



# ON TARGET

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*The price of Freedom is eternal vigilance—*

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Thought for the Week: "Although it seems difficult to obtain general understanding of it, fundamentally a financial system is a matter of pure arithmetic, and the results which will be obtained depend entirely upon the arithmetical factors which are employed and only to a very temporary extent of the particular brand of black magic which is super-imposed. Whatever may be the case in other matters, compromise in arithmetic seems singularly out of place, and it is much better that the present defective system should be allowed to discredit its upholders, and so render genuine reconstruction possible...."

— C.H. Douglas in "The Monopoly of Credit".

THE BABBLINGS OF THE MAD ECONOMISTS: We recall in our youth reading with fascinated horror of the mad professors who engaged in all types of weird activities designed to control the world, often finishing by destroying themselves. Today the world is in a growing state of frenzy and chaos as the various theories of the many economic "experts" are attempted. Most of these "experts" are mad in the sense that they are completely divorced from reality. A study of the statements and advice of the orthodox economists over the past 50 years provides striking evidence that if the conditioning process starts early enough, human beings kept divorced from reality can believe almost anything. Unlike, for example, engineers, who generally have to accept responsibility for failures resulting from a departure from reality, and are fundamentally different from economists who are not penalised for their disastrous advice. Penalisation is only likely if the economist starts challenging the premises of economic "science".

The current plight of Australia's airlines, resulting in threatened

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*Senator Chipp and the Australian Democrats react favourably to wide-spread opposition to the Fraser - Howard sales tax rip-off! They must be congratulated. .... Congratulations to Senator Chipp and colleagues are Essential!!*

trenchments and a discounting war, highlights once again how far the economists - and bankers - are divorced from reality. Both TAA and Ansett invested heavily in new aircraft on projections prepared by the economic pundits, who were confident that past growth in air travel would continue. Mr. Rupert Murdoch even persuaded the "experts" of the American Export-Import Bank to extend massive credits to Ansett to buy their new planes. The "experts" obviously overlooked the rather elementary fact that the continuing inflation which they accept - merely claiming that it should be "controlled" - must discourage people from expensive air travel. And those responsible for advising the airlines also overlooked the fact that the advice of some of their fellow "experts" was mathematically certain to produce depressed economic conditions. A deepening international economic crisis is now a reality which not even the economists can dispute. Their contradictory babblings are about how long the depression will last, and what solutions should be applied.

A recent "leaked" report from Canberra leaves no doubt that the Treasury's economic witch-doctors favour a continuation of present policies, with no relief from high taxation and high interest rates. It was stressed that there could be no relief from high interest rates for homebuyers. Monetary and economic commentators Syntec echo the Treasury, claiming that the Government will have to further increase interest rates, including home loans and small overdrafts, and cannot afford tax cuts. These policies are an "unavoidable response to economic realities." What are these realities? Is there a shortage of building materials to ensure that all Australians are adequately housed? Is there a shortage of tradesmen to build the houses? Is there a shortage of food to sustain the builders while building houses? The real world completely contradicts the economists. Like the mad professors, these economists, their financial masters and political dupes, will completely destroy Civilisation if they are permitted to continue unchecked.

The only basic controversy between the economic witchdoctors is whether to continue current policies of "restraint", this being the solution - if applied long enough! - of the monetarists, or to start "reflating". The economic forecasting group, BIS-Shrapnel, believes that later this year the Fraser Government will change its policies from "doctrinaire monetarism" to a "more pragmatic expansionist policy". This will, claims BIS-Shrapnel, make 1982 "an exciting year". But it is mathematically certain that any "expansionist" policy must, under present financial rules, increase the inflation rate. As C.H. Douglas, the engineer-economist, pointed out over 60 years ago, it is not a matter of opinion, but of simple arithmetic, that a finance-economic policy based upon expanding debt, can only operate with inflation. Inflation is not only immoral, but socially and economically a destructive force which, continued long enough, must destroy stable societies. Inflation was temporarily halted during the Great

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Depression of the 'thirties, but only by the wholesale bankrupting of business organisations, forcing them to discount prices as they closed their doors. Primary producers were forced to produce cheap food while many lived little better than peasants. But as demonstrated in all industrial nations, particularly the United Kingdom, a policy of credit restriction can only result in a fractional reduction in the inflation rate. If taken far enough, it will produce revolution. But inflation is just as disastrous.

