A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

Print Post Publication Number 381667 00258

Vol.36, No.25 June 30th, 2000

THOUGHT FOR THE WEEK: *"It was the basis of Douglas's philosophy, of which Social Credit is the policy, that there is running through the warp and woof of the Universe the Law of Righteousness - The Divine Law - which he termed the Canon. He must seek it actively, and to the extent that he finds it and conforms to it, he will achieve harmony with the Universe and his Creator. Conversely, to the degree that he ignores the operation of the Canon and flouts it, he will bring disaster upon himself."*

– *"Releasing Reality"* E.D. Butler

THE BIG DIVIDE by Jeremy Lee:

The Australian has, surprisingly, been running a series of articles on the widening "big divide" between rich and poor in Australia. It has produced the predictable and varying viewpoints of writers, from the economic-rationalist approach of Alan Woods, who thinks we're all relatively better off, to those who believe "taxing the rich to help the poor" will solve a crisis which at least they acknowledge exists.

Robert Gottliebsen, writing in ***The Australian*** (20/6/2000) acknowledges that income redistribution through taxation is not going to work in a high-tax country like Australia, and advocates: "*.....The answer to the problem lies in making an all-out drive to improve the I.T. skills of those who are falling to the bottom of the income levels ....*"

Gottliebsen makes a lot of sense in some areas. But what if he, with the other commentators from the different camps of orthodoxy, have an incorrect analysis of the problem? It was C.H. Douglas who said that a problem correctly stated is half-solved. The corollary is that a problem incorrectly stated is insoluble. The huge number of funding crises facing government and people alike have their origins in a simple mathematical equation attending the creation of money systems.

If all money is created and put into circulation through loans which, together with interest-charges, must be costed into prices, the result must of necessity be an aggregate price system in any economy which cannot be liquidated by aggregate purchasing power.

This is the basic financial proposal of Social Credit. Much credence must be given to this analysis, which was set out in the early part of last century, by the fact that the results of failing to correct the problem – an accountancy problem – were forecast with startling accuracy by Social Credit's founder, C.H. Douglas.

It therefore does not matter what type of tax or trade policy we adopt, or whether the money-supply is increased at a fast or slow rate, or whether interest rates go up or down, or whether the welfare state expands or contracts; none of these have any bearing on the disparity between prices and incomes caused by trying to kick-start the productive and distribution systems with debt-and-interest finance.

To conceive that this proposition is worth analysing is to step outside the bounds of acceptable orthodoxy. But if we don't, it is inevitable that the range of critical issues facing humanity will continue to degenerate to the point of no return. Looking round us, in terms of human history, such a moment cannot be far off.

DEBT AND TRADE-DEFICITS GROW: Australia's net foreign debt has now reached $255 billion – approximately $13,400 for each Australian, or $53,600 for the average family of four. It is over 40% of G.D.P. The net foreign debt has increased by $25 billion in nine months; and this by a Government that, prior to gaining office, ran a "debt-bus" round Australia condemning the Keating Government's record on the foreign debt as part of its election campaign!

During the March quarter the Trade Deficit blew out again, to $8 billion – a mere $88 million a day through the three-month period.

The first signs of the second quarter this year show imports rising dramatically. May's figures show that imports grew by $2.4 billion. ***The Australian Financial Review*** (20/6/00) reported: *".... Over the last 12 months, imports will have grown nearly 16 percent in seasonally adjusted terms. Australians have spent nearly $108 billion on imported goods in the year to May, up 10 percent on the preceding 12 months ....."*

America's figures are just as ominous. Latest figures show the Trade Deficit will top $US400 billion ($A668 billion) this year.

LAST WORDS ON THE G.S.T: Should anyone think that Howard's "never, ever" promise was a hasty off-the-cuff throwaway, Errol Simper (***The Australian***, Media, 22-28/6/2000) reminded us of a media release from John Howard on May 2nd, 1995, which read: *"Suggestions in today's **The Australian** that I have left open the possibility of a G.S.T. are completely wrong. A G.S.T., or anything resembling it, is no longer Coalition policy. Nor will it be policy at any time in the future. It is completely off the political agenda."*

WHO PAID FOR THE CHANGE? As pointed out in last week's ***On Target***, the main pressure for the G.S.T. has come from the Business Council of Australia. A combination of the I.M.F. and 'Big Business' changed "never, ever" into "for the time being" and finally into "the tax reform Australia had to have".

