A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"No nationalisation of banking will put one penny into the hands of the individuals comprising the countries over whom it rules, so long as this question of the ownership of money is left unaltered. But if it once be admitted that the* ***community, not its government****, is the owner of the money, and the individual as part of the community, is entitled to his share of it, the situation is obviously very different."*

– C.H. Douglas in ***Dictatorship by Taxation***

THE THREATENED HOWARD-COSTELLO "TAX REFORM" PROGRAMME by Eric D. Butler:

As Prime Minister John Howard moves closer to a Federal election which he knows he could lose, the man who has demonstrated that he must be numbered amongst the great survivors of Australian politics, has been carefully considering how he can survive elections. John Howard and his advisers are well aware that it is the issues which concern the great majority of electors, those who live in the big cities, which he must appear to be doing something about. While there is still a deep resentment among rural Australians concerning "Gun controls", which he continues to list as one of his greatest achievements, John Howard knows that with the aid of the media he can boast that he has been successful with his gun control programme. The realistic cynic can respond by pointing out that in spite of gun controls, an increasing number of Australians continue to die by various violent means in a society which does not reflect the stability which John Howard boasts that his Government has produced. The fear of unemployment continues to eat deep into the heart of the Australian community. In the case of land rights and the High Court Wik decision John Howard has attempted to perform a balancing act, hoping to placate the fears and resentment of rural Australia, will keep the big city populations on side. The lot of the party politicians is a hard one as he attempts to present himself as a man of "great principle".

Which brings us to the subject of taxation "reform", which allegedly will be fairer for the majority of taxpayers and needless to say will allegedly make it easier to eliminate the scorage of unemployment and its destructive social implications. As an election strategy "tax/reform" is a hazardous one. John Howard's memory is not that faulty that he cannot remember what happened to the "tax reform" of Liberal leader Hewson. It was a reform which had John Howard's enthusiastic backing. But, he insists, his version of tax reform is not merely a recycled form of the rejected GST. John Howard no doubt recalls, as do his advisers, that one of the problems about the GST was that the longer Keating and his colleagues were allowed to discuss the proposal, the greater the problem in explaining it to a public which is inherently fearful of any increased taxation suggestions. Clearly John Howard is going to attempt to avoid this mistake and is attempting to concentrate upon the theme that some form of tax reform is both inevitable and desirable. But John Howard, Peter Costello and other tax reformers, including Victorian Premier Jeff Kennett, have yet to demonstrate that the great majority of Australians would be better off than they are now The State of Victoria, which was to be the Australian showcase of the benefits of forced Council amalgamations, has provided frightening evidence of the fallacies of the Kennett Government. A headline in the ***Sunday Herald*** of March 8th reads, "Councils Want Big Rate Rises". Victorian Local Government Association Secretary Mike Hill is quoted as saying that the Victorian government will be forced to permit big rate rises, as high as 20 percent. While some amalgamated Councils had temporarily benefitted from the sale of community assets, other councils could no longer maintain basic services. Higher rates and service charges are merely a form of taxation.

There are numerous anomalies in Australia's taxation systems, with, for example, a loaf of bread carrying large numbers of hidden taxes. There are few examples in history of any form of increased taxation, once imposed, being taken off. The classic example is the most inflationary of taxes, sales tax. This was first imposed, as a temporary "measure" during the Great Depression. It was introduced in 1930-31 as a modest 2%. Like all such taxes it has been progressively increased by all governments, irrespective of label. As Douglas pointed out in his "Dictatorship by Taxation" (1936) there was a time when physical realities indicated that a form of taxation was necessary. Church tithing was a reflection of the reality that the minister had to be fed, housed and clothed in order that he could carry out his duties, serving his fellows. But today realities are far different from that of simple communities where most production was the result of physical work. No discussion on tax reform is of the slightest value unless it is based upon an understanding of how the modern finance economic system reacts. Certain basic truth must be faced: that the major element in modern productions is the result of the cultural heritage, which by right belongs to every individual member of the community. How that inheritance is distributed is simply a matter of technique. Equally important is the truth that all modern economic activity is governed by finance, and that modern credit creation takes place through the banking system. All new money is created as an interest bearing debt. Thus the astronomical increase in debt of all kinds. The 1937 Royal Commission into the Australian banking system agreed that credit could be made available, if necessary, free of any charge – that is, debt free.

