A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"I am afraid the ordinary citizen will not like to be told that the banks can, and do, create and destroy money. The amount of money in existence varies only with the action of the banks in increasing or decreasing deposits and bank purchases. We know how this is effected. Every loan, overdraft or bank purchase creates a deposit, and every repayment of a loan, overdraft or bank sale destroys a deposit."*

– Chairman of the Midland Bank, Sir Reginald McKenna, addressing a meeting of the Bank's shareholders on January 25th, 1924

THE EXPLOSIVE AUSTRALIAN POLITICAL SCENE by Eric D. Butler:

While I feel that the calibre of election material being presented by the small number of Australia First candidates in the Queensland Elections was far superior to what was being offered by any other groups, the reality is that the majority of National Party and Liberal Party electors were so incensed by what they perceived to be the betrayal of the parties in which they had previously trusted, that they were determined to punish them. In view of what has emerged, with all the polls indicating that the electors are also set to punish the Federal Liberal and National Parties, the Queensland vote for Australia First must be regarded as a near miracle. The controllers of the mass media were clearly determined to sideline Graeme Campbell, the one man capable of providing stability and wise direction in the chaotic period now ahead of Australia. Analysis of the Queensland voting figures reveals that Australia First easily outpolled the Democrats and other minor groups. Even more important was the massive second preference votes. In my opinion, Australia First is now well placed to participate in the next stage of a battle which will decide Australia's future. I am deeply concerned about the quality of One Nation leadership.

It is now nearly half a century ago when Zionist Jewish leader Isi Leibler decried that the Australian League of Rights had to be destroyed. In one memorable statement, Leibler had to be denied any status in Australian mainstream politics. The explosive Queensland election results have dramatically demonstrated that so far from being driven off the political scene, the League is dominating that scene. In their desperate attempts to meet the Pauline Hanson phenomenon, the major political parties, supported by their allies in the mass media, have sought first to demonise the League of Rights and then to use the League to destroy the Hanson Movement, which is extremely vulnerable because of the way it is organisationally structured and the lack of understanding of finance-economics. Mr. David Ettridge may be, as claimed by some, primarily concerned about money, but his silly statement about "printing money" not only provided One Nation's opponents with means of launching further attacks on Pauline Hanson, but demonstrated his own lack of understanding of how the banking system works. Ettridge has also persisted with his nonsense about the League of Rights being a fascist movement. David Oldfield clearly is better informed than his colleagues and is primarily a classicial political manipulator who means well. But good intentions of themselves are not sufficient to win the battle in which genuine patriots are involved.

Several One Nation candidates who have attended a League of Rights Social Dynamics School have readily agreed that it is this type of basic knowledge which One Nation supporters need. Pauline Hanson's instincts appear to be reasonably sound. There is some evidence that she can learn. I am not aware of the identity of the person who provided her with the material she used to attack me in the Federal Parliament. But I do know that when tackled by a friend of mine, she readily admitted that she had been misled. Pauline Hanson does not articulate her policies, such that they are, very well. But she has touched the basic issues which have been worrying the Australian people for a long time. Any objective examination of what is now taking place in Australia needs to face the fact that there has been a long build up of resentment on many issues. The League of Rights has over the years pinpointed the basic causes of this resentment.

As I have said from the beginning, Pauline Hanson is a genuine phenomenon. It is fascinating to be interviewed by journalists who are genuinely confused by what is happening. In the first of a series of interviews last week, I spent over 30 minutes with an ABC journalist who was desperately attempting to discover what made me and the League of Rights "tick". The modern journalist is the product of an educational system which has left them with little basic knowledge about history. One journalist was even vague about Australia's wartime Prime Minister John Curtin. But all were clearly agreed that in some way the League of Rights was responsible for the Hanson movement. It was difficult to explain that every generation inherits something from the past, even if false ideas on some subjects. During last week only one of the numerous journalists who interviewed me, either for television, radio or the print media, indicated that they had read any background material on the League. And the exception was one who had gone to his paper's file on the League. Every question contained the usual reference to the League's "anti-semitism". Even when the subject of international banking was raised the "loaded" question was introduced: "Did I think that international bankers were part of a Jewish conspiracy?" And so it went on. A most fascinating week, but it proved that the League has been taken seriously.

The hysterical anti-Hanson material appearing in the Zionist Jewish press indicates that the Zionist lobby is fearful that the Hanson movement reflects a deep seated concern in the Australian community which could find effective political representation. Zionist hitman Gerard Henderson, essential reading for any who want to know anything about the deeper currents in Australian politics, applied himself to the Hanson affair with an article in ***The Age*** of June 9th. Treasurer Peter Costello is lauded for his stand on Hanson. As usual, the League of Rights and Eric Butler get honourable mention. Then, not surprisingly, last Saturday's ***Age*** used a piece from ***The Australia-Israel Review***, where that well known "expert" on the League of Rights, David Greason, is an editor.

There was a time when the National Party, and its forerunner the Country Party, looked as if it might come to grips with the debt issue. Country Party members were happy to make use of the League of Rights' expertise. Sir Joh Bjelke Petersen scared the debt merchants and their numerous tools when he said that he was going to establish a Queensland State Bank. His Petersen Plan for reversing inflation sent shockwaves throughout Australia. Sir Joh was undermined inside his own Party. The same forces responsible a those which are currently examining how they can head off, or subvert, the Hanson movement which could threaten the internationalist programme for Australia. There have been a number of ominous signs of subversion in the history of the Hanson movement. There has been a failure to establish a grassroots movement in which members have some real say. It is openly being run as a commercial enterprise from which it appears that David Ettridge could be the main beneficiary. There has been a failure to co-operate with Graeme Campbell and his Australia First movement, and the most ominous sign of all is the intention of One Nation to run a candidate against Graeme Campbell in his West Australian electorate.

