



ON TARGET

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The price of Freedom is eternal vigilance—

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Thought for the Week: "I do not call upon the state to compel every-one to accept my opinion, but, rather, not to force me to accept anyone else's opinion. There's a great difference between the one and the other; let us make no mistake about it."

- Frederic Bastiat, 1801 - 1850

STORMS AHEAD FOR MALCOLM FRASER: Mr. Andrew Peacock's first bid for Liberal Party leadership, which resulted in a strong vote, the manner in which Mr. Fraser has been forced to re-arrange his Cabinet, and loss of effective control of the Senate, further confirm our view that there are major storms ahead for the Prime Minister. A former senior Liberal Party official expresses the view that the recent Federal elections revealed clear signs of an anti-Fraser rot which he believes is irreversible. Only a major shift in finance-economic policy could reverse the situation. But there is at present no indication of this happening. And the replacement of Mr. Fraser with Mr. Peacock, or with Federal Treasurer John Howard, would make no difference.

As all taxation must eventually keep forcing prices up, with increased interest rates further increasing costs, continuing high inflation with all its disastrous social as well as economic consequences, is a mathematical certainty. Tensions within the Federal Coalition with the National Party in the position to exercise a bigger political clout, will be inevitable as the finance-economic crisis continues. As we predicted, this crisis is seriously affecting every industrialised nation, including West Germany and Japan. From time to time there are hopeful reports that the American recession is nearly over, to be followed by the news that in reality it is continuing. Latest reports reveal a new upsurge in the American inflation rate.

The British Thatcher Government, grimly applying the harsh Ayn Rand philosophy recommended by Prime Minister Fraser, continues to force

up the unemployment rate, bankrupting businesses, with only a fractional decrease in the high inflation rate. For those prepared to face truth, the Thatcher Government is demonstrating that a restrictive monetary policy not only fails to solve the basic finance-economic problems, but also stokes the fires of revolution. Revolution is inevitable unless there is a constructive policy of reducing financial costs. The first major step must be a reduction in total taxation. This step was advocated by Mrs. Florence Bjelke-Petersen in her Senate campaign and undoubtedly was one of the major factors in the massive vote for the Queensland Premier's wife. With Premier Joh Bjelke-Petersen also stressing the necessity for a reduction in taxation, the stage is being set for a possible national tax revolt which would enable Australia to move off the disastrous course on which it is now travelling. Mrs. Florence Bjelke-Petersen will, of course, be in a much stronger position in the Senate next year if the Bjelke-Petersen Government survives in Queensland.

As we have already observed, the Fraser Government's parliamentary majority masks the big shift against it electorally. And that shift will continue. In the developing situation, increasing Government Members are going to be sensitive to electoral pressure. The storms threatening the Fraser Government are going to provide electors with the opportunity to take constructive action. Providing the League of Rights can continue to sustain itself, it is now ready to play its most decisive role in the battle for Australia.

AUSTRALIA'S WEALTH TAX: We notice that several commentators have echoed the comment we made in our issue of October 24th: "Generally overlooked is the fact that Australians already are experiencing a wealth tax in the form of escalating government rates; these rates, based on property values, are a reflection of the financial policies of the Federal Government." Commenting on the impact of higher interest rates on Local Government, David Jefferson writes in the week-end finance section of The Herald, Melbourne, on November 1st, that "We already have a wealth tax or capital gains tax in Australia - it is called rates." Mr. Jefferson provides a striking example of what an increase of 1 per cent in the interest rate does to rates, pointing out that the Melbourne Board of Works' total debt is \$1500 million and that it will require an extra \$15 million in rates to meet the higher interest rates. This means still higher rates. Business organisations will have to attempt to recover these higher rates in higher prices. Inflation will be given a further impetus. But most of the comment on the increase in interest rates fosters the hoary myth that higher interest rates are essential to attract finance-capital. The false impression is created that money is a type of commodity,

