



A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"Modern rationalists contend that government has the right to decide economic or social programmes. Policies are adopted and laws framed to collectivise all effort towards the consummation of such centrally-devised objectives. Thus the true place for government is perverted by the belief it has been elected to direct rather than serve. It will brook no dissent. The path to dictatorship has been set.*

"The government for a free society is a servant. Its members are elected to serve the people by representation. A balanced trinity of interests is clear – God, government and the elector. A perfect balance is essential if unity of purpose is to be achieved. Should any be elevated to a position of monopoly, the trinity is shattered and with it God's relationship to men."

"Trinitarianism: the Threefold Substance of Reality" by Edward Rock

GST BUSHFIRE GATHERS FORCE by Jeremy Lee:

Normal life in Australia switches off from hundreds of day-to-day issues of importance. The sheer weight and complexity of government prompts Australians to take more interest in cricket scores, where statistics on the score-board are more reliable than those from politicians.

Occasionally something comes along of such moment that the community is galvanized. The ID Card was one. At such moments politicians are appalled at the public reaction, and attempt to distance themselves from the object of fury.

The approaching GST is without doubt another. The public anger is sweeping through Australia, and takes some keeping up with. These rare events have what Douglas called "steam". Media commentators and politicians alike are seen to have entirely misjudged the mood in the electorate, and end up with egg all over the place.

Take Paul Kelly, writing in *The Weekend Australian* (18-19/2/2000). This was his description of the Australian economy:

"... We enjoy our strongest economic expansion of the century. Our Reserve Bank governor, Ian MacFarlane, says that the 1990s growth has run for nearly nine full years and our

average gross domestic product growth rate in this period has been 4.1 percent as opposed to 3.6 percent in the US. We have outpaced the US miracle. Yet any visitor touched by the media-driven political debate in the past few weeks would conclude only that Australia is in the depths of a national crisis. This crisis lies in our own heads and hearts. The 1990s have delivered a prosperity and peace rare in our history"

Kelly has only been able to reach such conclusions by avoiding other areas of "growth" – our foreign debt, our tax-levels, our loss of Australian-owned production enterprises, our highly-dangerous levels of foreign ownership, our cynicism and distrust of our political representatives, our levels of poverty and homelessness, etc.

Later in his article Kelly was forced to concede: *"Polls show upwards of two-thirds of Australians either oppose the GST reform or think they will be worse off. But most people will be better off"*

So why do two-thirds of Australians disagree with Kelly? He provides the answer:

"...Howard's economic policies – tax reform, industrial reform and privatisation – are designed to reap the benefits of globalisation. Yet his populist rhetoric largely confirms the world view of the talkback jocks that globalisation is an evil"

Another journalist, George Megalogenis, writing in *The Australian* (23/2/2000), condemned Howard for not doing the job properly:

".... Neither Howard's half-baked GST, nor Beazley's genetically-modified alternative will generate enough money to pay the nation's bills. Therefore neither package can be considered tax reform in the truest sense of the word It's like the US soldier who torched the village in Vietnam in order to save it for democracy. The Government and Opposition preach tax reform, but they practice tax rip-off ... When the people and/or their respective parties finally give Howard and Beazley their marching orders, the tax system will still be crying out for reform."

WHAT DO THE POLLS SAY? Two polls within a week of each other show the the majority of the Australian people opposed to the GST. On 16/2/2000 *The Age* (Melbourne) included the following in its front-page article:

" On the GST Mr. Howard faced a barrage of questions from nervous backbenchers in the party room after the release of an AgePoll showing that 60 percent of Australians opposed the new tax, that Labor held a 10 percentage-point lead over the Government in two-party preferred terms, and that Mr. Howard's approval rating had plunged by 15 points. Mr. Howard said the Government faced a 'challenging' time, especially in the lead-up to the 1 July start of the GST. ... But because an election was 18 months away, it was crucial not to cave in to scare campaigns and allow more tax exemptions..."

One week later, again in its front-page leading article, *The Australian* (23/2/00), under the heading **VOTERS GROW TO FEAR GST**, said:

"A majority of Australians – 56 percent – still oppose the GST and more than four in five believe it will make their lives worse ..."

It is a safe prediction that hostility to the GST will escalate rapidly between now and July, and that the Howard government will face an informed and implacable opposition from the Australian people that will certainly not be assuaged in the 18 months until the next election.

