



ON TARGET

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The price of Freedom is eternal vigilance—

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Thought for the Week: "Just as a maniac is irresponsible, so an irresponsible voter is a political maniac..... Power without responsibility is the broad way which leadeth to destruction and the World of Nightmare."
C.H. Douglas.

INFLATION AND CIVIL WAR: As we write these comments, Australian dairy farmers are pouring milk down the drains, and industry generally is confronted with mounting havoc as a result of the transport strike. The mails have been slowed down, there is a threat of further telecom disruptions, and even air hostesses are again threatening what has come to be described as "industrial action". The general admission that the Arbitration Commission's guide lines for wage increases will have to be made more flexible in an attempt to avoid a national explosion, provides confirmation of our repeated view that no stability is possible under present financial policies. The invincible stupidity of our political leaders is demonstrated by their renewed bleat that they are still committed to "fighting" inflation. Although this stupidity does not extend to the point where they are failing to increase their own salaries and "perks". The man who claims to be leading the "fight" against inflation, Federal Treasurer John Howard, was in the forefront of the attempt to increase the politicians' salaries by 20 per cent. Judged on their disastrous "management" of the economy, Mr. Howard and his colleagues should have their salaries REDUCED by 20 per cent. If politicians' salaries were REDUCED progressively at the same rate that prices went up, we have little doubt that some would start to consider realistic policies for constructively reversing inflation.

While the escalating wage explosion now under way is going to stimulate inflation, it is not the basic cause. The basic cause is the present debt system, high taxation and outrageous interest charges. It is compounded by the use of taxation to finance capital expansion in organisations like Telecom and Australia Post, and the imposition of interest charges which means that charges must be increased merely to force the taxpayer to pay interest on his own

taxes.

From the time of Karl Marx, all Marxists have welcomed heavy taxation, which not only increases the power of the State over the individual, but which must also help to generate inflation with all its disastrous consequences. Increasing interest rates under present inflationary conditions is like pouring petrol on a fire. Remember how Prime Minister Fraser and Treasurer John Howard were going to reduce interest rates? The Reserve Bank legislation rightly states that in the last analysis, the elected government is responsible for the fixing of interest rates. These rates should be only sufficient to pay banking institutions a reasonable profit for creating the nation's financial credit. The disclosed profits of all the trading banks are astronomical, dwarfing the profits of big organisations like BHP, who, whatever criticism may be levelled at them, do at least create real wealth. Banking organisations produce nothing, being little more than the nation's bookkeepers. It is certain that present interest rates could at least, for a start, be reduced by 50 per cent. What a relief that would be for young Australians struggling to own their own homes, most of whom are either not having children or strictly limiting the number because of the struggle to keep up with rising interest charges and inflation.

It is merely stating the obvious that Marxist revolutionaries are playing a leading role in the growing wave of industrial unrest. But the overwhelming majority of wage and salary earners are not Marxists. They strike with the express purpose of hurting their fellows because they have been conditioned to believe that this is the only way to ensure that their purchasing power does not fall behind the inflation rate. Inflation produces a growing state of civil war which, unless prevented, must lead to anarchy, community bitterness and complete totalitarianism. The first and most essential step towards reducing inflation and the threat of greater social friction, is for a lowering of financial costs by reducing taxation, starting with Sales Tax, and interest rates. This should be accompanied by the re-introduction of the system of consumer price subsidies used successfully during and after the Second World War. In terms of finance it would require less money to finance such a constructive scheme than to finance continuing wage increases which swell the receipts of the taxation department and intensify the causes of social unrest.

Every effort must be made to make it clear to the back-bench Members of the Coalition Government that they are now living on borrowed time; that unless they can force a change of financial policy along the lines indicated, they and the Government are doomed at the next elections.

