



A WEEKLY COMMENTARY

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: "Almost from the beginning of civilised life on this planet, the family has been the focal point, the elementary building block, and the fundamental nucleus of civilised society. Sap the foundations of the family, and the result is that society and entity are thereby undermined."
– *The New American*, April 4th, 1994

INDUSTRIAL UNREST AND DEBT FINANCE by Eric D. Butler:

Those Australians adversely affected by industrial action, particularly during the Christian Season, understandably tend to blame "the bloody unions". But emotional reactions make no contribution towards solving the problem of never-ending friction between employers and employees, with consumers the first victims. Since the Social Credit analysis, provided by C.H. Douglas, there is no excuse for any genuine searcher for Truth not understanding that the present finance-economic system, undergirded by the will-to-power philosophy, can only operate under increasing debt. The social, ecological and economic implications of the debt system are horrendous. No genuine stability is possible under the debt financial system. One inevitable result is inflation. The certified economists and their financial masters, like the French Bourbons (who forgot nothing and learned nothing), keep on insisting that inflation can only be curbed by retractive financial policies, blithely ignoring that one of these policies, "credit squeezes", higher taxation or higher interest rates, have ever provided a solution.

In recent years the threat of large scale unemployment has tended to force employees to modify demands for wage increases. The much-publicised "accord" in Australia was in reality an agreement between the Federal Labor Governments and the Union leaders that it was in the "national interest" (meaning the interests of the Federal Labor Government) that unionists accept "wage restraints". But such restraints meant that the purchasing power of the average employee was being progressively reduced. Boasts about how this policy has resulted in a record lower inflation rate, obscures the fact that even a lower rate of inflation cannot be sustained indefinitely. The easing of the

depression Paul Keating said "we had to have" has only been possible with a slight easing of restrictive financial policies, these tending to favour the bigger industrial and commercial organisations, which are able to show much higher profits. The banks, enjoying a privileged position, will increase their financial profits by \$3.7 billion, an increase of 71 percent over last year. All the time total bank assets continue to expand.

During the 10 years from 1983-84 to 1993-94, average award rates of pay increased by 51 percent while consumer prices increased by 70 percent. As in the U.S.A. real wages have been steadily falling in recent years. Now the financial experts claim that because of the alleged fear of an upsurge of inflation, interest rates must be increased. Any increase in the inflation rate will be one of the results of rising interest rates, which will be a further imposition on the great majority of workers. While it is certainly true that increased wages, which must increase costs, will contribute to an increase in the inflation rate, they are **not** the basic cause of inflation. Employers naturally resist wage increases, not because they are "capitalist exploiters", but because any increase in their costs makes it that much more difficult for them to operate. There is a type of permanent civil war in every modern industrial society. No stability is possible under debt finance. The claim that increased wages can only be justified by increased production ignores the elementary truth that modern societies have dramatically increased production ever since the industrial revolution. But so has inflation, whether "controlled" or uncontrolled. It is dangerously absurd to say that most people have a higher material standard of living than their forbears. **Relative to what is today physically possible, standards have fallen.**

There is only one period in Australian history when there was complete price stability at the same time as "full employment": that was for five years, from 1943-48, when a partial application of the Social Credit principle of averting inflationary wage increases was used to finance basic consumer price discounts. The same technique was used with success in every English-speaking country, including the U.S.A. Until there is a policy of issuing debt-free credits to consumers, both in direct social dividends and consumer price discounts, there will be more wage disputes and strikes.

ALEXANDER DOWNER ON HIS WAY?

From the moment that Mr. Alexander Downer attempted to evade the issue of addressing a League of Rights Seminar in Adelaide in 1987, dissembling, vacillating and even being careless with the truth, his leadership of Australia's conservative forces was in serious doubt.

As Australian politics lurch further into the realm of the unthinkable, the Australian League of Rights becomes increasingly something of a "litmus test" by which political fashions are measured. To place Mr. Downer's debacle in perspective, consider a similar situation only 10 months before the "Downer affair". A.L.P. backbencher Graeme Campbell had been invited to address the League's

National Weekend in Melbourne, and had accepted. Under heavy pressure not to appear, Campbell boldly dismissed such pressure by maintaining that as a member of Australia's Commonwealth Parliament, he had every right to address whom he chose on whatever he chose, and would exercise that right. His critics were reduced to carping and sniping, and Campbell's political stature just continued to grow.