and that the interest rate is the price that must be paid for the commodity. Mr. John Howard has confirmed his frightening ignorance of even the most elementary knowledge of finance with his view that "the market" rather than government, should set interest rates. As pointed out by numerous authorities, including bankers (see "The Money Trick", \$1.40 posted), the bulk of a nation's money supply is created in the form of financial credit by the banking system. The true cost of creating this credit would be a fraction of present interest rates, some authorities stating that a rate of 2 per cent would be adequate. A big part of Local Government activity is on capital works. If these were financed by long-term credits at true cost, all rates could be substantially reduced. Unless there is a change, property owners are doomed to continue paying an increased "wealth tax". And eventually they will be dispossessed of real ownership of their own properties. Whatever description is used to describe this process, it leads towards Socialism. An Australia-wide anti-wealth tax revolt is long overdue.

ERODING THE FEDERAL CONSTITUTION: Most media reports of last week concerning the High Court decision on the case involving the Australian Wheat Board, failed to highlight the far-reaching implications of what has been described as "an open-ended judgment". The approach of the majority of Judges on the High Court raises questions which go far beyond the question of whether the Wheat Board can constitutionally operate a monopoly. The basic question is whether a Constitution, irrespective of legislation, can protect the individual's rights and freedoms. If one did not know what takes place in the Soviet Union, one could, having read the Soviet Constitution, come to the conclusion that Soviet citizens were well protected against arbitrary infringement of their freedoms.

All human activities are governed by the concept of some kind of constitution, the laying down of clearly defined rules in advance which are designed to regulate those activities. Heeding the lessons of a thousand years of history, the framers of the Federal Constitution were concerned with producing a set of rules which would prevent the centralisation of power over the individual. And they insisted that any constitutional changes should only take place either by the Australian people or by their State Governments acting in unison. In what must be rated a major historic statement, the Governor-General, Sir Zelman Cowan, said some years back that it was almost impossible to persuade the Australian people to sanction Constitutional changes, and that these might have to be effected through High Court judgments. This type of development has taken place in the United States, where the Supreme Court has become a type of quasi-legislative body. When Franklin Roosevelt's New Deal legislation was declared unconstitutional during

the Great Depression, he proceeded to "stack" the Court with those who argued, in essence, that the seriousness of the depression required a more "flexible" and "realistic" approach to the written Constitution.

Sir Robert Menzies once observed that "There is no question that what we call constitutional law is only half law and half philosophy, political philosophy." The philosophy of the framers of the Federal Constitution was clearly anti-centralist. They had no doubt that Section 92 meant what it said, that trade, commerce and intercourse among the States, whether by means of internal carriage or ocean navigation, shall be absolutely free." But there has been a change over the years, with increasing stress on the letter rather than the spirit of the Constitution. Given his philosophy, it was logical that Mr. Justice Murphy has found in favour of the Australian Wheat Board. The Chief Justice, Sir Garfield Barwick, was definite that the legislation under which the Wheat Board claims a monopoly, was unconstitutional, stressing that "regulatory laws" should not interfere with the freedom of the individual. Three Judges ruled that the present legislation was invalid unless there were no other "practical & reasonable way" of regulating the wheat trade and two other Judges ruled that the Wheat Board would have to show that the restrictions imposed by the legislation were "no greater than are reasonably necessary."

The essence of the Court's open-ended judgment is that those wheat-growers financing the challenge to the Wheat Board's monopoly, will now have to continue financing an action which has already cost them tens of thousands of dollars. The Wheat Board can use the wheat-growers' funds to continue the legal battle. As we go to press we are informed that the plaintiffs against the Wheat Board are going to continue. Our view is that they should be provided by the Commonwealth with legal aid to ensure that this historic case can be concluded as quickly as possible.

BASIC FUND ADVANCES: National Director Mr. Eric Butler briefly reports: Upon returning from Queensland I have analysed the initial response to the 1980-81 Basic Fund appeal and can report that a comparatively small number from all States have actually donated or pledged in excess of \$18,000. But this leaves a long way to go and I urge all readers to rush their contributions, large or small, as quickly as possible. The biggest projects in the history of the League are coming forward. Progressive reports will be provided.

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