SALARY TRICKERY: An outraged public opinion forced the Federal Cabinet to adopt the old Leninist tactic of sometimes taking one step backward in order to take two steps forward. Generally overlooked is the fact that relatively little has been given up. There have been no cuts to the Remuneration Tribunal's recommendations for increased allowances and "perks". The humble backbench Member now gets a taxable income of \$33,000 a year, losing \$2987 because of the 50 per cent. cut back - but only for twelve months. But now he gets over \$12,000 for a tax-free "electorate allowance". If he has an electorate larger than 5000 sq. km., the allowance is \$17,575 a year. In theory the Member uses this allowance to look after his electorate. But he is well-equipped by the Government to do this - three fully staffed offices, one in Canberra, one in the capital city of his State and one in the electorate. The Member does not have to offer any explanation of how he uses his tax-free allowance, which means that most of it must be regarded as income. This means that a Member's salary is now for most approaching \$50,000 a year. With approximately one quarter of it tax-free, this means that compared with a fully taxed income, the Member receives the equivalent of \$64,000 or more a year. Then on top of this is another Tribunal recommendation, not touched by the public-relations exercise not to take the full 20 per cent. increase in salary for 12 months. This is an increase of nearly 20 per cent in the so-called travelling allowance paid to Members in Canberra. This is now \$65 a day, tax free, no questions asked. Cheap meals are, of course, provided at Parliament House. As one commentator observes, the smarter Members buy a house or a flat at Canberra and pay it off with their travelling allowance. This not only enables them to get cheap accommodation but to add to their tax-free capitally-appreciated assets.

With all this and much more, including a disgraceful superannuation scheme, it is not surprising that in spite of all the complaints by politicians concerning how much they allegedly sacrifice, there are large numbers of applicants for party endorsement when an electorate vacancy occurs.

When Parliament re-assembles for the Budget session, we have no doubt that Mr. Fraser will make much of the (temporary) 10 per cent. reduction in salary increases. But there will be a deafening silence concerning the increased tax-free allowances.

BRIEF COMMENTS: The media reports that Prime Minister Fraser is "furious" that top Federal Treasury official Mr. John Stone, has scathingly attacked his Third World policies in a letter which has been made public. It is significant that Mr. Stone was the only key departmental head who did not accompany Mr. Fraser on his North America visit, during which he took every opportunity to advance the concept

of the New International Economic Order. His main ally was Fabian Socialist Trudeau of Canada. While agreeing with much of Mr. Stone's published criticism of the Fraser policy, we draw attention to the fact that this senior public servant acts as if he were a law unto himself. We understand that Mr. Stone declined the North American trip as he felt that working on the Budget was much more important. Mr. Fraser has already indicated that the Budget will be "tough". Presumably Mr. Fraser and Mr. Stone at least agree on this.

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Australian bureaucrats can hold their own with bureaucrats anywhere when it comes to petty, bureaucratic madness. One of the best selling royal wedding souvenirs throughout the United Kingdom and other Commonwealth countries is a caddy containing top quality tea produced by the famous London grocers Fortnum and Mason. A shipment was to have been imported into Australia, but some bureaucrats rejected them. Why? Because the content of the caddy was given as "one Imperial Pound", and not 454 grams!

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The former terrorist Begin, Prime Minister of the Zionist State of Israel, has made it clear that he feels free to use American weaponry when and how he likes. Begin's attack on the Iraqi nuclear reactor had more to do with the recent Israeli elections than with destroying a future nuclear threat by an Arab State. According to Zionist dialectics, it is, of course, reasonable for Israel to develop a nuclear capacity. The mass attack on Beirut, with the large civilian casualties, is described as a "defensive" measure. Mr. Begin describes Israel as a "sovereign state". It could not survive without massive military and economic assistance from the United States. Unless the Reagan Administration can curb the Israeli "defensive" programme, it cannot halt the growing resentment against the U.S.A. throughout the whole Moslem world. The Soviet strategists are delighted.

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In the torrent of abuse directed at the Victorian branch of the Returned Servicemens' League, and its President, Mr. Bruce Ruxton, because of its criticism of the present immigration policy, some critics have descended to the gutter level of equating the RSL stand with that of the Nazis. Many would like to see Mr. Grassby carry out his implied threat to have the RSL charged with violating the Racial Discrimination Bill. Distinguished legal authorities believe that the High Court would rule the Bill is invalid. It is high time that Mr. Grassby had his bluff called.

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