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The price of Freedom is eternal vigilance —

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**Thought for the Week:** "Since our civilisation is a money civilisation and none of us can carry on our daily pursuits without the possession of money, it is obvious, in the first place, that this situation places us ultimately at the disposal of the banks, and that increased taxation - by lessening the amount of money at our disposal - increases this hold that the banks have upon us."

- C.H. Douglas, in Dictatorship by Taxation (1936)

**THE McPHERSON FEUD:** "But while McPherson will now become the most spectacular political battleground in most of Australia's history, the other by-elections are in many ways equally significant."

Russell Schneider, in The Australian (Feb. 7th)

Mr. Schneider appears to have "caught the message" of McPherson, the late Mr. Eric Robinson's Queensland electorate, now to be contested in a by-election on the 21st. inst. Election analysts will be closely watching the results to observe any drift against the Government beyond 4% - 5%, which will mean to them that such a drift is in excess of the "normal" by-election protest vote, and a real vote of censure against the Government. All the arguments and counter arguments concerning a flat-rate tax scheme really mask the main issue - that of the taxation burden in general. Australians are sick and tired of being soaked by the tax man for moneys which they just cannot afford to lose, in these inflationary times. The Government authorities well know this, and so they try the pea and thimble trick: shift the tax emphasis to an indirect form of taxation so that the taxpayer won't notice it as much. "The consumer pays", will be the catch cry. You don't have to pay all that tax, now the direct personal tax is to be lowered. Do without that beer, stop smoking. You don't really need that new stereo, nor T.V. The car can be kept on the road another year or two. It all sounds so easy, and you feel so guilty if you spend any money. The breweries, tobacco multi-nationals, T.V. and stereo retailers, the automobile industries won't see it this way, of course. Neither will the hundreds, maybe thousands,

who will lose their jobs if and when the extra retail tax goes on to consumer goods. Mr. Schneider observes that "in some ways the McPherson result will shape the future course of the non-Labor political groupings in the Federal Parliament".

There is no doubt that Mr. Malcolm Fraser's stocks will slump if the Liberals do not win McPherson because behind all the "sound and fury" of the flat-rate taxation free-for-all, and the clickety-clack of the political party numbers men, the McPherson issue is coming down to a battle between "Johism" and "Fraserism". A win for Dr. Glenister Shiel in McPherson will be an endorsement by Queenslanders of Premier Joh Bjelke-Petersen's style of government against the small "1" liberalism of the Frasers, Peacocks, Carricks, McPhees etc., etc. As such it will throw a shock wave into the portals of temporary power in Canberra. This is what Malcolm Fraser will face if he loses McPherson.

The Boothby (S.A.) and Curtin (W.A.) by-elections will take place, also on February 21st. It is expected that both seats will be held by the Liberal candidates, ex-Senator, ex-Premier Steele Hall, and ex-Senator Alan Rocher, respectively. Some Labor wit has referred to them both as "recycled politicians". But should there be a significant swing away from the Government in these two seats, beyond the "normal" 4% - 5%, then - along with a Liberal defeat in McPherson - big trouble lies ahead for our Prime Minister.

PRESIDENT REAGAN'S ECONOMICS: (We've heard that song before!): "Mr. Reagan said that one way to curb inflation would be to raise taxes so that the Government need not borrow or print money".

The Australian, February 7th.

We can remember hearing this above 'line' thirty years ago, or more; and we are still hearing it. In his first nationwide address Mr. Reagan mouthed all the old economic cliches we know so well. No doubt his speech was written for him by local economists who did their early training at the London School of Economics, or were taught in American universities by lecturerers who had taken their degrees at the London School of Economics. The President at least acknowledged that "inflation and unemployment go hand in hand". This is the inflation/unemployment "see-saw" to which we have referred many times in these pages over recent years. Generally, when one goes up, the other goes down. As for the President's remark at the head of this item; an all-too-familiar remark - we have never been able to concede that inflation can be curbed by making things dearer. And we will never concede this. This economic fallacy is based on the erroneous belief that there is "too-much-money-chasing-too-few-goods", and that by withdrawing money from the economy, prices will fall to a more realistic level.

