A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: *"Render unto Caesar the things that are Caesar's and to God the things that are God's."*

"John, by the grace of God, King of England...to the archbishops, bishops, abbots, earls, barons, justiciars, foresters, sheriffs, stewards, servants and all his officials and faithful subjects greeting. Know that we, from reverence for God and for salvation of our soul... In the first place have granted to God and by this our present Charter have confirmed, for us and our heirs in perpetuity, that the English church shall be free, and shall have its rights undiminished and its liberties unimpaired... We have also granted to all the free men of our realm for ourselves and our heirs forever, all the liberties written below, to have and hold, them and their heirs from us and our heirs..."

– From Magna Carta (The Great Charter) 1215

THE COST OF OWNING A HOME by Jeremy Lee:

Politicians have suddenly awoken to the fact that the cost of buying a home is beyond the reach of a growing number of Australians. Those able to score an overdraft are faced with a lifetime of mortgage repayments, tempered only by the hope of capital gains, which seem feasible in the current climate, but which can disappear overnight if the housing bubble bursts.

Added to this risk is the always possible eventuality of 'down-sizing' – the disappearance of a job which was all-important in the borrowing programme.

Sid Marris (***The Australian Financial Review***, 5/8/03) wrote:

"... The Housing Industry Association has a stark example for the Productivity Commission of the cavalcade of taxes and double-dipping that has helped drive the first home out of the reach of many young families.

"In Western Sydney, a house and land package worth $507,000 can carry up to $130,000 in fees and taxes.

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"Land costs of $330,000 are made up of $130,000 purchase cost for the developer, $50,000 development costs and $70,000 in State and local infrastructure fees, $32,000 margin and $18,000 in stamp duty.

"The house with a building cost of $156,000, then attracts $5,000 in state and local fees. The GST of $16,000 to be paid is then calculated after the state and local fees are added on to the base cost of the house.

"Buying the package, the family would then pay another $18,000 in stamp duty calculated on top of the GST....."

Hence the inquiry. But long before any findings are made, the Prime Minister has told us it won't change anything. Mr. Howard believes he can use housing affordability as an election issue without ever having to do anything about it.

Alan Wood (***The Australian***, 5/8/03) made the point:

"Of course, the Productivity Commission inquiry into housing affordability is a political ploy. So is the blame game between Peter Costello and the states over the impact of stamp duties and the GST on house prices.

"But because the commission's inquiry smacks of a political stunt, that doesn't mean no good can come of it. Although the Treasurer referred to it as an inquiry into first home ownership, a look at its terms of reference shows the Commission can range as widely as it likes. Among other things, it is asked to 'identify and analyse all components of the cost and price of housing' and 'the operation of the total housing market'."

All of which sounds laudable, but it is hard to see how taxes, fees, stamp duty, plus racketeering in land and housing development, built up over many years into an institution, are going to be solved by an 'inquiry'.

No other civilization I am aware of has turned the task of providing a house for a family into such a rort. Even in the meanest Third World country a simple hut is within reach of all. Some, like those built by the Zulu people, are beautiful. There is no lifetime mortgage hanging over them. The cost of building is labour and materials. If that was the case in Australia, luxurious three or four bedroom homes would cost $100,000 or less.

So we can expect a slanging match between Peter Costello and the States as to whether it is stamp duty or the GST that is to blame. The truth is that both are iniquitous. Another heated exchange about effects, without ever dealing with causes.

Australia is now one of the most indebted countries in the world. Household debt is approaching 130 per cent of income. It has never been anything like this before. For those lucky enough to have high-paying jobs, life is a stressful race to keep enough income applied to debt service to have hopes of a financially secure future. For the married couple where only one is working, all hope of home ownership disappears – unless they are lucky enough to score a legacy.

The GST now grinds in $32 billion a year. Every plank, nail and screw in a home has its GST component.

Stamp duty applied by the States brings in approximately $8 billion a year – a quarter of the GST total.. The higher the cost of homes, the more the States collect. They are hardly likely to favour any reduction. There will be a lot of huffing and puffing – but no action.

In the meantime, Australia's money supply has expanded during the last 12 months by 12 per cent, or over $50 billion. This figure is greater than the GST and States' Stamp duty combined.