But how are backbenchers and parties brought into line for a change the majority of people clearly don't want?

Under the heading COMPANY DONATIONS HEAVILY FAVOUR LIBS ***The Australian Financial Review*** (22/6/2000) reported: *"Australian companies donated $29 million to political parties in the three years from 1995-96 to 1997-98, with Westpac Banking Corp the largest donor, a new report reveals.*

"The research report, from the Centre for Corporate Law and Securities Regulation at the University of Melbourne, shows that 64 percent of this money was donated to the Liberal Party and 23 percent to the Australian Labor Party. The big political spenders came from the finance and banking sector, which gave almost $3 million to political parties. More than $17 million was given by public companies, 63 percent of which went to the Liberal Party and 15.5 percent to the A.L.P. Lobby groups gave more than $11 million to the Liberal Party and almost $9 million to the A.L.P. ...."

The question arises whether shareholders in public companies and banks which made such large donations were consulted. If not, who made the decisions? Or were they simply considered "profitable business investments"?

The ***A.F.R.*** went on: *" ....Dr. Stapledon said one of the main issues revealed by the report was that the provisions for disclosing corporate donations were unsatisfactory.*

"This was because they did not cover all types of donations and allowed shareholders' funds from public companies to be donated without sufficiently accessible information available for company shareholders. The report recommends that shareholder approval of political donation policies of public companies should be required and that political donations should be disclosed in companies' annual reports ...."

Somehow, we don't imagine the major political parties jumping to introduce legislation along the lines suggested by the report! Incidently, we wonder whether G.S.T. will be payable on such donations in the future?

The donations quoted were over the period in which John Howard had a change of mind.

FURTHER DAIRY RESEARCH: The more one looks at dairy deregulation, the more suspect the whole thing becomes. Dr. John Kingston, the Independent State Member for Maryborough in Queensland, has done further detailed research. The figures he gives show how far we have slid in the second half of the 20th Century"

"...In 1950 we had 20,554 dairy farmers in Queensland. In 1999 – 1,595. In 1950 we had 963,000 dairy cows: In 1998 – 203,000. Annual production has gone from 1,278 million litres in 1950 to 822 million in 1998. In 1997, Queensland dairy production was valued at $700 million and dairy farmers employed about 10,000 additional workers.... Australia exports about $2 billion in dairy products..."

Dr. Kingston pointed out that in Queensland, 85 percent of dairy farmers did not want deregulation; in N.S.W. 83 percent had voted against; and in W.A. 66 percent were also opposed.

His figures raise enormous questions: are we really prepared to sacrifice the industries in three States, relying on a couple of co-operatives in Victoria to supply the whole continent? Daily, if this mad idea goes ahead, giant tankers will cart milk thousands of miles to communities which once relied on local production. Transport or petrol strikes will leave whole States without milk.

And what of the extra pollution, as giant diesel tankers plough up our highways? This aspect, you'd think, would raise an outcry among environmentalists. But not a murmur.

THE GENETICALLY-MODIFIED (POLITICAL) BATTLE CONTINUES: Latest research from the U.K. shows that modified genes are now moving from plants to insects. ***The Guardian Weekly*** (1-7/6/2000) reported:

" .... A four-year study by Professor Hans-Hinrich Kaatz found that the alien gene used to modify oil-seed rape had transferred to bacteria living in the guts of bees. His research poses serious questions for the biotech industry .... The research, which has yet to be published and has not been reviewed by fellow-scientists, suggests that all types of bacteria may become contaminated by genes used in genetically modified organisms, including bacteria that live inside the human digestive system. If this happened, it could affect the bacteria's role in helping the human body fight disease, aid digestion and facilitate blood clotting. .....

