



ON TARGET

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The price of Freedom is eternal vigilance -

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THOUGHT FOR THE WEEK: "The battle for the subject has to be renewed and fought in every age. No sooner has one encroachment been swept away than another arises to take its place. The passion to regulate the lives of others is deep-seated and hard to root out. It is most dangerous and insidious when it arises not from motives of personal gain but from the desire to inflict benefit upon others. In this era, the greatest danger to human freedom is the specialist or expert, the man who has soaked himself deep in some pattern of conduct which he thinks best . . ."

— Lord Douglas of Barloch in House of Lords, January 27th, 1954

OFFICIAL CONFIRMATION OF AUSTRALIA'S GREAT WEALTH by Eric D. Butler:

Media headlines last week carried the news proclaiming that Australia was one of the wealthiest nations in the world. According to the Bureau of Statistics, Australians own net assets worth almost \$1,700 billion. In what has been described as a "landmark national balance sheet", the Bureau reports that on its best estimates as at June, 1992, the nation's 17.5 million people had a combined net worth equivalent to almost \$100,000 each. Even though the total external debt was \$200 billion in mid 1992, total assets were listed as being worth \$1,670 billion. The Bureau is quoted as saying that its balance sheet is "experimental" and has been produced as a "stepping stone towards the production of a 'green' national accounts which will count the cost of land degradation, removing mineral assets and so on, as well as cash benefits."

While the statistical information provided by the Bureau of Statistics is valuable, it does not provide a completely realistic picture of the state of the Australian economy. But the concept of a national balance sheet could prove a step in the right direction. The real credit of a nation is its productive capacity. Broadly speaking, there are three major factors involved. The first two are labour and capital. Even in an increasingly of technological economy, capital is dependent on some labour – in fact the very centralising tendency technology makes society extremely vulnerable to the withdrawal of labour. But labour without capital would reduce production to little more than subsistence level. The major factor in the modern production system is what has been

**THOSE WHO MISS THE LEAGUE'S 1995 NATIONAL WEEKEND, STARTING WITH
THE NEW TIMES DINNER ON OCTOBER 6th, WILL MISS THE MAKING OF HISTORY.**

described as the cultural heritage – perhaps best summarised in the American term "know how". Over countless centuries a vast and ever-growing volume of knowledge has been built up. Discoveries concerning the nature of reality become part of the cultural heritage. Natural justice, logic and commonsense can only lead to the conclusion that as the cultural heritage is a common heritage, every individual is entitled as a right to have adequate access to a share of it, in the same way that he is entitled to an adequate supply of fresh air.

How the real credit of a nation is used is governed by how financial credit is made available. Currently it is only made available on terms which misdirect the production system. It is impossible to sustain the policy of "full employment" without enormous economic waste, including "built-in obsolescence", the degradation of the environment, and mounting social friction, this in turn requiring more resources in an attempt to police it.

A realistic national balance sheet would reveal that in a developed nation like Australia, the rate of production exceeds consumption. All capital works such as roads, etc., must be listed as assets. The greater the building of permanent assets the greater the capacity of a nation to produce goods and services. All Australians should be regarded as shareholders in Australia Unlimited. A realistic national balance sheet would show the national profits for any given period. How those profits are used is a matter for judgement by the shareholders in association with what might be described as their Board of Directors, their political representatives.

Inadequate though it may be, the Bureau of Statistics' "national balance sheet" and its publicising must help to lay to rest the nonsense that Australians are living in a country threatened with bankruptcy, and that more sacrifices are necessary. Australians' main concern must be to ensure that the Debt Merchants do not demand that they are forced to do what the Mexicans were compelled to do – to hand over their vast assets in order to liquidate debt. A realistic financial policy would eliminate personal debt.

BASIC FUND: The momentum of the donations to the Basic Fund is being maintained after some larger donations of "the few" (true believers!) have been received.

Some \$3,815.00 received this week have pushed the Fund to \$13,815.00. Yes, and this figure included some donations of \$5.00. We well know that \$5.00 is a sacrifice for some people, like pensioners struggling to feed, clothe and educate kids. We know.

All donations to Box 1052J, G.P.O., Melbourne, Victoria, 3001.

OPPOSITION VULNERABLE ON FOREIGN DEBT CAMPAIGN by David Thompson:

The use of billboards on a "debt truck" to campaign on the intensifying problem concerning Australia's foreign debt could seriously rebound on the Opposition, unless they develop an alternative financial policy. When launching the "billboard on wheels", Mr. Howard noted that the interest bill on the foreign debt was in the vicinity of \$7 billion so far this year, making much

of the suggestion that our children will be repaying it for years. But what alternative is Mr. Howard suggesting he would follow if elected?

