

A WEEKLY COMMENTARY



ON TARGET

- NEWS HIGHLIGHTS
- BACKGROUND INFORMATION
- COMMONWEALTH AFFAIRS

The price of Freedom is eternal vigilance -

Print Post Publication Number 381667 00258

Vol.34, No.28

July 31st, 1998

THOUGHT FOR THE WEEK: *"Christian monarchs and rulers of the past were far from perfect. But most did recognise the existence of a higher law, even when they broke it. Many instances of royal recantations could be given in which an uneasiness of conscience played a major part. But no such spirit of remorse, or admission of error, is demonstrated by modern Governments which, in the main, must be described not merely as non-Christian, but as anti-Christian. They devote themselves primarily to increasing their own power at the expense of the individual - a policy which is the very antithesis of Christianity."*

— Eric D. Butler in *The Essential Christian Heritage*

A WEEK OF POLITICAL CONVULSIONS by Eric D. Butler:

The Federal Coalition Government staggers from crisis to crisis. John Howard has bought himself a little extra time by capitulating to the revolt inside the National Party on the Telstra issue, but appears to be determined to commit political suicide on the GST. The spectre of a rising tide of support for Pauline Hanson's One Nation haunts the major political parties. Political commentators are admitting that the Labor Party could be elected to form the next Federal Government minus leader Kim Beazley. Former Liberal Prime Minister Malcolm Fraser has made the astonishing suggestion that the Liberal Party should consider forming a Government with Labor to prevent One Nation holding the balance of power in a hung parliament. Fraser said that a government of national unity should be considered rather than any deal with One Nation. The last time that such a proposal was put forward Federally was during the Second World War when Dr. H.V. Evatt stepped down from the High Court to join the Labor Party. Labor leader John Curtin rejected the Evatt suggestion and with Evatt as Attorney General managed to govern successfully.

Malcolm Fraser clearly regards the present political situation as akin to a war situation with the future of the nation at risk. He has made the remarkable claim that One Nation is a "front" for the League of Rights, but a similar suggestion has been made by Federal Treasurer Peter Costello, who has contributed to the Canberra political ferment by letting it be known that he is an aspirant for John Howard's position. There is growing political speculation that there could be an attempt by the Coalition to replace Howard before the coming Federal Elections. Howard's retreat on the Telstra privatisation was a major political setback as the Government prepares its strategy for the coming Federal Elections. The polls are ominous, with support for Howard slipping while that for One Nation is increasing. Howard has a large number of backbench Members, many of whom were elected with slim majorities at the last elections. The Bendigo (Victoria) electorate is doomed - this explaining why the Howard Cabinet met there last week. But this meeting was overshadowed by the revolutionary activities

associated with the Pauline Hanson visit. A new and disturbing manifestation of revolutionary ferment are demonstrations by high school children, with the support of their teachers.

Needless to say, many of those demonstrating have little or no idea what they are demonstrating against. When questioned, the best that pupils can offer is that One Nation is a "racist" organisation. In his SBS television programme *Insight*, in which he made his suggestion for a coalition government of the major parties, Fraser said that "Racism is so great an evil that to prevent racism from having an influence in Australia . . . it would be desirable for both the Labor, the Liberal Party and the National Party to co-operate in providing the best government they could for the country". The Fraser suggestion can only confirm the growing view that there are few basic differences between the major parties. Mr. Fraser is concerned that One Nation could finish winning up to seven Lower House seats and holding the balance of power. Although "racism" is allegedly such an evil that the major parties should unite to defeat it, it is impossible to get a definition from people like Malcolm Fraser. It has been constant repetition that has made it into a political swear word. Like Pavlov's dogs, large numbers of people have been conditioned to react when they hear the term "racism"; they do not know what it means. It is, however, evil. The operators of psychopolitical warfare constantly tell Australians that "racism" is bad for Australia's image in Asia, business investment, tourism and much else. Very few, if any, Australian journalists make any attempt to ascertain what Asians might really think about Pauline Hanson and the One Nation party. Perhaps I can help them out, because one of my sons works in Asia. I often see copies of the Asian media.

