



# ON TARGET

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*The price of Freedom is eternal vigilance—*

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Thought for the Week: "It has never been clear to me why any man in any position of life should be expected to perform any action whatever which was not in some sense of the word profitable to him, and there is more than a suspicion that the attack upon profits can ultimately be traced to a fear of the economic security offered by this type of remuneration, as compared with that of the wage and salary."

- C.H.Douglas in The Monopoly of Credit

WHY LOWER THE AUSTRALIAN STANDARD OF LIVING? Prime Minister Hawke and senior Ministers have been stressing that the state of the Australian economy demands that all Australians adopt an attitude of "restraint". If something was seriously wrong with the Australian production system, with actual or threatened shortages of essential production, a policy of restraint would be a reflection of reality. But even under financial rules which severely penalise producers, the biggest problem facing producers and retailers is how to persuade people to buy what can be so abundantly produced. There is no argument that heavy taxation tends to cripple incentive, but increased production of itself can only intensify the nation's basic problem - how to purchase what is produced with inadequate purchasing power. Increased production without increased purchasing power to buy it, can only lead to an intensification of the attempt to solve internal problems by increased exports. It is elementary that not all exporting nations can obtain the much-publicised "favourable balance of trade". If one nation achieves this objective, then obviously there are nations with an unfavourable balance. One of these is the Soviet Union, which last year imported \$1 billion worth of production from Australia, while Australia only imported a paltry 10 million from the Soviet Union. The Soviet, of course, would not be able to continue operating with such a tremendous "unfavourable balance" of trade without massive loans from International Bankers.

Lenin said that a world Communist system was impossible without an international economic system. Internationalism is now the "in"

thing, with the establishment of international banks in most countries, along with the creation of multi-national economic organisations. Any suggestion for a more realistic Australian financial policy, including lower interest rates, is now countered with the claim that changes in national policies cannot be introduced without considering the international implications.

Trade Union leaders correctly point out that in recent times wage increases have lagged behind price increases, which means a progressive lowering of the standard of living with reduced demands upon goods and services. But under present financial rules, increased wages must flow through into higher prices, with business forced into increased debt to finance the wage increases, much of which is taken by the government in taxation. Business leaders generally have demonstrated their bankruptcy of thought by arguing in favour of no wage increases at all. Wage and price "freezes" have been attempted in different countries over the years, always with the same result: disaster. Now the Hawke Government has come up with another "gimmick": a campaign to "monitor" price increases. It can be predicted with complete certainty that this is doomed to failure.

During the First World War, the Scottish engineer, C.H. Douglas, charged by the British Government with the task of solving problems in the British aircraft industry, observed that under conventional financial rules, modern industry created total prices at a faster rate than it distributed purchasing power, and that in the absence of a change of financial policy, the finance-economic system could only attempt to operate by the creation of increasing financial debt, this in the main to finance unnecessary production, with a progressive rise in prices, and catastrophic social disorder and the eventual collapse of traditional Civilisation.

The desperate plight of the world is tragic evidence of the truth of Douglas's analysis and predictions. No one can offer any realistic policies to reverse what is happening, without an understanding of the basic features of the present finance-economic system. Those concerned with obtaining that understanding should study the following: The Money Trick, a simple but authoritative outline of how credit money is created by the banking system (\$6.00 posted); Natural Cost and The Ownership of Money, by D. Malan (\$2.00 posted); The Root of All Evil, by Eric D. Butler, (\$2.00 posted). When these booklets have been read they should be followed with further study. It is not essential for everyone to become a financial expert, but it is vital that as many people as possible understand basic principles. They then have the key with which doors, which otherwise appear to block understanding of what is really taking place in the world, are opened.

THE RURAL DISASTER DEEPENS: Television sometimes can serve a worthwhile purpose, as witnessed by the recent TV coverage of the eviction of the Maloney family from their farm near Forbes, N.S.W. Coverage in the

print media also helped to highlight the many human tragedies now creating growing fear throughout rural Australia. Even those farmers who would regard themselves as still sound, are starting to realise few can now say that they are completely safe against a recession which is the worst since the Great Depression of the 'thirties. Rural suicides are growing and reflect the growing stress factor. Cereal farmers on the West Coast of South Australia are threatened with what has been described as the worst crisis of this century. Rising financial costs, high interest rates and falling prices are listed as the basic causes of the crisis.

It is important to stress that rural Australia, which includes the many business organisations serving it, is not gripped with crisis because of physical problems. Overall production has been maintained, even increased, in spite of some adverse seasonal conditions. The rural crisis makes a mockery of those "New Right" Spokesmen who claim that greater efficiency and more production will solve the nation's problems. Whatever system of measurement is used, Australia's farmers are among the most efficient in the world. Under the whip of debt finance, reflecting itself in never-ending rising financial costs, they have literally run harder, in many cases breaking what they know to be sound conservation principles. Farmers are being forced by debt finance to match the activities of many in secondary industry, where "built-in obsolescence" is accepted as normal. Quality production lasts too long. The true purpose of the production system is being distorted in an attempt to serve Mammon in the form of debt-finance.

While it is true that the trading banks operate under the broad policy dictated by the Reserve Bank, their activities, and statements by some spokesmen, border on the anti-social. One press report states that the banks have been stung by the adverse publicity being received as increasing numbers of families are being forced off their properties, with one senior bank executive quoted as making the allegation that "After motherhood and the ANZAS, the Australian farmer is next in the national sympathy stakes. Statements like that can only add to the growing bitterness throughout rural Australia, bitterness which could easily lead to violence. Rural economists have been quoted as supporting the banks, claiming that "inefficient" farmers should be forced out in order to re-structure rural industries.

All the banks are making record profits and are in the position to ease the burdens on the rural community. At least they should be taking a softer line than the one they are currently adopting. Their demand that they should be allowed to charge higher interest rates on housing loans, can only be seen as another example of callous indifference to what higher interest rates are doing to the Australian people.

The tragedy in all this is the complete failure of the Federal Opposition to put forward anything realistic. The National Party has failed completely over many years to defend the very people they claim to represent. And where is the National Farmers' Federation with its \$15 million fighting fund? How can it offer anything constructive when its leaders are on record as saying that the banking system only lends money first deposited with it and provides usual nonsense about why interest rates are so high. Even Sir Joh Bjelke-Petersen has as yet not offered any constructive policy to meet the rural crisis. The rural crisis is a major aspect of the national crisis, and requires an emergency programme which will ensure that no more farmers and their families are driven off their properties. There should be a moratorium on all debts owed to the banks until other measures are taken. It would be in the true national interest for a Federal government to start making provision for long-term, low interest finance to rural Australia. Every Australian, irrespective of where he lives, would benefit from such a policy.

BRIEF COMMENTS: Behind all the publicity about Soviet "liberalisation" and President Reagan's much softer attitude towards the Soviet, is a comprehensive plan to speed up the merging of the economies of the Soviet and the Free World. The International Bankers are prominent in the moves, providing the credits for the merging. Not surprisingly, the Hawke Government is moving with the times, and the Trade Department is to appoint a consultant to help the Soviet with the marketing of its goods. Trade Minister Dawkins is urging Australian farmers to consider buying Soviet tractors instead of U.S. machinery.

BASIC FUND SURGES TOWARDS OBJECTIVE:

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