First of all there is no shortage of goods. The shop windows, the display centres in the Western world are stuffed to bursting point with

goods for sale. Advertising agencies are competing with each other to invent yet greater advertising inanities - anything, which will make goods and services move. Salesmen are ever trying to come up with the slickest sales pitch to steel a march on that opposition line. Secondly, the phenomenon of inflation over past decades, after the backlog of goods resulting from the War had been dispersed - is cost inflation, not demand inflation, which has occurred from time to time, principally during and after wars and natural catastrophes (which war isn't). So if President Reagan raises taxes to make wages and salaries, goods and services, cost more, he will slow the nation's economy because people won't have the money to spend on goods and services that they recently did, and inflation will be slowed because it is a spin-off from the working of the finance-economic system. It is built in to it. But, unemployment will rise, as the President admits himself. It must be borne in mind that politicians and economists have been doing exactly these things for decades: we can remember the identical situation in Australia when the inflation rate was 3%. This percentage was "the price we pay for full-employment" - that was the standard pitch from the politicians of the day (early fifties). Well, 10% inflation is regarded as more or less "normal" now. America's inflation rate at present is over 12%, ours around 9.5%. Both nations have high unemployment. President Reagan injected the old, hoary, economic objective - productivity. We must have more and more productivity: this will boost exports, and wrestle inflation to the ground, wipe out unemployment, and all sorts of things.

Since the dawn of the Industrial Revolution, when the first primitive steam engines and looms began to replace men and women in those horrible factories of the time, productivity has been the ever-sought-after goal. Now the second industrial revolution is upon us, with a vengeance. The silicone-chip, computerised age is now here, replacing not this time human labour, but the human mind. Clerks, accountants, typists, archivists, data processors - all being replaced by computerised technology which becomes ever more sophisticated as the years pass. There are now whole factories which are operated by a skeleton staff in the computer room: factories spewing out avalanches of goods. Productivity has increased many thousands per cent since the first spinning jenny turned, but inflation never stops rising. A reasonable question would be "why aren't we receiving the great benefits NOW, from the enormous productivity of the past century?" All we get is pie-in-the-sky from the politicians and the economists.

REAGAN ADMINISTRATION SOLIDLY PRO ZIONIST: "...the Administration would look with sympathy on a request to station U.S. forces in Israel in the unlikely event of Israel making such a request."

- The Herald (Melbourne) February 4th.

President Reagan's Secretary of Defence is Mr. Caspar Weinberger, and he make the above commitment. This is in line with the tougher line against

the Soviet which the Reagan Administration is being allowed to take. International Zionism obviously approves of the disastrous flirtation by the West with China. We are by no means convinced that the Soviet Union is now anti-Jewish, as many observers postulate. Thousands of Jewish emigrants are still being allowed to leave the Soviet Union for Israel and other parts, and far more significantly, Western aid is still pouring into the Soviet and her satellites. If International Zionist policy were for the destruction of the Soviet Empire, then we insist that the above-stated policy of massive physical and financial aid to World Communism would have been reversed. It hasn't. We can't know all the devious trickery that transpired in the world's Halls of Power: however, the present finance-economic system must be kept operating until such time as is ripe for the next phase in an overall policy shift.

WORLD COUNCIL OF CHURCHES CRITIC SET FOR POST IN REAGAN ADMINISTRATION:

"Mr. Ernest Lefever, a passionate critic of the Carter Administration's human rights policy, has been occupying the office of Assistant Secretary of State for Human Rights in recent days amid growing speculation that President Reagan plans to give him the job."

The Age (Melbourne) February 6th.

In the newspaper article, Mr. Lefever is described as "an ultra-conservative scholar who is director of Georgetown University's Ethics and Public Policy Center."

It so happens that Ernest W. Lefever is the author of the excellent book exposing the World Council of Churches, viz. "Amsterdam to Nairobi". The W.C.C. was born in Amsterdam, Holland, in 1948, and an international conference of the W.C.C. was held in Nairobi, Kenya, in 1975. The book is subtitled "The World Council of Churches and the Third World": Mr. Lefever is an authority on the Third World, which is no doubt one reason he was selected for this post in the Reagan Administration. Mr. Lefever was a strong critic of the Carter Administration's use of foreign aid and public criticism to pressurise South Korea, South Africa and former governments of Iran and Nicaragua. Mr. Lefever's book, "From Amsterdam to Nairobi" is available from all League offices: the price is \$5.50 posted.

BASIC FUND: We have a much clearer picture now of the state of the Fund. It is filling, but slowly. Since we published the last figures 23 supporters have pledged/donated \$2068, and this takes the Basic Fund to \$34,962. We have still a long way to go, and time is slipping away. We are naturally hoping that, with the end-of-year holidays out of the way supporters will be able to now accurately assess their financial positions and send in that donation to the Fund which they meant to do before Christmas. Please do it now.

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