A column in a Bangkok paper *The Nation*, of June 26th, contains a featured article entitled, "A Message to Hanson Apologists". The writer quotes the well known French Nationalist Le Pen as saying that the French football team which won the world cup was not really French because there were several black players in the French team. Le Pen was, of course, merely reflecting the views of large numbers of the French people, that while their political leaders are claiming that their successful football teams demonstrate that France is a "multi-racial" society, the reality is quite different. The writer of the article commented that while the Le Pen statement "may not directly affect us, it becomes a matter of great concern when those among us in this region espouse similar views. And I'm not only referring to Pauline Hanson in Australia. A few years ago, a football team manager in the Malayan State of Selangor, Aini Tabb, drew heavy fire when he said he preferred white players over black. He was arguing against his team signing on a black English striker . . . Apparently Aini's disapproval of black players was due to their 'tendency' for indiscipline. Moreover, white players are more popular with Malayan football fans . . . Aini had raised a number of uncomfortable questions regarding our perception of matters black and white. Uncomfortable, because his views are held by many Asians."

The writer observes that non-Thais who marry Thai women are not automatically granted Thai citizenship. Thai laws ban foreigners from owning certain properties. "Many Thais, for better or for worse, believe that their country should not be sold to foreigners and they are entitled to their nationalist, but not racist, views."

Pauline Hanson and those supporting her views, are advocating what is prevalent throughout the whole of Asia. They are in fact advocating a natural law which is accepted the world over. Consider the state of Africa where tribalism is the major factor. Since life emerged on this globe, every form of life has discriminated in favour of itself, thus preserving itself. The anti-Hanson campaign has developed some ugly features, as witnessed by the violence in Victoria last week. Much as they may protest, the elitists who are poisoning young minds with their dangerous nonsense, are as guilty of violence as those demonstrators who claim the right to break up Hanson meetings. Politicians like Malcolm Fraser who claim that "racism" is the ultimate in evil, also encourage violence merely as some form of "moral outrage".

The Hanson affair touches a deep nerve in the Australian body politic. Pauline Hanson has not created a situation where a former Liberal Prime Minister can urge the establishment of a complete totalitarian State. The whole Australian political scene has been dramatically changed by the arrival of a woman who is reflecting the concerns of a large and growing number of Australians. These concerns were growing long before Pauline Hanson burst on to the Australian political scene. Malcolm Fraser was one of those who endorsed policies which have created those concerns. The greatest service that Malcolm Fraser can now provide for the Australian people is to cease pontificating as if he were still in office, and face the reality that the Australian people decisively dismissed him many years ago.

THE GST: MR. HOWARD PLAYS RUSSIAN ROULETTE by David Thompson:

It is hard to decide who is in the worst political position: Prime Minister Howard, or Opposition Leader Beazley. It would now appear that Mr. Howard is completely locked into the GST as a central part of the taxation reform package. To reverse his position on the GST now would appear to be extremely humiliating, after suffering a reverse in the timetable to sell 100% of Telstra.

For Mr. Beazley, the prospect of being asked to form a Government in 1999 (or even 1998) is growing at the same time that it recedes. Polling shows that the ALP is now a contender to actually win the next election, which alarms even some within the ALP, who are simply not yet prepared to undertake such a project. At the same time, the figures in Beazley's WA seat of Brand show that he faces a massive struggle simply to stay in the Parliament. A One Nation candidate should easily destroy Beazley's narrow margin, forcing him to depend on Liberal preferences. No wonder Mr. Beazley is campaigning hard on "putting One Nation last".

It is now possible that Australians face the alarming proposition of a Labor Government, led by Mr. Simon Crean. While this may be one of those "unintended consequences" (like the Queensland election of Premier Beattie) and quite alarming enough, consider another possibility: Treasurer Gareth Evans! It is apparent that Government Ministers themselves concede such a possibility, with Mr. Howard envisaging Mr. Evans as Treasurer as a type of threat with menace.

If Mr. Howard is locked into campaigning for the GST, the Labor alternative appears to be built on negatives: No to selling off Telstra, and No to the GST. Mr. Beazley insists that there can be valid taxation reform without the GST, but has so far sounded unconvincing. The first question to be asked is "Why didn't you do it when you had 13 years of opportunity?"

