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The price of Freedom is eternal vigilance —

Registered By Australia Post — Publication No. VBH 0999

Vol.28, No.34

September 11th, 1992

THOUGHT FOR THE WEEK: "Contemporary man in the Western World is living in an environment which has a mediaeval character. In place of the Dance of Death presented to his ancestors by plague and pestilence, his own Dance of Death is presented to him with its gun-men and its bomb-men.

"He cannot rely upon his government, to which hitherto he gave his allegiance in return for the protection it formerly gave him, to ensure his safety; for the men who administer that government, through their lack of moral courage and the presence in them of fear, have failed in their societal responsibility. If moral courage is absent in them, why should it be present in him?"

- Dr. Walter Henderson, in Conservatism and Society

NO SANCTIONS IN THE "GLOBAL MARKET":

While Australians generally regard United States Presidential elections as a curiosity that we are mercifully spared, we nevertheless suffer some of the "campaign fall-out". President Bush's boost to the Export Enhancement Programme (E.E.P.) last week comes as a hammer-blow to Australian wheatgrowers, but hardly raised a ripple in the United States campaign. In the U.S. this is just another campaign promise - a desperate President using his incumbent's advantage in full in handing out pre-election bribes. One report from the U.S., however, points out that while it is great electioneering, the United States is not a dictatorship as yet, and the President does not control the Congress. As in Australia, there are divisions of power which limit Mr. Bush's capacity to do as he chooses. In November, a House of Representatives and half-Senate election will also be held with the Presidential election, and reports indicate that even if Bush wins again, he will still face a Democrat-controlled Congress. This means that any spending initiative, like increasing farm subsidies or export hand-outs, still has to be passed by Congress in order to give effect to Mr. Bush's pre-election largesse.

The Bush announcement also illustrates how the economic rationalists' "global market" will really work. The utopian dreams of fair trade on the level playing field come completely unstuck where the wheat market is concerned. Not only is the grain trade dominated by a small

number of private cartels, but it also lends itself as an alternative to the military instrument in international conflict. Even if Australian farmers are the most efficient grain-growers in the world, it is obvious that they have no sanctions on the global market. Wheat-growers have no option but to trade internationally, and the global market is well out of their control.

Australian National Party Leader, Mr. Fischer, proposes that Mr. Bush be pressed to give Australian producers access to U.S. Markets for other products, like beef and sugar. But Mr. Bush's prime motivation in this trade conflict is not to "teach the Europeans a lesson", but to get George Bush re-elected. Having offered a bribe to U.S. wheat-growers, he is hardly going to damage the interests of U.S. cattlemen, or sugar growers! Thus the "global market" depends as much upon who exercises political clout, as upon who is the most efficient producer.

While the National Party, at their Federal Council Conference in Canberra, are claiming bitterly about Mr. Bush's agricultural policies, we could perhaps learn something from them. Mr. Bush is forced to consider the interests of American growers. The E.E.P. also covers dairy products and canned fruit, U.S. subsidies on both will damage Australian producers. The first sales of subsidised U.S. canned peaches have been made on the Japanese market. Australian peach-growers attempt to compete on this market. While Mr. Fischer complains about Americans protecting their own producers, he could well examine steps to protect Australian producers. Fruit and vegetable growers, as well as dairy farmers, are suffering severely from imported produce. Mr. Fischer can have no influence on American policy, but he can, and should, be suggesting sensible changes to protect Australian producers.

HEWSON SUGGESTS WE SURRENDER: Dr. John Hewson's answer to the Bush agricultural subsidies is apparently to demand membership of the North American Free Trade Area. This consists of a trading bloc which includes Canada, the U.S.A. and Mexico. All trade barriers between these countries are to be eliminated, and if Australia was to become a member of N.A.F.T.A., we would first have to give up any remaining economic sovereignty. We would also have to compete with Mexican labour rates, which are not much higher than the Asian wage structure. In effect, Hewson is suggesting that Australia seek to do what Britain proposes - merge (economically and politically) into a regional entity. He might as well run up the white flag. Either Australia surrenders to the global market, or we find efficient ways to protect domestic industry, and strive for economic and financial self sufficiency.

THE HEWSON-KEATING SLANGING MATCH:

The increasingly bitter exchanges between Hewson and Keating were always inevitable. Not only is the Prime Minister apparently of a naturally vituperative nature, but in an environment where the policies of both the A.L.P. and Coalition are so similar, there is little left upon which to campaign. The main issue between the two groups is who should have the privilege of administering the same policies. Thus, it becomes an issue of "style" rather than policy; form, rather than substance.

Last week, when Dr. Hewson suggested that Australia push for membership of N.A.F.T.A., the Treasurer, Mr. Dawkins, initially claimed that Hewson had stolen this idea from him! Mr. Dawkins, having consulted his minders, and straightened out his 'lines', then retreated, saying the A.L.P. was not suggesting this as yet. On other issues, like

immigration, there is little significant difference. Both Parties adhere to the same trade policy of the "level playing field". If anything, the Opposition is more doctrinaire than the Government. More recent polls show, however, that the Opposition has lost significant ground in its ideologically pure position on tariffs, especially when it is made clear that such policy could cost us the remnant of the car industry.

