



# ON TARGET

- NEWS HIGHLIGHTS
- BACKGROUND INFORMATION
- COMMONWEALTH AFFAIRS

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Category "B"

*The price of Freedom is eternal vigilance —*

Vol. 17 No. 45

November 28th, 1980

Thought for the Week: "...the whole theory of taxation as a justifiable expedient rests upon two propositions; first that the poor are poor because the rich are rich, and therefore that the poor would become richer by making the rich poorer; and secondly, that it is a justifiable procedure to have a system of accumulating riches, and to recognise that this system is legitimate, while at the same time confiscating an arbitrary portion of the accumulated riches. The latter proposition is very much the same thing as saying that the object of the game of cricket is to make runs, but if you make more than a small number they will be taken off you."

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

A GENUINE TAXPAYERS' REVOLT UNDER WAY?: There is a grave danger that the nation-wide controversy concerning the proposed introduction of a Value Added Tax will obscure the fact that nothing less than a substantial reduction in TOTAL TAXATION is going to benefit the individual. In the address from which "The Thought for the Week" comes, C.H. Douglas quotes Sir Josiah Stamp, at that time a Director of the Bank of England, as saying, "While a few years ago no one would have believed it possible that a scale of taxation such as that at present existing could be imposed upon the British public without revolution, I have every hope that with skilful education and propaganda this scale can be very considerably raised." Sir Josiah was, of course, quite right, as witnessed by what has happened over the 40 years since. We have experienced, for example, a massive increase in taxation at the petrol pump under the guise of conserving oil supplies, and promoting new sources of oil and alternative types of energy. But the bulk of the increased taxation has been used to reduce debt incurred by pawning the nation's assets.

It was not without significance that the idea of introducing VAT was not "floated" until AFTER the Federal Elections. There has been some classic double-talk from Treasurer John Howard, who

protests that he is not committed to VAT; he is "keeping his options open". Under present financial policies, the Government must desperately search for new ways of taxing the individual. The level of direct taxation has reached the level where "the tax avoidance" industry is booming. As fast as the Government's bureaucrats block one tax-avoidance scheme, new ones are devised. There is also what is known as the "underground cash economy" with many transactions and activities taking place with cash and no taxation. VAT, or some similar system of indirect taxation, appeals to the bureaucracy because such a system is in today's economy very difficult to avoid.

As we have consistently pointed out over many years, it is mathematically impossible to "fight" inflation while taxation is maintained at present levels. Most of it must find its way into higher prices. Higher prices are the justification for higher wages. Attempts to prevent wages going up while prices are going up, are in fact a claim that the individual should suffer a lower standard of living. The British Thatcher Government, adopting the type of policies of which Prime Minister Fraser approves, is demonstrating how to drive a nation directly into the arms of the Socialist revolutionaries. Yes, Mrs. Thatcher has reduced inflation fractionally, as did the Fraser Government. But the economic carnage is dreadful to contemplate. Production has fallen as businesses go bankrupt and the long lines of unemployed grow. Under the philosophy of Mrs. Thatcher's fanatical Ayn Rand devotees, the pain being inflicted upon the British people is therapeutic. During the Great Depression, one of the criminals responsible for inflicting it upon the British people, Bank of England's Montagu Norman, said that poverty was good for people. Prime Minister Fraser claims that life was not meant to be easy.

If the over-taxed peoples of the world had suffered some great natural disaster, and there were widespread shortages, there would be a case for using financial policy to ensure that the burden was shared. BUT THE ACTUAL AND POTENTIAL PRODUCTIVE CAPACITY OF NATIONS LIKE BRITAIN AND AUSTRALIA IS SO ENORMOUS THAT A FINANCIAL POLICY WHICH DENIES THIS IS A MONSTROUS FRAUD, AND SHOULD BE DENOUNCED AS SUCH. Anyone who has even an elementary understanding of finance-economic realities, including how the nation's money supply is created in the form of interest-bearing debt, knows that it is relatively simple to devise a financial policy which will substantially reduce taxation, eliminate inflation, and with it, industrial unrest, and make it possible for Australians to overcome the social and other problems worrying them at present. There are those, of course, who understand the realities of the present finance-economic system, but who are determined to exploit it in the bid for greater power over their fellows.