TAX MULTINATIONALS OR 'BATTLERS'? In the search for alternatives to the GST to make the tax system work, neither Beazley nor Howard need look very far. It would appear to be quite clear that the majority of multinational corporations operating in Australia see the country as a type of tax haven. This originates from a bill pushed through the Parliament in 1953, called the "Double Tax Agreement Bill", which was never properly debated or publicised. The Bill, introduced by Sir Arthur Fadden, allowed multinationals to pay little or no tax on their profits, leaving the profits to be taxed in their country of origin.

What this has meant for Australia is that the multinationals have paid little or no tax here since 1953, according to Mr. John Killaly, Assistant Commissioner of the Australian Taxation Office (ATO) (*Sydney Morning Herald*, 28/10/96). In this press report, Mr. Killaly is quoted as saying that Australia had one of the highest levels of foreign ownership in the industrialised world.

Recent reports indicate that the ATO may be moving to examine this situation. *The Sydney Morning Herald* (24/7/98) reports that, at a special Seminar in Sydney last week, Mr. Killaly explained new ATO rulings which examine "transfer pricing" schemes used by multinationals to minimise tax liability.

Mr. Killaly, now head of the ATO's large business and international division, said that the ATO was stepping up its activities in investigating transfer pricing, in which a multinational charges much inflated costs to its Australian subsidiary, reducing or eliminating the tax paid here. He is reported to have made the revealing comment that "more than 60% of world trade is now managed by multinationals, and Australia was particularly exposed . . . 60% of multinationals were reporting losses in Australia, despite strong economic growth".

Although Killaly declined to use figures on how much tax was successfully avoided by multinationals, it is clear that the ATO regards it as a very significant amount. His boss, Tax Commissioner Michael Carmody, announced that the tax office was to check the foreign transactions of 10,000 businesses, and plans an intensive audit of another 200 major multinational companies.

If the ATO discovers significant multinational rorting of the Australian tax system, the repeal or alteration of the "Double Taxation Agreement" could be an alternative to the introduction of the GST. Groups like John Cummings' *Austand*, based at Noosa, have been campaigning on this issue for a number of years. Cummings claims that \$200 billion leaves Australia untaxed each year, a figure that is impossible to confirm accurately because the Treasury refuses to release the figures. But there is no doubt that the Australian "battlers" have been subsidising foreign multinationals for years in order to pander to an ideological demand that foreign investment be encouraged as "essential" to the Australian economy.

TELSTRA SERVING TWO MASTERS: The proposal to further "privatise" Telstra, by selling up to 49% of the company, does nothing to solve the dilemma imposed by "privatisation". That this can only be a stop-gap measure is underlined by the Government's language on the Telstra sale. It is clear that the proposal is still to **sell 100% of Telstra**. Mr. Howard is hoping to satisfy National Party and regional objections by asking an inquiry to report on the quality of services available in regional areas. When these services reach parity with metropolitan services, Mr. Howard claims that the rest of the company can be sold, with no disadvantage to rural interests.

Much depends, of course, on the composition of the Senate, and if the sale of Telstra is an election issue, this could influence the voting for the Senate. Mr. Howard may find it impossible to convince Senator Colston to approve the sale of 49% of Telstra without an election on the issue. Even after the election, the composition of the Senate is not due to change until June 30th, 1999, when the terms of half the Senators expire. How can Mr. Howard ram through even a further part-sale of Telstra under these restrictions?

As the cartoonist in one of the newspapers has it, Mr. Howard's "latest policy on Telstra is, we're 49% pregnant!". Once the privatisation began, it was almost inevitable that it must proceed. It was dishonest to suggest that only a portion of the telecommunications giant could be sold, since it is not possible to satisfactorily serve two masters.

On the other hand, people in remote areas depend upon government infrastructure, even if such infrastructure must be subsidised by city users. Government infrastructure must serve the social and economic interests of the nation. When shareholders must also be satisfied, the equation becomes impossible. How can Telstra justify the subsidisation of rural services to shareholders whose interests are in return on their investment? Mr. Howard has embarked upon the path of satisfying "the market" by selling Telstra. He cannot remain 49% pregnant, and it would be dishonest to suggest that he will.