THE SIGNIFICANCE OF THE VICTORIAN ELECTIONS:

The Victorian State Elections will, like the Queensland elections, these followed by the West and South Australia elections, provide some clear indications of what could happen at the Federal Elections which we believe, from information received, will be in May of next year. While it is taken for granted among all political commentators that the Kirner Government will be devastated, a major feature emerging is the rising support for Independents. The latest polls reveal that overall support for Independents has increased to 18 percent. A record number of Independents have nominated and obviously their preferences will be decisive in some electorates. As we have warned, a number of "Independents" are merely fronts for the main parties, particularly the Labor Party. But the upsurge of electoral support for Independents has all the parties concerned. Former Premier of N.S.W., Mr. Greiner, has warned Victorians against supporting Independents, pointing out that they have been a disruptive influence in N.S.W. It does not appear to have occurred to Mr. Greiner that the electors of N.S.W. did not approve of his style of government. The massive swing against his party in the recent by-election suggested that the Independents in N.S.W. were reflecting the views of the majority of N.S.W. electors when they insisted they could no longer support the Greiner Government.

Some of the Victorian Independent candidates are of high quality, and we would be surprised if after the elections there are not at least a few genuine Independents in both the Legislative Assembly and the Legislative Council. Parliament will be all the better for a few Independent Members pledged to work for the introduction of the Electors' Veto as early as possible. Actionists should make this a major issue.

Although the polls show that the Jeff Kennett-led Coalition has a substantial lead over Labor, it is certain that there is no great enthusiasm for Jeff Kennett. Federal Labor strategists are looking forward to having the Liberal-National Party Coalition in office in Victoria for as long as possible before the Federal elections, confident that Kennett will do no better than Labor, and that support for the Liberals will start to ebb. But our view is that the main result could be further increase in support for Independents. The future is now pregnant with possibilities which did not exist a few years back. League actionists have played a major role in creating a climate of opinion in support of the concept of electing genuine parliamentary representatives instead of party rubber stamps.

THE OPPOSITION'S G.S.T.:

Superficially, the greatest difference between Government and Opposition is the proposed introduction of the goods and services tax. As a basic element of the "fightback" package, significant fundamental structural changes are likely to result for the Australian economy. However, it is the end result that is important. Will the amount of

taxation collected rise, or fall? The Opposition stresses that the G.S.T. will be "revenue neutral", which means that the tax slug will remain the same.

The G.S.T. is simply another name for the hated V.A.T., which is widely used throughout Europe. It is claimed that this is a "fairer" tax, although the Opposition now concedes that some groups will be offered cash compensation because they will be substantially disadvantaged. The truth is that the G.S.T. is the most savagely efficient tax collecting method known to man. Efficient, that is, for governments, which is obviously why they like it! As a tax collecting mechanism it is brilliantly successful, but this very feature means that it is much more likely to be used to raise taxes than anything else. The New Zealand experience confirms this; their G.S.T. began at 10%, with promises (cross our hearts, hope to die, etc.) that it wouldn't be increased. Within two years, they had jacked it up to 12½%. A cynical electorate is quite justified in treating such election promises as the simple lies that they often turn out to be.

There are other lessons from the New Zealand experience. The privatisation of State-owned enterprises (S.O.E's.) leaves many facilities available only on a user-pays basis. The cost of long-distance phone services has escalated. Rural postal delivery charges have doubled. Such aspects of the free market economy lead to the charge that remote areas pay much more for communication, effectively subsidising urban services. The G.S.T. has not improved the N.Z. trade situation. One-third of the manufacturing base has been exported to Asia, including the car and clothing industries in their entirety. The long-term unemployment and poverty problems are ominous for Australia. The N.Z. G.S.T. has not eliminated other forms of consumer taxes. Alcohol and tobacco excise is savage, but it is argued that excise is different from tax! Petrol prices of \$1 per litre include 47 cents in taxes and other non-tax government charges of one sort or another. When is a tax not a tax? When the G.S.T. replaces all other taxes, the other taxes are simply called something else, but they are still collected.

While the "Fightback/G.S.T." package will mean substantial changes in structure, there is little evidence of permanent taxpayer benefits. That is, the Opposition proposals will change the form, but not necessarily the substance of the economic structure. And it should also be pointed out that, if elected, the Opposition must also get their fight-back package through the Senate, in much the same way that Mr. Bush must get his spending proposals through Congress before they go ahead. If the Senate refuses "Fightback/G.S.T." then a new election is inevitable - almost certainly a double dissolution.

A FEW HOME TRUTHS EMERGE:

In celebrating the 20th Anniversary of the election of the Whitlam Government, Prime Minister Keating proudly described Whitlam as "the then darling of the Fabian set, Fabius Maximus himself..." And in the slanging match that developed between former Prime Ministers in celebrating the 25th Anniversary of the ABC's A.M. programme, Keating defended Mr. Hawke from Gough Whitlam, saying that Hawke had understood the need to internationalise the economy. That is, surrendering sovereignty.

Electoral Comment authorised by

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"ON TARGET" is printed and published by the Australian League of Rights, 145 Russell Street, Melbourne. Subscription \$30 p.a.

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