CAN YOU HEAR THE JACK-BOOTS? It is already expected that the mass of new laws round the GST will create new crimes that didn't exist before. A chilling article in *The Australian Financial Review* (21/2/00) had this to say:

"The Australian Taxation Office is recruiting 100 specialist staff to work in its new GST fraud prevention and control unit If overseas experience is anything to go by, the tax office will start seeing serious cases of fraud soon after the GST's introduction. Canada, for example, introduced GST in 1991 but was forced to expand the GST fraud unit in 1993 after an upsurge of cases.

"In that year, Ms. Lori Kunimoto moved from Revenue Canada's audit department to GST and income tax fraud investigations. Ms. Kunimoto is considering moving to Australia in response to an advertisement for GST experts that was placed in the Canadian press by recruitment firm Robert Half. Ms. Kunimoto was one of 2,000 people who responded to the advertisement"

All we need now are new detention centres – alongside Port Hedland and Woomera – for Australian GST fraud perpetrators, routed into the open by the no-doubt formidable Ms. Kunimoto and her foreign-recruited fraud squad!

WHERE HAS AUSTRALIA'S CLOTHING AND TEXTILE INDUSTRY GONE? For the first time, clothing and textile's have become Fiji's biggest export-earner, eclipsing sugar for the first time. Ten years ago the industry didn't exist. Christopher Dore, writing in *The Weekend Australian* (18-19/2/2000), explained how it was done:

"Today, one in five of Fiji's 100,000-strong work force toil in more than 150 garment factories, scattered in and around the capital, cutting, sewing and finishing fabric – mostly supplied by Australian companies such as National Textiles – into more than \$400 million worth of export products, most of which (\$250 million last year) is sold and shipped directly back to Australia The catalyst for the creation of the textiles and clothing trade in Suva has been the onset of the demise in protection of the Australian industry and the import credit scheme set up in the late 1980s to soften the blow. The import credit scheme allows Australian textile companies to source the fabric from Asia before treating and dyeing it locally, ostensibly to officially transform it into an Australian-made product, before exporting – and earning valuable credits – it to factories in Fiji that in turn sell it back to Australia"

The article added that a number of companies were involved in this exercise, including Moontide South Pacific Ltd. owned by National Textile's director and main shareholder Philip Bart. Also Mark One Apparel Ltd., and the Australian-owned Consolidated Textiles (Fiji) Ltd., which sub-contracts to such companies as Yakka and King Gee, owned by multinational Sara Lee. Halabe and Ranjit Garments Ltd. have contracts to supply official uniforms for the Sydney Organising Committee for the Olympic Games.

Somehow, we don't think Canadian Ms. Kunimoto will be directing her no-doubt formidable talents to this one!

LEGISLATION AND CORRUPTION by Alfred King:

The GST issue has stimulated a lot of debate about what should be the correct level of income tax and of consumption tax. One interesting point that has come out is that most Australians would be happy to pay a reasonable amount of tax in total, i.e., they would volunteer it. When the artificial scarcity is removed from our situation, it is a lot easier to share what we have with others. At this time of the year, we are reminded of the neighbours/work colleagues who are more than happy to give you some of their excess fruit at harvest time. This is a reality of human nature. After meeting their own needs, most people want to make a constructive contribution to society.

Today we are in a situation where an increasing number of people are convinced that they have to avoid what they perceive to be excessive levels of taxation. So we have more tax inspectors, and huge and increasing amounts of legislation, which even the large number of experts don't really understand. In this situation people are turned against each other. It is a poisoned society.

We have lost sight of the Christian concept of voluntary inducement. There was a time when a man's word was his bond. That was a better society, with far less laws than we have now. Today everything has to be written in contract form. US style newspaper adverts are common, prompting people to take legal action against a third party that they were previously unaware they may have a chance of getting some money out of. Whether the action is moral is irrelevant – everything is measured in terms of dollars. Today's policies are rooted in a philosophy that does not reflect reality, and we are suffering the fruits of it.

There is more unrest; more laws are required to maintain control. Ours is a static society because there are too many laws, with more and more people required to police them. If a government is to do good, then it needs no fearsome capacity to force submission. It will lead with a gentle example and evidence of benefit. The fact is that the government cannot force the individual to be good by legislation.

We are not robots who can be forced to act in a way that exists only in the mind of the idealist. This is not making people good, but merely creating the conditions for even more unrest. The individual will have to be trusted with his own freedom. The only decision that the individual makes that is worthwhile is where he freely makes that decision. It is the role of government to create the right conditions for this to flourish. The Common Law, which works because it is based on human experience, has been effectively wiped out by legislation based on 'logic'. As Tacitus (Roman historian) put it: *"the more corrupt the state, the more laws it has."*