed merely to show that the Government does have a heart. More crumbs may be offered in the Government's election policies if it is felt that the public opinion polls, currently giving the Opposition a lead of up to 6 per cent, might be a realistic reflection of the electors' intentions on polling day. The increase of the defence vote by approximately 7 per cent in real terms will make little contribution to an effective defence strategy, nor to the Australian economy, but is an attempt to

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promote defence as an election issue as a result of the Afghanistan affair. In the meantime Australian exports to the Soviet Union soar while, primarily with a view to offsetting threatened electoral losses in Tasmania, the Fraser Government has already started to back away from its ban on the proposed joint Russian-Tasmanian fishing venture.

But Mr. John Howard's typically bland presentation and defence of the budget cannot hide the fact that the Fraser Government has failed to fulfil its firm promises to reduce unemployment, interest rates, taxation and inflation. A study of the budget and associated documents reveals that a Government which boasts of its "sound economic management" concedes that unemployment will continue at the present disastrous level, and that inflation will be a fraction higher. Failure to implement the promise of full tax indexation means that the Government will continue increasing the tax rip off through inflation. As pointed out by taxation experts, the effective purchasing power of the majority of Australians will be progressively reduced with a serious impact on the economy. The growing number of business bankruptcies, most of these the smaller and medium-sized organisations, are, together with unemployment and inflation, a reflection of what is called a "responsible" economic strategy.

A detailed examination of the 1980 Budget will be issued shortly by The Institute of Economic Democracy, showing it to be a continuation of the Fraser Government's disaster course which the League of Rights alone correctly predicted nearly five years ago. If Australian electors are prepared to uncritically endorse a "responsible economic strategy" which has required a trail of broken promises, they will confirm the famous comment by the Canadian political leader who told Canadians during the Great Depression of the thirties, "If you feel you haven't yet suffered enough, it is your God-given right to suffer some more."

But we are of the opinion that increasing numbers of electors are looking for some way to record a vote of censure against the Fraser Government without endorsing an Opposition which offers no real alternatives. The Senate elections offer the obvious choice to record that censure vote.

THE TRAGEDY OF YOUTH UNEMPLOYMENT: Reflecting once again his own puritannical philosophy, Prime Minister Fraser's latest gaffe, that Australians should "get off their backsides" and work harder, provides further evidence also of Mr. Fraser's appalling ignorance of finance-economic realities. Healthy human beings will willingly engage in all forms of physical and mental exertion if there is

adequate incentive. The call for people to "get off their backsides" must have sounded like a sick joke to the tens of thousands of Australians who cannot obtain paid employment. Such a comment from a Prime Minister can only increase the growing alienation from traditional society and its institutions amongst young Australians who, through no fault of their own, can find no place in the production system. Every Australian family is concerned about whether their children are going to be able to obtain paid work when they finish school or University. It is true that some young people have been so ruined by the "educational" system that they lack both initiative and ability. But the great majority are anxious to obtain money through useful activity.

The basic aspects of the situation are quite clear: If Australia as a nation requires more production, either for domestic use, or to exchange for required imports, then financial policies which prevent hundreds of thousands from being employed must be altered. But if the whole population is not required to work until 65 to produce what is required, then the obvious first step towards dealing with the situation is to make it financially possible for people to retire from paid employment at an earlier age so that the young can find an outlet for their creative abilities in the production system. Those who claim to be engaged in "sound economic management" are in fact creating a growing potential subversive and revolutionary force so long as youth unemployment continues to grow. Juvenile crimes of violence are increasing. Eventually there will be political violence. The Frasers and Howards must not be allowed to wipe their hands of any responsibility for the manner in which Australia's future is being endangered by the policies they endorse.

WHERE WILL THE MONEY COME FROM? Any realistic financial proposals for ensuring that Australians have access to their own production capacity - their real credit - are met with the tired old bleat, "But where will the money come from?" During the coming election campaign there will be much controversy about the "deficit", and dire threats about "printing press money". Mr. Howard, Mr. Fraser and colleagues are making much of how they have reduced the deficit, carefully failing to stress that to the extent they have done this has been at the expense of the Australian taxpayers, who have had the most staggering increase in taxation in history imposed upon them at the petrol pump. And there are more increases to come. The Budget allocates \$1 million for the Government to "explain" its energy policies! This means more brain-washing on the "energy crisis".

In a realistic article on the creation of money in "The Sunday Mail",

Queensland, of July 27th, economist H. W. Herbert explains how the bulk of the nation's money supply is created by the banking system in the form of financial credit, with the Central Bank controlling the rate of credit creation and the basic interest rate. Mr. Herbert writes, "The other means by which new money is created (apart from capital inflow) is by way of the Budget deficit, the Reserve Bank advancing money to the Treasury to make up the shortage in government revenue. To restrain profligate governments the myth has been fostered (Mr. Fraser and Mr. Howard please take note - Ed.) that a Budget deficit is inflationary. It means 'printing money'. It is no more inflationary than letting trading banks create money." Mr. Herbert says that public works could be financed by the Treasury "at no interest cost," with ratepayers getting the benefit in lower rates and charges.

Present methods of issuing all new credit money as an interest-bearing debt make continuing inflation as inevitable as the sunrise. Essential reading at present is "Natural Cost and The Ownership of Money", by J. D. Malan, price \$1.30. Readers will be interested to know that this valuable essay has been placed in the hands of Mr. Howard and Mr. Fraser, asking if they can point to any errors of fact. The silence is deafening!

BRIEF COMMENTS:

When confronted with a problem, the legal mind tends to run automatically to passing more laws. President of the Australian Society of Labor Lawyers, Victorian Senator Evans, said last week-end that one of his Society's priorities was a "declaration of war" on tax avoidance, which was now a "national scandal". Senator Evans described lawyers who devote their talents to devising tax schemes, as "parasitic". But are those attempting to avoid the growing ruthless demands of Caesar any more parasitic than those devising schemes to oppress the taxpayer? President of the Taxpayers' Association of Queensland, Mr. Ted Ranson, recently said that the Australian taxation system was heading for a break-down. The only realistic answer to the threatened breakdown is a substantial reduction in total taxation in order that the individual will not feel that he is being robbed by Caesar. More attempts to bolster an oppressive policy can only lead to the Police State.

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