The Prime Minister counters that "only four percent" of the foreign debt is owned by the Federal Government, with 60 percent owed by the private sector. This is also a little disingenuous, since the remaining 36 percent of the foreign debt burden must also be public money. Who owes it? Now that State Governments are borrowing overseas directly, some significant proportion of foreign debt must be State Government debt. But what Mr. Keating doesn't mention is that Federal Government statutory authorities, like Telecom and many others, also owe money overseas, which **Mr. Keating does not count** as Federal Government debt.

The Opposition "debt truck" is nothing more than a shallow pre-election gimmick, unless Mr. Howard and his colleagues can produce an alternative method of financing Australia's development. So far Howard can only suggest that a Coalition Government would gradually "bring down" the debt level over a period of years. How would he do this? Would all Government debt be repaid out of taxation revenue? Would this mean tax increases? And what about the non-Government debt, raised by industry, and the foreign investment factor?

The foreign investment aspect is also a vital factor of the debt equation. If the Coalition also supports Labor's National Competition Policy, leading to wholesale "privatisation", then how would Mr. Howard prevent a significant proportion of foreign equity in, say, Qantas? Or A.N.L., the Australian Government's shipping line? At present, the restrictions on foreign investment are pathetic, with the Foreign Investment Review Board all but dismantled.

As Democrat Senator Kernot points out, "for every dollar we are paying as net interest on debt, we are now also paying a record and escalating **80 cents in net profits overseas**". This is a devastating observation, to which neither Mr. Howard nor Mr. Keating have produced any intelligent answer. What alternatives does Mr. Howard have to foreign investment, which leads to massive profits being drained off by foreign owners?

AN INVINCIBLE STUPIDITY ABOUT FINANCE:

The only way to provide intelligent alternatives to the present foreign debt and foreign investment "problem" is to first properly analyse what is presently occurring. Mr. Howard and especially his Coalition colleague, Mr. Fischer, apparently have not the faintest idea of where money comes from in the first place. Any suggestion that it is created as a matter of course by either Australian banks, or their foreign (public or private) counterparts, for either industrial or government purposes, is met with either absolute disdain, or simulated horror. In the face of all available evidence, from even the most authoritative sources, Mr. Tim Fischer simply flatly refuses to concede **that money is created at all!** Such a suggestion is passed off as one of those nutty ideas promoted by the extremist League of Rights. It couldn't possibly be true! But not even a letter, in the simplest of language, from the New Zealand Reserve Bank makes any difference to Mr. Fischer. Such an

attitude, shared by so many of his colleagues, could only be described as invincible stupidity.

In the face of a form of financial illiteracy, what hope has Mr. Howard of developing an alternative financial strategy to deal with the foreign debt, or with the foreign investment problem? The original charter of the Commonwealth Bank (which preceded the "Reserve Bank) **did have a strategy** to deal with such problems. In a very simple, realistic way, the Commonwealth Bank was charged with issuing the credit of the nation, on strictly controlled terms, that an expanding economy required. **This is the true purpose of the Australian banking industry.** There is very little to prevent Mr. Howard going back to such an arrangement. Except, of course, his own enslavement to financial orthodoxy.

One of the few stumbling-blocks to asking the Australian banking structure to issue Australian credit for Australian development, is the fact that **the structure is no longer Australian.** The "Australian" public banking sector has gradually been sold off to foreign investors, and even the private banks have an element of foreign investment. The latest public bank to be sold, was the Western Australian State Bank, BankWest, formerly the Rural and Industries Bank. BankWest has been simply sold to the highest bidder, which turns out to be the Bank of Scotland. This is apparently Mr. Court's idea of "privatisation"! The Bank of Scotland has magnanimously offered to sell 49 percent of the Bank back to the "public" in a share float. There is nothing to stop foreign companies/banks, etc., from bidding for the 49 percent publicly floated.

LEGISLATING TO FRUSTRATE THE HIGH COURT:

The Commonwealth Government's announcement that it will legislate to overturn the High Court's ruling on the Teoh case has infuriated the internationalists and human rights lawyers, but is an essential step towards the restoration of the role of the Parliament. In the Teoh case, the Court ruled that Australia was bound by an international treaty which the Executive Government had ratified, but Parliament had not implemented, or even debated. This led to the intolerable situation that all the Executive had to do was ratify any treaty or agreement, and the bureaucracy would be authorised to implement it in any way it chose. This further usurped the proper role of Parliament.

The Administrative Decisions (Effect of International Instruments) Bill is intended to restore the situation to that applying before the Teoh case, but does nothing to ensure that Parliament must be consulted before any international treaty is agreed. The internationalists complain that the present Bill undermines Australia's international integrity, since any treaty signed includes a commitment to implement the provisions. The Bill is one small step in the right direction, and the Opposition has not opposed its passage through the Parliament. Justice Minister Kerr noted that Australia was a party to **"more than 920 treaties"** . . . How many more?