A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"Athenians! Certainly things are going badly and you are in despair. But in this you are wrong.*

"If having done all that was necessary to ensure that things should go well, you had still seen them turn out badly, you might have reason to despair. Yet hitherto things have gone badly only because you have not done what was necessary so that they should go otherwise. It is still open for you to do what you have so far not done. Then things will go well.

"Why then should you despair so soon?" – Demos Thenes (385-322BC), Greek Orator

AUSTRALIA'S COMING YEAR OF DESTINY by Eric D. Butler:

The long campaign to tear Australia from its traditional roots will reach its climax next year, when the Howard Government will proceed to advance the Republican agenda for turning Australia into a republic with the consequent abolition of the Constitutional Monarchy. Media reports indicate that the Howard Government is currently engaged in the process of drafting the necessary Bill to facilitate the holding of the referendum concerning the Republican issue.

The referendum will probably be held in October or November of next year. For the referendum to be carried, it is essential that a majority of electors in a majority of States must vote **YES**. If what is proposed by the Republicans is carried, Prime Minister John Howard must be charged with having played a major role in the greatest act of treachery in Australian history. I have long watched the career of John Howard, and have reached the conclusion that he is the most dangerous Prime Minister ever suffered by the Australian people. This is not a conclusion that I have reached lightly: it is based upon a close study of modern political history and a study of John Howard's history.

In 1964 I interviewed in London the former Prime Minister of the Central African Federation of Rhodesia and Nyasaland, Sir Roy Welensky, who attempted to put a brake on the proposed British retreat from Central Africa, particularly what was formerly Rhodesia. Sir Roy was scathing about the role of the British Conservatives, pointing out that the British Labor Party was straight forward in its intention to desert the mainly British population of Central Africa. The Labor politicians attack you from the "front" said Sir Roy. It was the British Conservative Prime Minister Sir Edward Heath who led the campaign to surrender British sovereignty to the European Common Market, setting in motion the developments which led to the fragmentation of the whole British family of nations.

Australians and New Zealanders started to hear the same call of the necessity for such a new destiny – in Asia. Posing as an Australian nationalist, John Howard, early in his political career, indicated he was prepared to surrender to internationalism while careful not to echo Paul Keating's blatant anti-British sentiments, realising that this would reach its Australian political base. He has wholeheartedly embraced all major aspects of Keating's internationalism. Long forgotten is the fact that it was Paul Keating, when as Bob Hawke's first Treasurer, attempted to "reform" the taxation system with a version of the GST. The man who promised that he would "never ever ever" introduce a GST subsequently made the introduction of a GST one of his major objectives. When Paul Keating paved the way for the internationalisation of the Australian banking system John Howard complained that Keating had stolen his policy. As Treasurer in the Fraser Government, John Howard was an early advocate of the "reform" of the Australian banking system.

A study of what might be generally described as the revolutionary movement against traditional society reveals that in its intial stages, it requires the support of "moderates", but once a momentum has been created, one which tends to feed upon itself, the next step is for the more dangerous revolutionaries to take over. Momentum reaches the stage where all resistance is swept away under the slogan of "inevitability". Consider the politicians, along with some Christian leaders who have embraced the doctrine of "inevitability", a doctrine which is basically anti-Christian as it denies freewill.

While one can feel contemptuous of those "conservative" politicians when they seek to justify their support for the Republican revolution, how does one characterise a Prime Minister who attempts to protect himself by attempting to prove himself as a neutral in the Republican debate? John Howard is quoted as saying that Liberal politicians and organisational members would have a free vote on the issue. John Howard's attitude reminds me of the famous statement that the hottest place in hell will be reserved for those who in a time of great crisis remained neutral, while continuing to create the impression that he personally supports the principle of a constitutional monarchy. John Howard's support is so weak that he is not prepared to take the field of battle leaving it free to the Republican revolutionaries.

John Howard knows that the history of referenda debates in Australia indicates that major constitutional changes are difficult to achieve in the face of major party political divisions. But at present there is little indication of such a division. There is a well financed and highly organised Republican movement, backed by Big Business and the mass media, the Labor Party, the Democrats, and prominent members of the Liberal Party.