A realistic examination of the present taxation system might start by asking how much taxation of all kinds is levied simply for the purpose of servicing debt. There is no suggestion that any tax reform proposed by John Howard and his colleagues would incease the purchasing power of the majority of the Australian people. The suggestion is made that some tax relief would be possible if the rich were taxed a little more. Even John Howard must know that while any proposal to increase the taxes of the rich could have little or no effect on total tax collections, it is judged to be good politics to take up what in essence has been the slogan of the Socialists for years. In answer to a question I put to him at a university lecture, where he had proposed increased taxation on the so-called rich, Dr. Jim Cairns had to agree that if all profits from industry were taken and distributed, the result would only be an increase of a few shillings per week for the wage-earner – and this only once because industry would cease operating. But perhaps it is appropriate to recall that when Treasurer in the Whitlam Government, Dr. Cairns drastically slashed the Sales Tax on motor vehicles, this in essence increasing consumer purchasing power. Car sales immediately expanded. In a modern economy it is not necessary to finance new production out of taxation. The increased taxation during the Second World War was only possible because of the creation of new credit.

What is required is not "tax reform", but "credit reform". Such reform would make big taxation reductions possible. And less control of individuals by government. There is no evidence that John Howard has this type of reform in mind.

NEW TREATY DIVIDES THE "ESTABLISHMENT", by David Thompson.

Any hopes that the Commonwealth Government had of passing the new Multilateral Agreement on Investment (MAI) through "the system" quietly and smoothly have suddenly evaporated. Enquiries from League supporters to their Members of Parliament have resulted in a number of pointed questions to the effect of "how did you know about this?" The political left have clearly mobilised against the MAI, and intend to campaign hard. This would indicate that the Democrats will almost certainly oppose the passage of this treaty, and in any Parliamentary discussion, it would appear inevitable that the ALP would now have to oppose it as well.

Perhaps one of the most important developments on this issue is that it now appears to have opened up divisions in what might be called "the establishment". If the political elites themselves are divided about this treaty, it does at least guarantee a more open debate on the issue. This will not be rammed through under a veil of semi-secrecy. The principle of non-discrimination cannot be extended to multinational corporations without serious opposition. There are unmistakeable sounds of alarm coming from even highbrow press organs - the organs of "the establishment" itself. One of the first major warnings on the MAI was sounded by the ***Financial Review,*** which is the main daily business/news source for the "business" fraternity.

The issue was then taken up by ***Business Review Weekly,*** the premier weekly glossy in the Australian business world, where alarm bells really rang. Why would these major 'establishment' journals baulk at following the internationalist "line"? Perhaps because their proprietors might find themselves among the first victims of a non-discriminatory investment policy, under which foreign press barons (like Conrad Black?) could gobble up Australian media outlets without even a hiccup. Even the Packer empire could not be regarded as safe from, say, a Murdoch-led assault on his Australian enterprises; especially if Murdoch continues to enjoy financial lines of credit from the global super-banks.

Although the Howard government's 'line' that non-discriminatory investment would be good for Australian companies attempting to invest in foreign countries, thus providing more jobs, etc, for Australians, might sound good superficially, the other side of the coin is plainly terrifying. For example, "the Big Australian", BHP, might have good investment prospects in, say, Papua New Guinea, or the Maldives, and the treaty might give them entry into these markets. But given the state of BHP at present, the business world is clearly nervous that some foreign outfit might mount a takeover bid when the company is perhaps at its most vulnerable. Any remaining "Australian" business icons could disappear in very short order.

HIGH COURT JUDGE QUESTIONS MAI: Perhaps one of the most surprising developments so far in this debate, was the intervention of the former chief justice of the High Court, Sir Anthony Mason, who warned that the negotiations for this treaty were being conducted under "a veil of secrecy".

"The negotiation so far as Australia is concerned is in the hands of Treasury. The negotiation is not an open process. At the end of the day it is possible that the terms will be set in concrete leaving Australia with very limited choices to make, the effective choices having been made by Treasury and Federal Cabinet during the course of the unpublished negotiations," he is quoted as saying (***Sydney Morning Herald,*** 4/3/98).

