A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"How few men are strong enough to stand against the prevailing currents of opinion. . . . Be prepared to stand up faithfully for Right and Truth, however the wind may blow"*
- Winston Churchill

THE GST BETRAYAL - ALL 'BASTARDS' TOGETHER by David Thompson.

Last week saw the completion of Prime Minister Howard's "dialectical two-step" on taxation. Although he was forced to accept "one step backwards" by the Democrats, Senator Lees has failed the Democrat membership by becoming Howard's hand-maiden in opening the door to the most viciously efficient form of taxation ever devised. It is a tax that Australia does not need and, on the available evidence, Australians do not want. In taking a fortnight to negotiate the detail, and accepting a large part of the "credit" for reaching an agreement, Senator Lees has effectively attached the Democrats' name to the GST. If it is introduced, she must bear part of the odour when its effects begin to punish the defenceless.

While it is true that the Democrats went into the last election with a modified policy on the GST - determined not to permit a tax on food - even this was a betrayal of their members' wishes. A ballot of the Democrat membership had previously been held and, as a result of this ballot, the party's policy was ***to oppose the GST***. To permit the passage of this tax as an act of political pragmatism that could place the Democrats right in the 'mainstream' of politics, instead of being in the "fairies at the bottom of the garden" league, is simply to overturn a principle that is remniscent of Mr. Howard's own "never, ever" promise.

Since the agreement with Mr Howard last week, many of the media gurus have been heralding Ms. Lees as the leader who has done the impossible: remove the "fairies at the bottom of the garden" image from the Democrats. But is this so? A close examination of just to what Ms. Lees has agreed suggests otherwise.

The Democrats' leader has committed her party to agree to permit the GST passage through the Senate on the understanding that Mr. Howard makes several generous concessions. These are in the field of exempting most food from GST, beefing up compensation - especially for pensioners, and essentially maintaining the promised tax cuts. Mr. Howard has promised to meet these demands. "Trust me". But can Mr. Howard make such guarantees? Experience elsewhere suggests he cannot.

While political predictions are notoriously risky, experience suggests the following:
1) That a 10% GST is unsustainable. Mr. Howard can offer ***no guarantees*** on this. In Britain, the GST (VAT) was introduced at 7% in 1972 amid oaths that it would ***never rise.*** Nineteen years later it was

17.5%. Mr. Howard has not even bothered to promise that 10% is the rock solid limit. He knows it is not.
2) The exemptions on food can - and will - be gradually whittled away. Various good excuses can later be trotted out to defend the taxing of food.
3) The compensation for social security beneficiaries, who will gain no benefit from tax cuts (they pay little or no tax) will soon become worthless. Over time, inflation will erode its effect, until pensioners are right back where they started - except with a 10% + GST as well! Those who argue that inflation is now at virtually insignificant levels, don't go into supermarkets on a regular basis.
4) The tax cuts themselves are really ***only temporary tax cuts.*** As wage-earners go into higher tax brackets ("bracket creep") the benefits are lost, and the government recovers the revenue.

While Senator Lees may have ***appeared*** to have forced "one step backwards" from Mr. Howard and the Treasury, the above four points ensure that the concessions are quite temporary. This is Mr. Howard's "two steps forward", and to believe otherwise is to believe in "fairies at the bottom of the garden". It is just such skullduggery the Senate should be exposing and rejecting.

In reality, Senator Lees has promised to arm the bureaucrats of the Treasury with the new GST, which is like giving the bureaucracy a blank cheque - administrative heaven. It is bureaucratic administration that will undermine any guarantees Mr. Howard has bothered to offer. If he is genuine, why didn't Mr. Howard offer to index the income tax brackets, and protect the integrity of the "tax cuts"? Because Treasury would have been horrified!

In the end, the GST symbolises the totalitarian state. Its adoption means that it is not individual freedom that is most important now, but the interests of Treasury, under the influence of the IMF. Once the GST is introduced, no financial transaction between individuals remains private. The State insists that the individual must account to Treasury, and pay GST, or satisfy the bureaucrats that it does not apply.

Why did Senator Lees not follow Brian Harradine's lead, when he announced that the GST was against the interests of Australians? Pure party politics. She saw the chance to re-position the Democrats in the political spectrum. By doing so, she has abandoned the Democrats' stated reason for existing: to "keep the bastards honest". Further, unless there is an internal revolution, she has simply grabbed the chance to join the other "bastards".

THE GLOBAL SEA OF DEBT by Jeremy Lee:

Behind the absurd spats on the politics of new taxes, budget surpluses and privatisation, more and more are asking how such a technologically-advanced world can be a sea of such debt that increasing numbers are homeless and starving. The latest figures for Queensland appeared in ***The Courier-Mail*** (25/5/99):

"Queensland has 38,000 officially homeless adults and childen. . . . Government figures showed a 12.7% jump in the State's homeless. About 10,000 children (15 and under), 10,500 men, 9,300 women and 7,800 youths (16-24) had no home. Queensland's figure represents about 22% of the 166,000 Australians without a fixed address . . ."

This followed the 7.30 Report on April 23rd, which recorded almost a quarter-million Australians homeless – in what Australian Treasurer Costello describes as the top economy in the world!

Former Canadian Deputy Prime Minister Paul Hellyer, in his devastating book ***STOP! THINK!***, highlights the ever-increasing global poverty, quoting from Susan George's ***The Debt Boomerang***:

". . . Every single month, from the outset of the debt crisis in 1982 until the end of 1990, debtor countries in the South (i.e. the lesser-developed nations – ed.) *remitted to their creditors in the North an average $6.5 billion in interest payments alone. If payments of the principal are included, then debtor countries paid creditors at a rate of almost $12.5 billion per month – as much as the entire Third World spends each month on health and education.*

"Debtor countries have deprived their people of basic necessities in order to provide the private banks and the public agencies of the rich countries with the equivalent of six Marshall Plans (the programme of assistance offered by the US to Europe after the Second World War).

