A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

Print Post Publication Number 381667 00258

Vol.34, No.12 April 10th, 1998

THOUGHT FOR THE WEEK: *"It is quite possible to demand from the economic system a list of different things. For instance, in regard to the question of employment and unemployment, there has been an almost absurd confusion on the part of such people as, let us say – Karl Marx, who complained that the present system provided a parasitic class who fattened on the producers of the wealth of the world. And at the same time, complained that the economic system was breaking down and quite correctly from his point of view, that the capitalist system was breaking down because it could not provide employment. Now, either unemployment was a privilege – in which case quite obviously you want to try and get as many unemployed as possible, or else it is something requiring pity, in which case any parasitic class is an object of pity and not contempt or criticism. You cannot have it both ways."* C.H. Douglas in ***The Use of Money***

THE THREAT OF HOMELESS AUSTRALIA by Eric D. Butler:

A recent media report, quoting a representative of the building industry, says that it is becoming increasingly difficult for Australians to achieve the traditional dream of every Australian family owning its own home. Adequate food, clothing and shelter are the basic requirements for a civilized existence. In none of the comments concerning declining home ownership is there any suggestion that there are any physical problems. There is no shortage of bricks, timber and other building materials. In spite of the discouragement of young Australians becoming tradesmen, there are sufficient tradesmen with the necessary skills for building houses. The major problems associated with providing adequate housing for the Australian people are associated with the black magic known as orthodox finance. The overwhelming majority of those houses being built have only been with the permission of the debt merchants. Where the owner cannot keep up interest and debt repayments, generally because he and his wife have lost their employment and incomes, he discovers that he is only the nominal owner of the home. Not surprisingly, a growing number of Australians are opting for renting homes instead of trying to buy them. They are being encouraged to do this by some financial "experts". ***The Chronicle***, Toowoomba, Feb. 10th, carried a story concerning the advice of the general manager of the MLC, Mr. Peter Turnbull, that people should sell their homes and residential investments, abandon term deposits and, instead, invest in industrial shares. ***The Chronicle*** report said that a crowd of 130 MLC clients sat "open mouthed" as they heard challenged what they had been doing in an attempt to achieve a secure financial future.

Mr. Turnbull told his audience that he longed for the day that he could sell his Sydney home and never own property again. He went on to express the view that there was a wonderful myth "that property is a creator of wealth". *"As an investor myself, I cannot cope with the volatility of money in the bank. I would prefer the security of the share market."* Mr. Turnbull is a classic example of a victim of the black magic of orthodox finance. Property of itself may not be the creator of real wealth, but the ownership of some form provides a much more secure base from which an individual can operate than shares in industries, which can be destroyed by the types of policies which are bringing thousands of industries throughout Asia and the rest of the world to their knees. Asians committing suicide in despair as a result of their shares in industries becom-ing worthless, would not be impressed by Mr. Turnbull's philosophy.

It was the dour Socialist member of the Labor Government of John Curtin, J.J. Dedman, who openly criticized the suggestion that Australians should be given financial support to own their own home, bluntly saying that he was opposed to the creation of a new class of "little capitalists". Karl Marx and his wealthy supporters and exploiter of English working girls, Engels, stressed the importance of destroying the institution of private property. The ownership of one's home is a basic requirement for a stable and independent society.

The sturdy independence of the farmer who owns his own property has always been feared by the collectivists, who have welcomed the progressive destruction of the family farm. This destruction has taken place primarily as a result of the debt system. Organizations like the National Farmers Federation, ostensibly set up to protect the farmer, have shied away from any attack of the debt system. Australia First leader, Graham Campbell, has suggested that NFF should be described as the "No Family Farm Organization".

As in the USA, Canada, New Zealand and similar countries, the spirit of independence and resourcefulness in Australia was the result of the encouragmeent of the widespread ownership of property. No matter how humble the home may be, it provides the owner with the means through which he can spiritualize his life. The common description of a woman as being "houseproud" is a reflection of reality, which the planners of the world detest. Some years ago a group of Soviet Union architects visiting Melbourne expressed their delight when shown the latest massive block of high-rise Housing Commission flats. These grey concrete monstrosities express the very spirit of uniformity and collectivism. It has now been admitted that such buildings have a serious affect on the personalities of those forced to live in them, particularly the children. The main argument used to support such housing monstrosities is that they are more "efficient" to build. Houses built to cater for individual tastes are described as being "wasteful" of building resources. If efficiency were to be measured on a purely material basis then obviously all houses would be the equivalent of army barracks. But genuine efficiency can only be measured in terms of human satisfaction. The old song which says that irrespective of how humble it may be, reflects reality. The same type of reality is reflected in Sir Walter Scott's poem, *"Breathe there a man with soul so dead who never to himself has said this is my own, my native land"*. The farmer who takes a pride in his property, and how he has developed it over the years, is as much an artist as the suburban owner of a home where he is proud of the garden he has developed.