The Fraser Government now faces a revolt from some of its own Senators if it attempts to increase taxation before July of next year. A number of business organisations have protested. And after July the Fraser Government will be faced with Mrs. Florence Bjelke-Petersen's campaign for a 20 per cent flat income tax and no further tax increases. The stage could be getting set for a real Australian tax revolt. If such a revolt gathers momentum it could prove a turning point in Australian history.

BRIEF COMMENTS: In the many comments concerning the passing of Sir John McEwen, former leader of the Federal Country Party, no reference has been made to the monetary reform policies advocated by the then Mr. McEwen when he contested the electorate of Indi in 1934, the year he entered Federal politics. John McEwen said he would move for a Royal Commission on Australian banking. But he never did. And after being elected, he lost all interest in monetary reform.

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We rarely find ourselves in agreement with Senator Don Chipp. But we feel it could be a valuable exercise if the Australian Democrats took action against false election advertising. Election advertising has become increasingly and blatantly false. The late C.H. Douglas suggested that before elections the parties should be constitutionally required to present electors with a prospectus, including the total amount of taxation they proposed to raise, and that the successful party should not be able to increase taxation beyond the level they nominated. Not without seeking a fresh mandate from the electors.

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Prime Minister Fraser is confronted not only with Senate problems. He must some time next year hold two by-elections, one in Boothby, South Australia, and the other in Curtin, West Australia. The seats will become vacant following diplomatic "plums" for Mr. John McLeay (Boothby) and Mr. Vic Garland, (Curtin). If there is a major swing against the Liberals, which is extremely likely, Mr. Fraser's leadership will come under increasing pressure. There is nothing like the threat of loss of power to smarten up political leaders. Senator Brian Harridine of Tasmania, will be a major factor in the balance-of-power situation in the Senate after July, next year. Following the Federal Elections, Senator Harridine was granted a lengthy interview with Mr. Fraser, at the conclusion of which Senator Harridine said that the Prime Minister had agreed that family allowances had lost value, and had promised to rectify the situation. Senator Harridine said, "The Prime Minister's statement is a significant advance on any previous decision the Government has taken in this matter." Senator Harridine points out that the real value of family allowances had

dropped by 56 per cent since 1976. Significantly, however, Mr. Fraser could not say when or how the situation would be rectified. No doubt the figure men in the Treasury will have Mr. John Howard saying that while a laudable objective, it would "cost too much"! Senator Harridine should be encouraged to persevere now that he has some real political clout.

QUEENSLAND STATE MINISTER WARNS ON V.A.T.: "The Federal Treasurer should stop basking in the federal election glory. He should start looking at the havoc his income tax policies are causing."

Mr. Sam Doumaney, Queensland Minister for Welfare, quoted in The Australian, November 24th.

Mr. Doumaney could become the next leader of the Liberal Party in Queensland after the imminent State election on Saturday, November 29th. With the bluntness that has come to be associated with Queensland politicians, Mr. Doumaney promised the Prime Minister, Malcolm Fraser, a brawl on the issue of V.A.T.

Mr. Doumaney highlighted one of the weaknesses of a remote, centralised Federal Government - its destructive isolation from the effects of its own policies. This, in turn, endorses the necessity for government to be as decentralised as possible: closer to the people and the issues. The Queensland Minister's comments were: ... "If Mr. Howard has any feeling for people who earn less than he does, I will show him in my Kurilpa electorate (basically working class in the inner Brisbane southern suburbs) just what havoc heavy taxation is causing."

The Australian commented that Mr. Doumaney's stand will give great encouragement to Senators Neville Bonner of Queensland and Don Jessop of South Australia, both opposed to V.A.T. (Value Added Tax).

WHAT ABOUT A REALISTIC CHRISTMAS PRESENT?: The League's on-going planned programme is dependent upon filling its annual Basic Fund. Sometimes it is running "close to the wind". This is sometimes the case at Christmas when even the moderate League salaries have to be paid in advance of the annual three week break. Salaries are sometimes behind schedule to enable the League's planned programme to go forward. This is one of the contributions made by the staff. With some heavy accounts to meet - although in the field of capital outlay: books and paper - Christmas salaries could be at risk without a faster response to the Basic Fund. Since last week 13 supporters have contributed \$629.00, taking the total to \$21,076.50.