While the National Party continues to proclaim itself as a Monarchist Party, it is a matter of a Coalition Party dominated by a Liberal Party led by a man who insists that he is neutral.

The Australian Electoral Commission states that "when a proposal is passed unanimously by Parliament a No case is not proposed". If an official NO case is to be prepared and distributed along with the Yes case, it is essential that at least a few Liberal or National Party members break Party shackles and vote against the coming Referendum Bill to ensure that a NO case concerning the Republican issue is prepared and distributed.

The greatest possible pressure must be applied to Liberal and National Party members to ensure that the Republican referendum is not lost through default.

John Howard is quoted as saying that he is in favour of money being made available for the preparation and distribution of the NO case against the repubIcian Referendum proposal. If John Howard can be persuaded to keep at least one promise, and the keeping of that promise helps to ensure that the Republican threat is defeated, he could yet redeem himself and be listed in Australian history as a genuine patriot.

<u>BANKS UNDER FIRE</u> by Jeremy Lee:

Suddenly across Australia a long-repressed resentment of the major trading banks is bursting into open expression. It says much for long-suffering producers and consumers that this has not happened before. The long-drawn-out war of debt-attrition against the Australian public has gone through intensifying stages over the last few decades, hitting hardest at the weak. Interest rates which went to between 20 and 30 percent in the early 'nineties impacted mainly on farmers and small businesses, whose complaints could be written off as the moans of traditional "whingers".

The trading banks, buoyed by their seeming immunity to criticism, were less and less discreet in masking their contempt for their customers, who they regarded more as a nuisance than their reason-for-being.

They wrote off in bad debts huge sums of money following the October 1987 stock market crash – sums which would have bankrupted normal businesses in quick-time. But the banks simply boosted their lending programmes, rationalised their operations, sacked thousands of workers and began closing branches, as part of a programme to eliminate face-to-face banking and customer service.

The ultimate aim is a situation where all transactions in Australian society are conducted electronically, recorded by remote and centralised computer centres requiring the minimum staff, where a fee-charge is exacted on every transaction of every description, which once was effected by notes and coin.

Even the most long-suffering have reached the end of their tether. People who through their lifetime have cashed their cheques at a local branch, and remember nostalgically the days when the local bank manager was a friendly and familiar face, are now discovering the local branch has gone; that their welfare or pension cheque is paid into a bank whether or not they like it; and that the familiar practice of drawing some cash for day-to-day expenses is made difficult or impossible.

So the current "bank-bashing" appearing in papers, talk-back radio and TV programmes every day is a long-postponed response to prolonged "people-bashing" by immense, globalised corporations which have lost any touch with ordinary individuals, families, small businesses and the usual loyalties people have for their community or even their country.

Under the heading BETTER THE BANK BASTARD YOU KNOW, Peter Switzer in ***The Weekend Australian*** (28-29/11/98) commented: ***"Apart from sound-thinking business analysts and some lucky shareholders, the community rates banks, and in particular our Big Four banks, as bastards ... To maintain their billion-dollar bottom lines they have simply started playing around with fees. And it is this very deceptive action which makes the community even more suspicious of banks ..."***

Peter Switzer was referring to the latest revelations described on the front page of Queensland's ***Courier-Mail*** (25/11/98) in these words: ***"A national outcry over rising bank fees heightened yesterday, with new figures showing some fees had more than doubled in the past year.***

"Almost all fees charged by major banks have increased, prompting aged groups to predict that hefty charges on over-the-counter transactions would add $100 a year to the cost of banking for elderly households.

"A raft of new charges, including account-keeping fees, were introduced in the past year as the new five major banks built their annual revenue from non-interest income to the $10 billion mark..." (The fifth bank referred to in the article is St. George Bank.)

A look at the assets and profits of the "gang-of-four" show they have not shared in any way the economic restrictions the rest of Australia has had to face since the Asian collapse began. The National-Australia Bank (which, we're told, is re-naming itself simply "The National") now has assets of $250 billion, and made a net profit after tax of $2.19 billion. The Commonwealth Bank has assets of $130 billion and an after-tax net profit of $1.25 billion; Westpac, assets of $137 billion, after-tax profits of $1.34 billion; and ANZ, assets of $116 billion and after-tax profits of $1.17 billion.