There is no solution to the present crisis which is not based upon these realities: The true purpose of a production system is to produce what individuals genuinely desire; the modern production system is easily capable of producing the material requirements for civilised living with a fraction of the population engaged in the system; the true cost of production is consumption, which means that the true cost of a unit of production has fallen; money is not a commodity, but today's money-credit system is primarily a bookkeeping system, and credit should be created at an interest rate equivalent to a reasonable service charge, probably not more than 2 per cent. After nearly 50 years of experience, we are, regretfully, convinced that the majority of people only learn under the impact of hard experience. The present finance economic system is discrediting itself, and its supporters, at an accelerating rate. When enough people face the reality of the situation, no longer heed the babbling of the economic madmen, then they will demand the changes necessary to avoid a new Dark Age.

WHAT WILL THE VICTORIAN ELECTIONS PROVE?: "After a period of intense media speculation, Victorian Liberal Premier Lindsay Thompson has astonished many by announcing April 3rd as the date for the Victorian State elections. Politicians in office always attempt to select election dates which they believe will give them the maximum advantage. Premier Thompson has, naturally, not said publicly why he believes that he will have more chance of surviving on April 3rd than at a later date. But a major factor has undoubtedly been the realisation that the deepening economic depression is going to become worse. Further increases in interest rates are almost certain under the Fraser-Howard "economic strategy". Such increases, and other manifestations of crisis, would be extra bad news as Victoria moves into winter. A June election could have been a gloomy affair in more ways than one, and certain to affect a party which has been in office for 27 years. Victoria could not only be enjoying its normally mellow autumn weather by early April, but the State will be in the early stages of that annual social phenomenon known as Australian rules football. Hopefully, Premier Thompson and his political strategists believe that the early optimism of Victorian football fans will tend to take their minds off economic and political issues.

by the photogenic Mr. John Cain, has put forward any suggestions for dealing with the basic problem confronting all the States: how to break the growing centralised power at Canberra. It is true that Mr. Cain has strongly criticised John Howard's high interest rate policy, with its depressing effect upon housing. But Mr. Thompson has also done this, and introduced a scheme for subsidising interest rates for purchasers of their first home. As long as Mr. Cain and his colleagues are prepared to work within conventional finance-economic policies, all they can basically offer is to act as better administrators for Canberra than the present Government. In those areas where a State Government could provide the individual with genuine freedom of choice, fluoridation of public water supplies and education being issues which immediately come to mind, there is no discernable difference between the Government and the Opposition. However, no doubt anti-fluoridation-ists will be making these hot issues in the election campaign. Special campaigns in selected electorates may well have a decisive effect in a closely contested election. We understand that the Right-To-Life supporters will also be active.

However, the major election question is whether it will give a pointer to the future of the Fraser Government. The election result could prove much more significant than the Lowe by-election where, contrary to earlier predictions of a major pre-Labor wing, Mr. Hayden may have to be satisfied with a moderate victory. While Mr. Fraser will be quick to stress that State elections are different from Federal Elections if the Victorian Liberal Government is defeated, he has openly projected himself into the campaign, with he and his advisers now attempting to divert attention from failed finance-economic policies to the subject of industrial unrest. There is no doubt that the great majority of Australians are concerned about the destructive power of centralised unionism. Ironically, the very Communist-dominated unions so strongly attacked by Mr. Fraser are his greatest political asset. But industrial unrest is an EFFECT, not a basic CAUSE of the depressed state of the nation. Mr. Fraser's new "tough" industrial legislation may, in the short term, help him politically. But we can predict now that under financial policies, which result in continuing high inflation and escalating debt, this type of legislation is like pouring petrol on a fire. The Government has failed to implement even its present industrial legislation, and has agreed to the type of wage increases which it denounces as "irresponsible."

If the Victorian Liberal Government is defeated, one thing will be almost certain: Malcolm Fraser will be on his way to political oblivion.

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