The very rise of the One Nation Pauline Hanson phenomenon brings Australia to the most critical time in its history. The Hanson phenomenon reflects the feeling of deep concern in the Australian community. The challenge to the League of Rights is how to ensure that Pauline Hanson is not destroyed by those who currently claim to be supporting her. This may prove impossible, but the effort must be made.

ONE NATION AND FINANCIAL POLICY by David Thompson:

It was almost inevitable that One Nation would come under sustained and virulent attack for the proposal to offer low-interest (2%) loans to Queensland home buyers, small business and primary producers. The reservations about One Nation spokesmen's ability to defend such policy has been amply confirmed, indicating that, although the policy is constructive, few, if any, One Nation representatives have any depth of knowledge of the issue.

One Nation National Director, Mr. David Ettridge, demonstrated an appalling lack of understanding of the issue. "The government doesn't have to go overseas to borrow money," he said (quite correctly) on ABC radio. "They can print their own money as they did during the wartime, I believe." Etttridge simply set up One Nation for ridicule, which quickly came.

The attack on One Nation by Treasurer Costello has been dishonest, and clearly designed to destroy their public credibility in advance of a possible Federal election. When attacking One Nation, Costello is attempting to establish that ***"The League of Rights is driving its*** (One Nation's) ***policy in relation to banking and money"***. (***The Australian***, 19/6/98).

Costello ridicules the proposal to create credit through a State bank, as does Prime Minister Howard. ***"If a government started printing notes and putting them into circulation, inflation would take off and destroy people's savings,"*** Mr. Costello said. This is almost certainly a deliberate misrepresentation of the One Nation proposal, as Costello must understand that credit is routinely created electronically as well as by increasing physical currency in notes and coins.

Is Mr. Costello not aware that the creation of credit is the basic function of banking? If he was to check his own ***Reserve Bank Bulletin*** (March, 1998) he might learn something. The supply of Australian dollars in January 1996 was $285 billion. By January 1998, after two years with Mr. Costello in charge of Treasury, the volume of A$ in existence was $333 billion. That is, in a 24-month period, Mr. Costello presided over the creation of about $48 billion. This is **$2 billion per month**, which is approximately $27 million in new money for every Australian person **per week**. This staggering amount of new money coming into the economy is created as an interest-bearing debt. It should be emphasised that, contrary to Mr. Costello's claim, **inflation did not "take off"**. In fact, the inflation rate is at an historical low, but there is an economic price to be paid for the increase in debt: the drive towards lower wages, and high unemployment to ensure there is no inflation.

IS THIS "A LEAGUE OF RIGHTS IDEA"? It is true that the League has kept alive the knowledge of financial alternatives, and an understanding of the creation of credit over 50 years of grassroots campaigning for just such a time as this. But it is a deliberate falsehood for the Treasurer to claim that the idea is invalid because it is "a League of Rights policy". One Nation could just as well argue that they "borrowed" the policy from the National Party, which has never pushed hard for it.

In 1971, Queensland State President of the Country Party (now National Party), Sir Robert Sparkes took out full page advertisements in ***Queensland Country Life*** (October 14th & 21st), in which he appealed for rural loyalty to the Party. Sparkes wrote: ***"because of the great importance of maintaining viable primary industries in Australia, the Federal Government should provide a source of long-term, fixed-contract interest-rate finance, below 3% to individual primary producers adversely affected by drought, low prices and rising costs. . ."***

Could credit be "created" for such proposals? There are masses of documentary evidence that it not only could, but also has been in the past. The League has documented and preserved such information. Various Australian (and overseas) Royal Commissions have found so, including the 1936 Royal Commission on Money and Banking. In his 1937 Report, Justice Napier spelt it out: ***". . . the Commonwealth Bank can make money available to Governments or to others on such terms as it chooses, even by way of a loan without interest, or either without requiring either interest or principal repayment."***

Other gorups and prominent individuals have drawn attention to the possibilities this opens up. Last week it was overlooked that the late B.A. Santamaria promoted this proposal towards the end of his life. To their credit, his National Civic Council has not retreated from the proposal, but has advanced it as an integral part of a proposal to regain Australia's economic sovereignty.

In a recent issue of ***News Weekly*** (13/6/98) the NCC propose "boosting Australia's investment in badly needed infrastructure imrpovements using low interest loans from the Reserve Bank". Can this be done by "creating credit"? The NCC acknowlege **that it can**, quoting the well-known comment by Alan Greenspan, Chairman of the US Federal Reserve Bank, in a speech on May 7th, 1998: ***"Central banks can issue currency, a non-interest bearing claim on the government, effectively without limit. . ."*** Greenspan referred to "a central bank, with its unlimited power to create money . . ." Does Mr. Costello not know this? Do his Treasury servants know this?

Surely there is ample documentry evidence available to Treasury that alternative financial policies are quite viable. Rudimentary research would establish, for example, that the Rural Credits Department of the Reserve Bank once issued credit at 1% to rural marketing boards.

The truth is that Mr. Costello is not interested in alternatives. He is certainly not interested in risking his career by promoting an idea that could turn "conventional" economics on its ear, with the possible result that Australia may find its way out of the hands of the international moneylenders. Mr. Costello is a bankers' man and an internationalist. His is the worst kind of political and moral betrayal, and should be shown as such.

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