The asset-growth of Australian banks is staggering. The *Australian Pocket Year Book* gives the following figures for the assets of **all** Australian Banks (not just the "gang-of-four"): 1994 – $360.5 billion; 1995 – $381.7 billion; 1996 – $422.9 billion; 1997 – $503.3 billion.

The latest figures show the "gang-of-four" (excluding all the smaller banks) have, between them, combined assets of $633 billion – over $35,000 for every living Australian, or $140,000 for each average family of two adults and two children. The assets are, of course, in large part the title-deeds of property and other securities that borrowers deposit with the banks in exchange for loans and mortgages.

The "trick", by the way (graphically explained in the excellent little booklet ***The Money Trick***), is that the credit offered by banks in exchange for tangible assets, is created out of nothing, each transaction adding to the "Volume of Monetary Aggregates" (in plain English, the amount of money) in Australia. The figures showing money-supply growth are recorded month by month in the ***Reserve Bank Bulletin***, available across the counter or by phone from any branch of the Reserve Bank in Australia.

The right of banks to lend money and to make a **fair** profit is not questioned. It is an essential service, best governed by genuine competition between lenders.

But the **creation** of additional money in the nation? That's another matter altogether. Section 51 of the Constitution lays the responsibility for this on the Commonwealth Government. A Royal Commission into Banking held in 1937 was explicit in saying the Commonwealth Government could create additional money when required **without** interest, or **even without the need for repayment.**

This is of crucial importance. Every nation is now facing breakdown through the escalation of compounding debt and interest. No system can survive through a total dependence on borrowing in perpetuity.

As referred to in last week's ***On Target, The Weekend Australian*** (21-22/11/98) carried a front-page story on the surge of small communities into alternative banking. This had been prompted by the closure of traditional bank branches, causing hardship and widespread resentment. The favoured arrangement so far is a type of franchise-partnership with the Bendigo Bank.

A thoughtful letter on this subject appeared in the following ***Weekend Australian*** (28-29/11/98) by a Mr. John Hermann of Adelaide, who asked some pertinent questions: *"..... I would like to know whether these institutions really are banks. Or are they, for example, a form of credit union?*

"It is not clear from the article whether they are licensed as banks under the Banking Act 1959, whether they have shareholders, whether they are agencies for other financial institutions, and whether they have the ability to create credit.

"I am motivated to ask these questions because only licensed banks can create credit.

"This vital function (which contributes to the annual increase in our money supply) distinguishes banks from all other financial institutions.

"It also explains why we have a Financial Corporations Act which is separate from the Banking Act.

"Even though they both profit from interest margins on loans and deposits, each institution operates under quite different specialised legislation."

Mr. Hermann is quite correct. His letter makes it clear that the task of increasing Australia's money supply, which many still think is carried out by the Commonwealth Government, has for some time been "privatised", becoming an instrument for immense profit in hands whose chief interest is not primarily the best interests of well-being of the Australian people.

Currently the Australian Government likes to perpetuate the illusion that deregulation of the financial system has resulted in a "healthy competition" between banks, providing better and cheaper services for Australians. This line was first put forward by Paul Keating when Treasurer in the Hawke Labor Government. He did not believe it himself, having stated that deregulation would do the exact opposite in election statements prior to the 1983 Federal election.

So far the Howard Government has stated it will not allow mergers between the "gang-of-four". Now a qualification has been added by Teasurer Peter Costello – "unless it can be shown it is in the interests of the Australian people!

There is nothing, however, to stop even bigger banks overseas taking over one or more of the "gang-of-four". Following the biggest bank merger ever seen, recently completed in the US, the possibility of a takeover of one or more of Australia's four major trading banks is being openly canvassed. Thus, another Orwellian "Animal Farm" slogan will, in all probability, be added to the global lexicon, so ably parrotted by our politicians: *"Bigger monopolies make for more competition!"*

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