"Have these extraordinary outflows served to reduce the absolute size of the debt-burden? Not a bit; in spite of paying out more than 1.3 trillion between 1982 and 1990, the debtor countries as a group began the 1990s with a full 61 percent more debt than in 1982. Sub-Saharan Africa's debt increased by 113 percent during this period . . ."

Fifty years too late – but better than never – both Catholic and non-Catholic churches are timidly putting their toes into the greatest social issue of our time – world usury.

The Concise Oxford Dictionary gives this totally inadequate definition of usury: *"Practice of lending money at exorbitant interest, especially at higher interest than is allowed by law . . ."*

In fact, usury is a much wider term than money, referring to any form of unfair gain at another's expense. The Scriptures and the Koran condemn usury, and the Church in its earlier period denounced it severely. Usury was formally banned in Magna Carta.

With the initiation of the *Jubilee 2000* project, aimed at getting the Third World Debt written off by 2000, launched by the Evangelical Alliance, the eyes of an indifferent Church have begun to focus on this nation-destroying issue – so far with little result. The Pope has focussed attention on the debt issue, and it appears the Cahtolic Church is a step ahead of the non-Catholic alliance on this one.

The West Australian Catholic paper ***The Record*** (22/4/99) carried this significant news:

"At the end of his traditional Wednesday morning general audience, John Paul II greeted about 1,000 volunteers from Italian foundations dedicated to fighting usury. This immoral practice is widespread in the country, dominated in many fields by the large and small Mafia.

"The volunteers, who denounce usurers and help others to free themselves from their tentacles, came to Saint Peter's Square to meet the Pope and to call public attention to the phenomenon which often has disastrous consequences, not infrequently ending in suicide.

"'I know the difficulties you face very well. But I also know you are determined and united in combating this grave social plague,' the Pope said. 'Continue your struggle against usury, giving hope to persons and families who become their victims . . .'

"In early June of 1997, Bishop Tarcisio Bertone, secretary of the Vatican Congregation for the Doctrine of the Faith, said that 'it seems opportune to publish a new encyclical on the subject of usury and on the use of money in general' . . . During his 1997 address, Bishop Bertone not only denounced the critical aspects of usury, but also 'the problem of loans among States which ends up by creating

the problem of international debt'. . . . It has been speculated that the Pope's concern expressed during his audience might indicate his desire for such an encyclical . . ."

The Debt Boomerang, Susan George, 1992, Pluto Press, 345 Archway Road, London N6 5AA, ISBN 0 7453 0594 6.
STOP! THINK!, Paul Hellyer, available from League Bookshops, $22.00 posted.

MERGER MANIA CONTINUES: The mania for mergers and acquisitions which has changed the shape of the world in the last 20 years looks set to continue. In 1998, according to an AAP report in ***The Weekend Australian*** (29-30/5/99), mergers across the world to the value of $US365 billion (about $US42 million every 60 minutes throughout the year) took place. There will be a slight slowing of the process in 1999 due, it is claimed, to the millennium bug – probably no mroe tha $US300 billion:

"'. . . In line with international trends, it will be another busy year of merger and acquisition activity in Australia,' Mr. Hardman (Deloitte consulting partner) *said. the market would continue to converge, with a smaller number of players offering a broader range of products and services . . ."*

What a rosy start to the millennium!

FIJI SCRAPS GST ON FOOD: Immediately following the general election in Fiji, which saw former military man Sitiveni Rambuka ousted as Prime Minister, the incoming goernment has removed the GST on food, and educational and medical suppliers. *". . . as part of his (Mahendra Chaudhry's) pledge tonarrow the gap between the island nation's rich and poor . . ."* (***The Australian***, 28/5/99). Among promises made by the incoming government are the removal of all taxes on food and essential daily items, and a reduction in interest rates on housing loans.

Australians, it seems, will have to feel the pain of a GST before the savage reaction which has occurred in other part sof the world becomes a reality.

Terry McCrann (***The Weekend Australian***, 15-16/5/99), reflecting on the GST marriage between LibNats and Democrats, raised some interesting thoughts:

". . . What we are arguing over is . . . whether the GST-based package will help to get us to the optimum 21st century tax system. Or whether we are better off stickign with what we have, until we really know what we need and what we can have in the emerging globalised information technology world . . .

"We have got back to surplus on the back of a huge surge in revenues: a massive $34 billion in just four years, from $121 billion in 1995 to $155 billion in 1999-00. The average Australian's tax bill has gone up nearly $2,000. The average ***working*** *Australian's tax bill by over $4,000 a year . . . something like $9 billion has been harvested from bracket creep (since the 1995 years) . . . I for one keep coming back to this niggling point that the two countries which have been most economically successful in recent times are the two without a GST: Australia and the US . . ."*

It all depends on how you measure "success". We can only add that if Australia is one of the two most "successful" – Heaven help the rest! There are, of course, much better alternatives – the Debits Tax, designed byToowoomba accountant Ray Webber. The adoption of these would absolve all Australians of personal tax returns, costly book-keeping and accounting, **and the need for Tax File Numbers**! As this last is emerging more and more as an "ersatz" identity number, it is little wonder the Government won't examine these options. They would lessen governmental control and surveillance – which would never do!

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