As a result of the opposition to the treaty, the Labor Party appears to be moving away from support for it. Opposition Foreign Affairs spokesman Laurie Brereton has called on the Parliamentary Joint Standing Committee for Treaties to conduct an inquiry into the implications of the MAI. If this goes ahead, it is certain that the committee will be deluged with opposition to the MAI, with the most lurid warnings about it's effects.

Deputy Prime Minister Tim Fischer has been forced to defend the treaty process so far, giving an "absolute assurance" that new treaty will be subject to the government's new treaty processes. *". . . nothing will be signed, nothing will be bound in any way, shape or form until it is tabled on the floor of the Australian parliament, made public, and then maybe, after that, those steps will be taken. . ."* None of which is calculated to instill any assurance into opponents of the MAI!

The only assurance so far available is that it is clear that there will at least be a battle over the MAI. It may turn out that, as with the opposition to the Multifunction Polis, a strange assortment of widely differing political groups will coalesce to oppose this newest threat to Australian sovereignty. The result with the MFP was that ***in the end it was abandoned!***

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CAPTAINS OF INDUSTRY ON IMMIGRATION: ***"I cannot believe the stupidity of our nation's leaders at times. Do we really think we can have a vibrant economy in Australia with a population of 18 to 20 million? Do we really think we can maintain our hold on this land with a population of 18 to 20 million?"*** - Brisbane Lord Mayor, Jim Soorley.

Along with Mr. Soorley, many Australians marvel at the 'stupidity' of their leaders, perhaps for different reasons. Perhaps Soorley has overlooked something: is he not one of them? Soorley was campaigning for a higher immigrant intake, on the assumption that it will give Australia a "viable domestic market" for business. What business? Most of it is being forced offshore by the sheer 'stupidity' of prevailing economic policy.

Liberal backbencher Christopher Pyne (Sturt, SA) campaigns for increased immigration on the same basis - that it is "good for business". *"Many people in the business community know that every time an apprehensive and excited immigrant steps off a ship or a plane, they potentially add four new jobs to the workforce. . ."* Who does Pyne think he deceives with such rubbish? He offers no statistical or other evidence. The trend in post-war immigration simply contradicts Pyne. If his assumption was the case, there would be no unemployment in Australia at all.

Others, such as Victorian Premier Jeff Kennett also subscribe to the "immigration-for-a-viable-market" nonsense. Is he also suggesting that because we have a smaller population, the richest nation in the world (in terms of resources) cannot adequately clothe, house and feed its people? Does a maggot die of starvation because it is the only maggot in the apple?

Is our economic policy no more sensible than the survival policy of a maggot?

Various chambers of commerce, and industry associations (like the Housing Industry Association) enthusiastically support a high immigration policy because it means building more houses. This policy does not stand objective scrutiny. If "more houses" was an accepted policy objective, why are we not filling them with the present population of homeless people? We do not need to import people in order to fill houses.

If we run out of people, then an intelligent decision needs to be made on desirable objectives. Would it not be better to stop building unnecessary houses when we run out of homeless people? Too simple for people like Mr. Kennett, or Mr. Soorley.

THE BEST 'NEW AUSTRALIANS': Christopher Pyne also claims that *"there are three ways to change the size of the Australian population - fertility rates, mortality rates and net immigration. There is little governments can do about fertility rates or mortality rates. . ."* If Pyne really believes this, he does not deserve to occupy a seat in the Parliament. Why can't Australian governments influence fertility rates?

West Australians are presently embroiled in an argument about abortion. Should it be illegal, with authorities simply turning a blind eye to flouting the law, or should it be 'legalised' with everybody turning a blind eye to the immorality of killing the unborn? In many cases feminists argue that women (and families) are financially penalised by the birth of another child. If governments want to increase population levels, ***the best tool available to them*** is to offer incentives for more live births of existing Australians. Babies are ***the best new Australians!***

It is clear that our business elites who demand higher immigration levels are marching to the sound of a different drum to the rest of us. Instead of hearing the calm stability of a homogenous culture, they are hearing the ringing of cash registers. Hardly the basis of the long-term future of a nation.

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