



ON TARGET

- NEWS HIGHLIGHTS
- BACKGROUND INFORMATION
- COMMONWEALTH AFFAIRS

The price of Freedom is eternal vigilance—

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Thought for the week: "Private opinion creates public opinion, Public opinion overflows eventually into national behaviour and national behaviour, as things are arranged at present, can make or break the world. That is why private opinion, and private behaviour, and private conversations are so terrifyingly important".

- Jan Struther in A pocketful of Pebbles

WORLD TRADE WAR INTENSIFIES: Ever since the brilliant Scottish engineer-economist, C.H.Douglas, discovered during his investigation of the British aircraft industry during the First World War, that the more industrialised a nation becomes, the greater the gap between total purchasing power distributed, and total prices created, it has been possible to predict with complete certainty the major inevitable results of trying to operate an economy under orthodox debt structure, both public and private, and continuous monetary inflation. And as no developed nation can purchase its own total production, there is the ever-increasing attempt to help solve domestic economic problems by striving for a "favourable balance of trade." Economic orthodoxy teaches that it is axiomatic that a nation becomes richer by exporting more than it imports. Taken to its logical conclusion, this teaching means that if a nation exported all its production and imported nothing, it should reach the millenium!

C.H.Douglas predicted the Great Depression, starting in 1929, because he understood that financial orthodoxy teaches that the only solution to inflation, which was a reflection of the big increase in debt created to finance industrial expansion, is a "credit squeeze". This is a drastic reduction in the rate of money creation by those controlling the banking system, which alone has the power to create a nation's money supply (See The Money Trick, \$4 posted). The Great Depression created more social havoc than

the First World War. It created the conditions in which the collectivist virus, whether called Communism, Fascism or Nazism, flourished. The end result, as Douglas had also predicted, was the Second World War. Trade war was replaced by military conflict, with all combatants having an unlimited "export market" for the next five years! The enormous global destruction ensured that there was adequate scope for big production increases for years after the war. But the continued use of debt finance made it certain that inflation would not only continue, but increase. The League of Rights correctly predicted this and warned that all attempted anti-inflation policies were doomed to failure under orthodox financial policies. It also predicted that as more and more nations became industrialised, they would be striving to export their domestic problems. Which brings us to the present state of the world where the press headlines increasingly refer to the "WORLD TRADE WAR."

Forty years ago the military might of the U.S.A. was used to reduce Imperial Japan to a shambles. American economic strength was then used to help industrialise Japan. Now Japan increasingly threatens big sectors of American industry with a flood of exports. American Congressmen are feeling the heat as their electors insist on protection policies. Protection lobbies in the U.S.A. charge that Japan is mainly responsible for the current \$US150 billion trade deficit. President Reagan efficiently supports free trade, but realities are forcing him to use tough language in insisting that the Japanese must open their markets to American exports. The Japanese are making polite comments but taking little action. The reality is that, under financial orthodoxy, Japan must keep striving to export, as must industrialised Taiwan, also being told by the U.S.A. that its exports to the U.S.A. are hurting the American economy.

In spite of continuing high unemployment and restrained economic systems, Common Market countries are also striving desperately to get rid of surplus production through exports. There are mountains of food and lakes of wine, some of this being supplied to the Soviet bloc at greatly reduced prices, while exports to other countries are being heavily subsidised. This has driven the Americans to subsidise exports of their own massive surplus of wheat. These policies are having a serious effect on Australian primary producers, caught in a continuing cost-price squeeze which is having an horrendous impact on rural Australia.

Now come reports that South Korea is gravely concerned about its "trade imbalance" with Australia. The Secretariat of the General Trade and Tariffs warns that the "recovery" of the world economy might weaken faster than expected, and stresses that it is essential

September 19th Mr. Hawke said, "I told Mr. Reid to err on the side of generosity" On September 24th Mr. Reid said, "I sent him (Mr. Hawke) details of what the proposed settlement was and on several occasions ... I talked about the mechanism of payment ... the Prime Minister was fully aware of details of the settlement right up until the moment when I asked for approval." Mr. Hawke was later to claim that he had been misled on the question of tax minimisation, and this was why he was asking for Mr. Reid's resignation. As the minimising of taxation is not illegal, it would appear that Prime Minister Hawke has concentrated on a side issue to obscure more fundamental questions.

The Bicentennial Authority has already cost the Australian taxpayers tens of millions. The problem is that, even with new management, there are members of the B.A. staff dedicated to downgrading the role of the British in developing Australia and its institutions. If the spirit of resourcefulness is still alive, it may well be that there will be an organic development by diverse groups determined that the real roots of Australia will be featured in a variety of celebrations in 1988.

BRIEF COMMENTS; Senior Liberal spokesman, Senator Fred Chaney, writing in The Australian of September 27th demonstrates the weak and hypocritical attitude of the Liberal Party towards South Africa. Chaney opens with a kind word for Malcolm Fraser's "crusade" against South Africa, then later says that "Past Liberal governments have honourable records on South Africa. Three initiatives will demonstrate that point: the negotiations of the Gleneagles agreement, the ban on Qantas flights to South Africa, and the imposition of an embargo on the export of arms and military equipment to South Africa".

South Africans are not concerned about a meaningless ban on arms exports nor the silly nonsense of Qantas flying into Harare where South African airways then picks up the majority of passengers going on to South Africa.

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We have reported in this issue of the On Target Bulletin that both Peru and Brazil are unable to service their enormous debts to the International Monetary Fund (I.M.F.). Now comes the news that The Phillipines are "heading for a confrontation" with the World Financial Body. All this confirms our already stated belief that the International Subversives are really in a hurry to get their World Government assembled and in place before they run into insoluble problems with the world economy. This could destroy the Big Idea, in due course. The I.M.F. is limiting President Marcos' financial programme aimed at countering Communist insurgency there.

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