Some students of history will recall the movement of Distributism promoted by Hilaire Belloc and G.K. Chesterton; their basic argument was that widespread ownership of property of all kinds was not only economically essential but also made possible for spiritual development of the individual. As C.H. Douglas said, *"the psychology of the distributist movement was sound, but it required the recognition of an appropriate distribution of financial credit to make it a reality"*.

There was a time when the original Country Party attempted to reflect reality being described. The basic philosophy was the importance of the decentralization of all power, with specific references to the necessity of the widespread ownership of property. That philosophy even resulted in a few faltering steps towards a financial policy which would enable primary producers to prosper. Long-term low interest finance was essential. The concept of a special type of bank to finance the rural community was promoted. But over time the original philosophy of decentralization was eroded until today the National Party, descendant of the Country Party, is led by a man who preaches the philosophy of globalism and presides over a programme which is fast destroying what remains of the family farm.

The salvation of Australia requires that it return to its original philosophic roots. Some latter-day money reformers have discovered that adequate new credits can readily be made available to "kick start" with major public works. Such works are in some cases necessary, but the issue of new credit to foster genuine decentralization would have much more beneficial results if directed towards individuals. A start could be made by making it financially possible for those farmers who have survived at great cost to start regenerating their properties. There is much which could be done including re-afforestation programmes and other types of conservation. A modification of present financial policies would make it possible for private home ownership to be expanded instead of being contracted. Australia can best help its Asian neighbours even with desperately required food by such programmes instead of attempting to prop up Asian economics which are in many cases now doomed. The central theme of a programme of regeneration should be a stress on the necessity to make it financially possible to extend all forms of ownership of property.

RE-WRITING BRETTON WOODS by David Thompson:

In the relatively obscure town of Bretton Woods in the US State of New Hampshire in July 1944, the world's post-war financial structure was established with the creation of the International Monetary Fund and the World Bank. The articles of agreement of the IMF provided that the new Fund would formulate the financial rules which governments are asked to follow, and which the IMF is called upon to enforce. The objective of the Bretton Woods Conference was the establishment of an international structure of central banks, under the authority of the IMF, to become the world central bank, and the creation of an international currency.

These objectives have been realised over the intervening 54 years, with the IMF itself becoming the defacto world central bank, and the US dollar becoming the global currency. Alongside this, a new reserve currency was created by the IMF known as SDRs (Special Drawing Rights) which the IMF creates itself for the use of member nations. The SDR mechanism, little understood even by senior politicians, has a powerful function. As a form of international money, SDRs are now being systematically created by the IMF, operating as a world central bank.

In 1970, William McChesney Martin, a former Chairman of Directors of the US Federal Reserve System, lectured on *"A World Central Bank"*, in which he said: *"One often hears it said that a world central bank is inconsistent with the maintenance of national sovereignty. So it is, if by sovereignty one means what has been traditionally defined by that phrase - the unfettered right of national governments to act in whatever way they may choose in economic, financial and defence matters. . ."*

Now that the IMF is flexing its financial muscles, as in the confrontation with Indonesia, some of the dissidents in member nations are strongly critical of the IMF. We have previously reported that in the USA, a coalition of green groups, churches, community organisations and conservative politicians is challenging the morality of what the IMF is doing in dictating the financial terms to sovereign governments. As a result of this, the news is now beginning to leak out that the IMF is calling for a tough new international financial regime.

In the next round of high-level meetings of the world's financial wizards in Washington next week, it is proposed to construct "a new architecture for the international financial system". In theory, this means that the IMF's 182 member nations will decide on the new structure, but in reality, the United States and Europe will re-cast the rules at meetings of the IMF, the World Bank, and the G7 finance ministers.

A glimmer of the new order is already emerging. It involves even more power for the IMF. For example, Belgium's Deputy Prime Minister, Philippe Maystadt, proposes that the IMF be responsible for ensuring financial systems in member nations meet new international standards. The international bureaucrats have been working for months on the new standards, which seem set to comply with the provisions of ***the Multilateral Agreement on Investment*** which has been hammered out in Paris since 1985.

One of the reforms proposed for the IMF is "capital account liberalisation". What does this mean? It means that the IMF will begin to clamp down on "distortions of capital flow" - any national rules, legislation, etc., ***that frustrates the free flow of "capital" around the globe.***

Another 'reform' proposed is the power to stamp out trade monopolies in member nations. What might these "reforms" mean for Australia? Well, the Australian Wheat Board is a type of trade monopoly. What would Australian farmers think of new IMF powers that over-ruled the Australian Parliament to "restructure" the Wheat Board?

