



# ON TARGET

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*The price of Freedom is eternal vigilance —*

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**THOUGHT FOR THE WEEK:** "Consumer control of production is the only possible basis of freedom; and no method of obtaining consumer control has ever been tried with success which did not ban state control of money and credit and include decentralised individual credit power" - C.H. Douglas.

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**WHAT'S WRONG WITH THE ECONOMY?** A problem correctly stated is already half solved. Recent full-page advertisements in the media, inserted by the Australian Manufacturing Council, which claims to bring together the views of Business, Government and Unions, is headed, HOW MANUFACTURING CAN BRING AUSTRALIA BACK TO PROSPERITY. The advertisement states at the beginning, "Despite the recent fall in inflation, our economy faces many long-term problems." But what are these problems? The advertisement concludes by stating, "If we are to make Australia prosperous again, to replace the jobs that have been lost and the businesses that have failed, to restore our national pride and influence, we will have to create a new climate for those firms and individuals who have the determination and stamina to build products good enough to compete with the world."

There is no suggestion anywhere in the A.M.C. advertisement that the true purpose of production is consumption, and that in an economic democracy consumers should be in the position where they "vote" with money to indicate what production they require and in what priority. Under the Victorian Cain Fabian Socialist Government, thousands of millions of dollars were made available to destroy old, but first class buildings, to be replaced by new "up-market" buildings, many of them now half empty. During the same time the housing problems in Melbourne got worse. There are now 44,000 on the Victorian Housing Commission's waiting list.

The basic requirements for civilised living are adequate food, clothing and housing. It is a national disgrace that any Australian family should be short of these requirements in a country so richly endowed with all the resources necessary to ensure that every family lives in at least modest comfort. If the problem were one of inadequate production, then why are approximately one million Australians unemployed?

Why are they not being employed to build houses, to manufacture the furniture and appliances required in these houses? Can anyone name anything which Australian manufacturers cannot produce, including soft furnishings, clothing and footwear? The short answer is that the present recession has been the direct result of a deliberate policy of reducing the effective purchasing power of the Australian people, one of the alleged purposes of this policy being to reduce inflation. The orthodox economists are hailing as a great achievement the fact that the official inflation rate has been drastically reduced (note, not abolished). But the price has been massive unemployment, record business bankruptcies and social disintegration resulting in growing violent crime.

The so-called experts and Treasurers like Paul Keating stand self condemned as being unable, or unwilling, to implement financial policies which would ensure that the people of a modern nation could gain ready access to their own production without monetary inflation. In the absence of realistic financial reform, social disintegration, ending in violent revolution is inevitable. Instead of concentrating upon increased manufacturing for overseas markets - over which Australia has no control - the first step towards national survival should be to make long-term low interest finance available for housing and farmers. In a rare glimpse of commonsense, Emeritus Professor R.F. Henderson, former Professor of Economics at the Melbourne University, and Chairman of the National Poverty Inquiry, 1972-75, suggests in a letter to The Age, Melbourne, May 23rd, that a major housing programme be used to start overcoming the current depression. Professor Henderson points out that there is an abundance of unemployed labor with adequate materials. He observes that house building uses very few imported resources. Professor Henderson says that grants of \$56 million a year from the Commonwealth for five years would build about 1,000 houses each year, this increasing the demand for building materials.

There is enormous scope in Australia for economic activities relating to building up the nation's defence capacity, and for absorbing tens of thousands of young Australians into some constructive activities. All that is required is adequate finance to serve the Australian people.

We readily agree that there is plenty of scope for improving production methods in Australia and for breaking the grip of union monopolies. But the basic problem is not improved production techniques, but more realistic financial techniques which would enable the Australian people to be in the position to obtain ready access to what has been produced. The future of Australia depends upon the breaking of the spell of the black magic of orthodox finance. Consider the remarkable news that Australia's biggest bank, Westpac, has written off over \$2 BILLION of debt. The witchdoctors of orthodox finance still suggest that banks can only lend what has been deposited with them. But the truth is that not one depositor with Westpac has lost one cent as a result of massive debt being written off. All that has happened is

that billions of dolalrs of debt have been written off in the same way that they were created - with a stroke of the pen.

The modern banking system provides a most efficient bookkeeping system for the nation with credit creation. Instead of bothering about how to manufacture goods to export, the Australian Manufacturing Council would be serving Australia better by examining how the banking system creates money as an interest-bearing debt, and how that system might be reformed to serve the requirements of the Australian people. Unless the financial system is reformed, there will ultimately be violent revolution.