The suggestion that senior Liberal Party figures have sought out former N.S.W. Liberal Premier Nick Greiner as a possible replacement for Mr. Downer is an indication of the depths of their desperation. Even setting aside the most obvious difficulty that Greiner is not even a Member of the Parliament, such a selection could only emphasise the apparent inevitability of the Liberal Party decline.

Mr. Greiner exemplifies a new breed of politician, relatively unencumbered by deep philosophical convictions. He is a "pragmatist", and in a businesslike, efficient fashion, pursued policies in N.S.W. that were designed to "manage" the economy like a business, except that instead of financial profits, it yielded votes for his government. Few matters of principle were permitted to intervene.

As a graduate of Harvard Business College, no-one should have been surprised about Mr. Greiner's political pragmatism, nor the fact that upon leaving politics, he immediately pursued a successful business career. But his advice to the Liberals has always been "pragmatic": abandon the monarchy and embrace the republican debate. If drafted into federal politics (on condition that he immediately become leader of the Liberal Party) Greiner may well be an instant success as a pragmatic manager of policy. But which policy? As Mr. Greiner is not a conservative, he would simply be presiding over the certain demise of the Liberals as a conservative political force. By comparison, Mr. John Howard begins to look almost statesmanlike!

CANBERRA-BASHING, OR SIMPLY TICKLING EARS?

Mr. Alexander Downer's attack upon the "Canberra establishment" as being out of touch with the aspirations of ordinary Australians has yet to assume any substance. As a tactic for a desperate leader, it is a tried and true short-term remedy. But Downer needs more than this. He needs a long-term policy platform to **reverse the trend** of Fabian gradualism of Canberra absorbing State powers.

If Downer is to be taken seriously on curbing the parasitic nature of Canberra, he must address the issue of **centralised power**. The most critical issue at present, is the abuse of international treaties by the Commonwealth. Will the Liberals act, or not?

Last week, a meeting of State Premiers in Melbourne, demanded an end to the erosion of State powers by international treaty, and proposed a "treaties council" along the same lines as the Loans

Council, giving the States the chance to review the impact of new treaties. However, it should be noted that the Loans Council is almost entirely a function of the Commonwealth, distributing taxation revenue to competing States as it sees fit. No "treaty council" can operate successfully on this basis unless the States have **the power of veto** over new treaties.

One proposal to deal with international treaties has come from A.L.P. backbencher Graeme Campbell. In the D.H. Drummond memorial address to the University of New England, Campbell suggests a constitutional change: a new section making it clear that **no government** has the power to sign foreign treaties or U.N. resolutions that compromise our sovereignty without the mandate of **an election or referendum**.

How serious is Alexander Downer? It is clear that he is desperate to establish himself as a political leader, but so far has refused to tackle the critical issues. His attack on the "Canberra establishment" must embrace an assault on the centralised power structure, otherwise he is merely tickling our ears with political rhetoric that he hopes we wish to hear.

THE SYDNEY AIRPORT DEBACLE:

After congratulating themselves that the third runway for Sydney's international airport was completed ahead of time and ahead of budget, those responsible are now beset with demands for compensation for the noise pollution that blasts residents out of their houses every time a jet roars down the new flight path. Despite all assurances, the noise is unbearable, and residents now face a drop in the value of their properties in the order of 20-30 percent. But what compensation is available?

In Victoria, when Premier Kennett successfully bid for the Grand Prix to be run through the streets of Melbourne, residents affected by the noise and disruption threatened legal action to protect their businesses from financial disaster, and their homes from being uninhabitable. Mr. Kennett's answer was to **change the Victorian constitution**, ensuring that no such legal action is possible.

If big government proposes to submerge the interests of the private individual in the pursuit of "progress" then the individual must have some redress. Sydney residents blasted from their homes by jet noise, or Melbourne businessmen blasted out of business by screaming engines could at least be offered reductions in rates and taxes. Such subsidies could then be applied to double glazing, or re-location.

The principle of the corporate state submerging the interests of the individual to the mob is a new form of fascism. The fact that it may take place under a Liberal Government makes it no less so.