"The Agriculture Minister, Nick Brown, said: 'If this is true, then it could be very serious.'

"Dr. Mae-Wan Ho, a geneticist at Britain's Open University, said: 'These findings are very worrying and provide the first real evidence of what many have feared. Everybody is keen to exploit GM technology, but nobody is looking at the risk of horizontal gene transfer.'

'One of the biggest concerns is if the antibiotic-resistant gene used in some genetically-modified crops crossed over to bacteria. 'If this happened it would leave us unable to treat major illnesses like meningitis and E-coli', he said ...."

Meanwhile the labeling battle continues. Health ministers in Australia and New Zealand meet in Wellington on July 28th to make final decisions on labeling of G.M. foodstuffs. Hanging over them is a letter Prime Minister Howard has written to each, trying to water down effective labeling. This is part of a battle between major multinationals such as Monsanto, Aventis, DuPont, Novartis and Dow, which have invested billions in the Genetically-Modified industry, and the growing number of consumers in North America, Europe and Asia who insist on the right to know what they're eating.

All sorts of deceptive proposals are being put forward, including one that any food with less that 1 percent G.M. ingredients should not be labelled. The big boys know this could never be policed – particularly with the out-of-control cross over-of genetically-modified seeds to other varieties.

WEST PAPUA THE NEXT TIMOR? Peter Hartcher, in *The Australian Financial Review* (Weekend, 10-12/6/2000) pointed out that the explosive situation in West Papua might prove Prime Minister Howard's next Timor. He suggested that any stand-off with Indonesia over the issue would be even more tense. He quoted one expert on the region: " ....'*Conservative elements within the Jakarta elite remain resentful of Australia's actions in Timor and are convinced that a more sinister conspiracy informs Australia's long-term agenda,' reports a team of Australian experts led by Professor Richard Robison of Murdoch University.*

"They describe 'suspicion, if not paranoia, in influential Indonesian military institutions including intelligence agencies concerning Australian designs on parts of the eastern archipelago'."

President Wahid has publicly commented that he perceives Australia has been fostering the West Papuan Freedom Movement. Apparently, there was a smattering of Australians involved in the Congress recently held in Jayapura.

So what will be Australia's attitude of an Indonesian military wave of repression is directed at West Papuans, as it was against the East Timorese? Are we going to wash our hands of the bloodshed, as we did for so long in East Timor, contenting ourselves with the inevitable wave of refugees that would result?

Whatever else is said, Australia may yet bitterly rue its lack of defence in the events ahead.

THE DEMOCRATIC REPUBLIC OF THE CONGO: In keeping with the general lack of in-depth news on the African continent, there has been very little reporting on events in central Africa.

The Guardian Weekly (U.K., 15-21/6/2000) gave this picture of the hardly-reported war in the Democratic Republic of the Congo (where the noble Mugabe of Zimbabwe has his troops): *"....around 1.7 million people have died from the war in the northern and eastern provinces alone in the past two years. Of those, 200,000 were direct war deaths; the vast majority were due to the war-related collapse of the health and food structure.*

"On average, some 2,600 people are dying every day in this war, and our research found that the first months of the year 2000 were even worse than 1999, said the study's author, epidemiologist Les Roberts....."

NATO BOMBING ILLEGAL: Now comes the news, as the result of the findings of a House of Commons (U.K.) foreign affairs select committee that the N.A.T.O. bombing and invasion of Kosovo was illegal under international law. There are no powers under the N.A.T.O. treaty to conduct any type of war offensive, humanitarian or otherwise, without the express authority of the United Nations. The latter, of course, was never consulted, and the N.A.T.O. bombing of Kosovo was widely perceived to be a U.S. initiative.

Which must be enormous comfort to the tens of thousands who died – and their relatives.

"ON TARGET" is printed and published by The Australian League of Rights, 145 Russell St., Melbourne.
Postal Address: GPO Box 1052J, Melbourne, 3001. Telephone: (03) 9650 9749, Fax: (03) 9650 9368.
Subscription $40.00 p.a.