What might happen to the Australian press, if the IMF had the power to direct that Australia's foreign ownership restrictions "distorted the capital flow" of investors in television or newspapers? It is clear that, even if some of the provisions of the MAI are watered down in order to quieten strident objections, similar provisions might be simply adopted at the highest level by the world's central bank, - the IMF - with virtually no discussion at all!

JAPANESE CHICKENS COMING IN TO ROOST: The strength of the Japanese economy in recent years has misled many to believe that it was almost invulnerable. Some Australians are incredulous on being informed that Japan actually has a national debt (and a big one), and that the banking structure is in danger of crashing, and engulfing not only the whole of Asia, but many of her western trading partners as well. It should be remembered that some 40% of Australia's exports ***go to Japan.***

Such is the Japanese financial dilemma, that some of the world's biggest banks - Japanese banks - could suffer 1.5 ***trillion*** yen losses ($17 billion) from bad loans to Asian countries and companies. This would account for around 40% of their operating profits.

The Japanese government has been forced to make available lines of credit to the major banks in order to keep them afloat. So far, 2 trillion yen of public (taxpayers') funds had been allocated to propping up the banks, which are far from secure, since more than 5% of their loans being to the crumbling Asian economies.

Although some of the world's largest companies are based in Japan (like Toyota, Sony, Mitsubishi, etc.) the natural assets of Japan are very limited. In fact, their greatest asset is the vigour and capacity for industrial innovation of their people. In terms of raw materials - and the most important of these is energy - Japan is relatively poor compared with countries like Australia. The Japanese depend heavily on their high-technology and manufacturing industries, and if forced to do so, could barely feed their high-density population. This is the major difference between Japan and Australia. In times of crisis, Japan's strengths could become their Achilles heel, and Australia's "weaknesses" could become our strengths.

THE WA ABORTION LEGISLATION: It is a sign of the times that the most conservative State in the federation could lead the way with the nation's most liberal abortion laws. After a 24-hour sitting, the Legislative Assembly voted by 28-26 to give women who gave "informed consent" the right to a legal abortion. Thus, WA is the first State in Australia where abortion is 'legal'. In other States it remains illegal, but the loose or even nonexistent enforcement of the abortion laws permit over 80,000 "terminations" per year.

The ramifications for WA Premier Richard Court could be substantial, since he failed to use his moral authority to defend stricter limits on abortion. In fact, Court missed the final vote, having left for an engagement in Japan. In hindsight, this may prove to be a serious lapse in judgement, since his vote and his moral authority could have made all the difference to the final vote. On such a serious and sensitive issue, political leadership is made or broken, and it is clear that the substantial, mainstream pro-life movement would be mainly made up of pro-family forces; mainly coalition voters. Mr. Court might find it difficult to defend his failings on the basis that the abortion decision in Parliament was a conscience vote.

If the WA abortion laws, hotly contested and passionately argued on both sides, qualified for a "conscience vote" why do other issues not similarly qualify? Could it be that political party leadership finds the issue "too hard", and one upon which it is almost impossible to exercise party discipline?

WHAT HAPPENED TO THAT GREENHOUSE? As the apocalyptic scenario predicted by the green revolutionaries fails to appear, those who remember the threats about global warming are entitled to ask "what happened?" According to Bryce Mortlock, architect and 'planner', the earth was always more likely to cool down than it ever was to warm up.

As explained in David Thompson's ***"Greenhoax"*** (1988) the earth appears to be in the grip of an ice age epoch, which cycles between cold periods (glacials) and not-so-cold periods (interglacials). Since we are presently in an 'interglacial' period, we can expect global cooling rather than global warming. The theory which claims that the production of greenhouse gases such as carbon dioxide as a result of man's activities will heat up the atmosphere appears to have been vastly overstated. Mortlock writes:

"By 1996 the Intergovernmental Panel on Climate Change was unable to explain why earth had not heated as much as predicted, and Bert Bolin, the retiring chairman, reportedly conceded that 'man-made increases in temperature are so small as to be barely detectable'. . . .The [climate] *changes are obviously beyond the reach of human intervention. We must reasonably assume that they will continue to operate and the basic pattern of age-old cycles will continue its merry way into the future. . ."* (***The Australian,*** 31/3/98).

"ON TARGET" is printed and published by The Australian League of Rights,
145 Russell Street, Melbourne. Telephone: (03) 9650 9749, Fax: (03) 9650 9368.
Subscription $40.00 p.a.