A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"Power tends to corrupt and absolute power corrupts absolutely. Great men are almost always bad men...There is no worse heresy than that the office sanctifies the holder of it."* . . . . . It was John Acton who said so in a letter to Bishop Creighton, April 5th, 1887

THE BRING-AND-BRIBE BUDGET by Jeremy Lee:

As a pensioner I suppose I should be rejoicing in the obvious bribes that have been sent my way in the latest Costello Budget. Along with those of my generation I am to receive a direct, non-taxable 'sweetener' of $300. I can now earn $20,000 before I am eligible to pay income tax. There is an increased limit to my Medicare benefits.

But any benefits to older Australians can only be at the expense of the young – struggling farmers, young marrieds with a mortgage, the 400,000 homeless and Australia's small businesses. I have to recognise that Howard and Costello are hoping that the handout coming my way will gloss over my objectivity, persuading me to put my personal interests over those of Australia in general. They want to buy my vote with a special handout from the tax kitty.

When the Coalition Government came to power in 1996, the total direct and indirect taxation taken by all levels of government in Australia totalled $147.8 billion. In the budget just introduced by Costello, Commonwealth taxation alone totals $146.7 billion. In other words, the Coalition has raised taxation levels to a point that would have brought outraged howls if attempted by a socialist government.

Stephen Koukoulas, writing in the special Budget Review produced by ***The Australian Financial Review*** on May 23rd, spelled it out:

"Make no mistake. The sixth Howard-Costello Budget confirms that the Coalition is a big-spending, big taxing Government.

"The government sector in Australia has never been bigger than in 2000-01. Not only is the government sector spending money at a rate that would make Gough Whitlam blush, but its tax-take and other revenue has ballooned to levels never before seen in Australia.

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"Since the Howard Government was elected in 1996, general government revenue has increased by a phenomenal 5.4 percentage points of GDP, to a record 37.7 percent. In 2000-01 dollars, that is an increase of more than $35 billion.

"In other words, if total general government revenue were to return to the level the Howard Government inherited, there would have to be tax cuts of about $35 billion a year. And that already takes account of the large income-tax cuts from July 1 last year ....."

Those who have bothered to read Karl Marx's *Communist Manifesto* would recall the 10 steps – all numbered and set out on one page – which Marx saw as essential to the introduction of the communist state. They included the abolition of inheritance, a state monopoly of credit and a heavy, graduated income-tax. The famous John Maynard Keynes said that once a government was taxing 25% of the community's income it was on the road to totalitarianism.

By such standards, the Howard-Costello government is doing very well. Their high-taxation policy flies in the face of everything the Liberals once stood for. Take the policy speech by former Prime Minister Sir Robert Menzies in the 1953 election campaign. He said:

"Our principle, plainly stated in 1949, is that taxation and production are vitally related. This relationship takes two forms: The first is that as production increases, and the national income grows, rates of taxation can be reduced without reducing the total tax yield. I want to emphasise this vital point. In other words, as the volume and value of production go up, the burden of tax on each pound of income should be reduced.

"The second is that in certain cases a reduction of tax may act as an incentive to increased production or greater business activity. We shall act upon both these principles to the limit of our capacity!"

Instead of which, Costello took advantage of recent growth figures to increase the government tax revenue and to accumulate a Budget Surplus estimated only a few short months ago as exceeding $13 billion (about $700 per head of population). But the recession has caught up with him, and he now has had to spend the Surplus in a desperate attempt to buy back votes.

Alan Kohler (***The Australian Financial Review***, 23/5/01) pointed out:

"The Budget confirms that John Howard and Peter Costello are, in fact, just another pair of politicians, and their Government is much the same as any other.

"That is, when they got their hands on real money – more than $10 billion a year in surplus revenue – they spent the lot in trying to stay in office, and then some.

"In two years the Howard Government has gone from a surplus of $13.5 billion to a deficit next year of $800 million, growing to a deficit of $1.5 billion in 2002-03.... Of course that's not what the Treasurer reported in his Budget speech last night. The surplus of $1.5 billion for 2001-02 on the front pages of the newspapers today, courtesy of Mr. Costello, is the cash balance. Inconveniently for the Treasurer, the Government has been accounting entirely on an accrual basis for three years and the real position – in its own terms – is a deficit of $834 million ...."

So there will be a desperate splurge, between now and whenever the election is held, to buy back every possible vote. Howard and Costello are hoping outraged older Australians – pensioners and self-funded retirees – will flock back to the Coalition. In my view, it's a small chance. The next target must be small businesses. But – short of eliminating the GST – can they be wooed back to the fold? And remember, we have more than 30,000 fewer small businesses now than when the GST was introduced. The rest, as anticipated by the Government, have been bankrupted, as the soaring bankruptcy figures will attest. For them, any bribe is too late.