(The Money Trick, \$7 posted from all League addresses, explains simply how the black magic of debt finance operates. Every businessman should have a copy.)

**NEW FACTOR IN PRESIDENTIAL ELECTIONS:** Last week we observed that opinion polls reflected a decline in support for the main political parties, and a general increase in support for genuine independents. Further polls continue this trend, as the economic and industrial fall-out from the reduction of tariffs, and the "level playing field" dogma accelerates. The policies of both parties are depressingly similar, and it is likely that disgust over the Richardson circus also reflected poorly on both parties.

Electoral ferment is increasingly turning to the Independents, with appeals to "do something" about party political betrayals. Mr. John Uebergang last week directed a passionate public appeal to Mr. Ted Mack to lead a team of Independents into the next Parliament to place Australian traditional interests first. Uebergang himself led a team of Independents contesting former National M.P. Ralph Hunt's seat of Gwydir, and polled in excess of 14,000 votes.

Reports indicate similar conditions in the United States, where voters are turning to an Independent, Mr. Ross Perot, in the Presidential Primaries. In the Oregon Primaries the leading party candidates both won their necessary majorities, but in both cases voters - 11% of Republicans and 11% of Democrats - crossed out their candidates' names, and wrote in "Ross Perot". The 22% write-in for the Texas billionaire Independent has severely shaken the parties, and Perot has confirmed their fears by moving to place his name on the ballot for President. He needed 50,000 signatures from supporters to register: he was swamped with 200,000.

**PEROT PROPOSES REFERENDA:** The latest survey of registered voters in California has pushed Perot to the lead over both Bush and Clinton, with a 30% approval rating. This gave him a lead in the polls without even being on the ballot! He is described by the press as a "cultural conservative", an unabashed nationalist who denounced the Gulf War as a folly, and has great respect for Magna Carta. He is also described as Pro-abortion and Pro-women's rights. But the thing that clearly terrifies the parties is that Perot also has money, and proposes to use

\$250 million on his campaign, far more than either Bush or Clinton could ever hope to raise.

When asked for answers to difficult issues, he often disarmingly replied, "I don't know", which has earned him a reputation for political honesty! But Perot has proposed that his campaign will be heavily media-based, and a prototype for his plan to link the population to the White House by "electronic town halls". Perot proposes instant referendums on key issues, enabling voters to express views independently of Congress, in order to convey their will to an independent President.

Perot obviously poses problems for the internationalists. The odds against him actually winning the Presidency are still very long, but a man who can buy unlimited press time, and is seen by voters as injecting a fresh honesty and integrity into the campaign is a serious challenge of a kind not seen in American politics this century.

**THAI MONARCHY STEPS IN:** It will not have escaped Mr. Keating's attention that one Asian monarchy is providing a vital national service at a time of great political instability. Thailand's King Bhumibol intervened dramatically to stop the army killing Thai demonstrators last week, by calling in the unelected and widely hated Prime Minister, and the main Opposition leader, and commanded that solutions be found to the violence. The interview was televised, and showed both politicians kneeling at the King's feet in an attitude of great humility.

A 1932 revolution removed absolute power from the Thai monarchy, introducing a constitutional monarchy with few direct powers. However, while the Crown could no longer represent a powerful constituency of princes and noblemen, it has developed into something much more potent: It has been distilled into the symbol for the nation. The King, who intervened in riots in 1973, commands enormous traditional respect. A press report from Bangkok summed it up: "the monarch's power was potential rather than actual, and it was only when the King returned in 1950 after 15 years absence that the monarchy started to develop into the quintessence of all that is good in Thai society - the source of understanding and comfort which requires due homage, due reverence ....." (The Australian, 22/5/1992).

Mr. Keating should be asked how any elected President could achieve such status. It should be noted that not even President Bush could stop the Los Angeles rioting, killing and burning. His standing at the polls indicates that he is held in contempt, rather than "due reverence" as the quintessence of all that is good in American society. While Mr. Keating proposes to jettison a heritage of monarchy in order to impress the Asians, some Asians (the Thais) depend on their monarchy in times of crisis. Australia could well find itself in a similar position.

**A BRIEF COMMENT:** The Deputy Governor of the Reserve Bank, Mr. Ian Macfarlane, said last week that he expected inflation to stay under 4% for years. There was a time when even 3% inflation was regarded as disastrous. Now 4% is hailed as a great achievement. Conditioning people to accept both inflation and high taxation has become a science. But the end result will be more disasters.