Each Australian, from one day old, will be up for just under $1,000 in foreign aid; a package worth $1.7 billion, of which a hundred million or so will go to Indonesia. The Government should be applying conditions; that, if any more refugee boats embark from Indonesia for Australia, a pro rata deduction will be made to the grant.

Hanging over the whole Budget is the black shadow of some $78 billion in unfunded superannuation – the promises of future superannuation payments to politicians and public servants, including the now 19,000 officers at the Australian Taxation Office. The size of the ATO keeps expanding, even though the number of 'unpaid' tax collectors has multiplied enormously with the GST.

The Government will raise $12.6 billion in taxes on petrol and oil; in the last financial year the figure was $12.4 billion. And you thought the Howard Government had cut fuel taxes? Yes, but it's *indexed*, you see! They'll collect about $660 in fuel taxes per person, or just under $4,000 per family of four.

Who's going to do well? Corporate Australia, where the tax-rate on profits has been reduced from 34% to 30% (a cut of $7.5 billion). They are all – the Business Council and the rest – praising Costello from on high. (Of course, the foreign-owned corporations who spirit their profits away overseas don't much care anyhow).

Beazley and Labor? They're screaming blue murder. But it's hard to make out what they would have done instead. However, whatever it is, they'd have done it *better*!

THATCHER SPEAKS OUT: Whatever else is said, Margaret Thatcher doesn't mince her words. She stole the show at the Conservative Party Conference in Plymouth (from whence Francis Drake once sailed to sack the Spanish Main). She outshone Party leader William Hague, who is trying to tip-toe, like Tiny Tim, through the tulips of contention:

"Baroness Thatcher claimed Mr Blair's Labour Government was preparing to surrender British sovereignty to Europe and would raise taxes by stealth if returned at the June 7 general election ..... 'I would never be prepared to give up our own currency' she said, to thunderous applause from the party faithful. 'A country which gives up the power to issue its own currency is a country which has given up the power to govern itself'." (***The Australian***, May 24th, 2001)

Mrs. Thatcher had better take care. Someone, in this murky globalised world, is likely to accuse her of being a member of the League of Rights!

ANOTHER LADY BACKS AWAY: Pauline Hanson's position becomes more confusing day by day. She is now saying that if Graeme Campbell doesn't repudiate the League, and is endorsed by One Nation as a Senate candidate in West Australia, she may leave the party and stand in Queensland as an independent. How Ron Boswell must be cheering from the National Party bunker!

The truth is that Australia needs both Pauline Hanson and Graeme Campbell if Australia is to turn the corner and keep its sovereignty. But 'ego' somehow keeps getting in the way.

Internal One Nation matters are no business of the League of Rights, which is a non-party association. We can only hope that cooler and wiser heads will prevail.

MIDDLE EAST VIOLENCE ESCALATES: The photo of a lone Jewish protester in Chicago, where former Israeli Prime Minister Benjamin Netanyahu was drumming up support for Ariel Sharon on May 23rd, was carried in ***The Australian*** on May 24th. His poster read "I AM JEWISH AND THE ISRAELI GOVERNMENT IS NOT MY MOUTHPIECE".

This is symptomatic of the growing number of courageous Jews seriously disturbed at the brutal tactics currently employed by the Israeli Government against the Palestinians. Often described as anti-semitic, or "self-hating Jews" themselves, their presence and outspokenness is a small sign of hope in the most dangerous situation in the world today.

There is now a growing revulsion in many countries against current Israeli behaviour.

FREE TRADE THEORY by Antonia Feitz:

The global bureaucrats running the world claim to know what they're doing, but it seems unlikely. For example, the IMF recently slashed its growth forecast for Australia from 3.25 percent to just 1.9 percent – in just one month! Perhaps the IMF should consider employing a woman to read tea-leaves – she might deliver more accurate forecasts.

The globalists also brag about the increase in world trade – it's up to billyo apparently. Meanwhile the world's people collectively comment: "So what! Who benefits apart from TNCs, shipping and oil companies?" Local farmers get put out of business because multinational supermarkets want to source their apples/pork from wherever it's cheapest. But they don't pass on the savings according to free trade theory any more than the textiles and footwear importers do. Worldwide consumers are slugged to maximise profits.

Reality is where the free traders come a cropper. Free trade fails to deliver the golden promises because its theorists fail to understand that theory is best derived from a close analysis of best practice. For example, sensible grammarians analyse language to deduce rules for good expression. They don't just invent rules and expect people to conform to them. And throughout the ages, musical theorists have analysed the music of their time to deduce rules to guide composers. Of course genuine artists break the rules – but they have to know them before they break them.

In contrast to grammarians and musicians, economists and politicians are far too fond of putting the cart before the horse. They invent theories and design systems such as communism and free trade and expect people to conform to their theories. That their theories just don't work never deters them. As we Australians know only too well, faced with mounting criticism of current economic policies the ideological zealots blame governments for not sufficiently explaining the benefits to the people. Unfortunately for the zealots, people increasingly have noticed the free trade emperor has no clothes.

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