It came into existence through a costless operation called "credit-creation". The trading banks which operate in the mortgage area create the credit out of nothing – and then charge borrowers debt and interest repayments for the rest of their lives.

Let us suppose that Australia made a decision that new additions to the money supply should be credited to the community instead of debited as interest-bearing loans. The first year it happened, the new money was used to abolish the GST, and remove stamp duty on property and houses. It is not hard to see that costs of home ownership would fall dramatically. So would overall home debt.

The Royal Commission into Banking in 1937 made it clear that the Government has the power to take such a step. But it would mean taking on the private money-lenders, who like to believe they have the right not only to lend but to create the nation's money.

The same frightening levels of debt are common to all industrialized nations. As a result, the levels of stress and compulsion are slowly ratcheted up from year to year. A few years ago we were shocked to talk of debt in $billions. Now it is $trillions – a figure that the human mind is incapable of envisaging.

Although neither Costello nor Howard would concede it, there is a close relationship between the debt system we operate and the social breakdown stalking the land. Suicides, drugs, marriage breakdown etc are escalated by financial crisis to a greater extent than many may believe. Until we can get populations into the land of credit, human crisis will increase. This includes reducing taxes to sane levels.

It is remarkable that all this is happening at one of the most incredible technological periods in human history. We have invented every type of gadget or process to make production faster and easier. This includes building. One result is an ever-decreasing requirement for full employment.

But the debt system has stopped the benefits flowing to the ordinary people. The result is human misery.

C.H. Douglas, who predicted so accurately the results of operating our money systems in this way, also stressed that the vested interests in keeping the debt monopoly were so entrenched that there was no countervailing force capable of changing things. It seemed inevitable to him, and seems even more so now, that the degeneration would finally results in a point of crisis in which the very foundations of society would be shaken, tottering towards collapse. At such a point it might be possible to insert a lever into human thinking which would result in changes seemingly impossible at the moment.

Meanwhile, the stage-play goes on – first Costello, that the State premiers centre stage, thumping their chests with dramatic speeches to "fill the ears of the groundlings".

What a shock if the Commission extended its terms of reference to the money system itself – and came out with some genuine proposals for improvement. It is doubtful if their report would ever see the light of day!

AUSTRALIA'S OWN UNDERCOVER 'HOUSEWIFE' AGENT by Betty Luks:

Older League supporters will remember either hearing personally (the lady spoke on a number of League platforms) or reading stories of Mrs. Anne Neill. As a 52-year-old Adelaide housewife, she spent seven years as a member of the Communist Party whilst carrying out doing undercover work for the Australian Security. Mrs. Neill's story was published in the ***Sunday Mail***, 16/12/61.

Australia had her own "clergymen who then walked serenely and happily through the anti-God museums, the politicians who claimed that no system of society could possibly be more equitable and just, lawyers who admired Soviet justice, and economists who praised the Soviet economy...." thus, the public release of the story of Anne Neill must have come as quite a shock to the 1950-60s Communists in Adelaide, Australia.

As a worker in 20 different Communist-influenced groups, she reported regularly to Australian Security about their activities.

This was surely one loyal Australian lady who could have told us more about the Communist use of 'fronts' and well understood Babette Gross' directive: "You do not endorse Stalin. You do not call yourself a Communist. You do not call upon people to support the Soviets. Never. You claim to be an independent minded idealist. You don't really understand politics but you claim the little guy is getting a lousy break."

Called upon to take on role: When Mrs. Neill was asked to take on the role of security agent, she wondered what were her qualifications for such an onerous task; "..in my family we had grown up with a tradition of service... accustomed to accept responsibility. My father was respected as a good neighbour... This for me was a path of duty."

She spoke of the starry-eyed comrades who attended the 1950s "Congress of the Peoples for Peace" at the Konzerthaus in Vienna. Here in the great hall, "representatives from all over the world had gathered to discuss 'peaceful co-existence' – and to proclaim the Communist doctrine... The Red Dean of Canterbury, Dr. Hewlitt Johnson, was there", as was "...the Rev. Allan Brand," from Australia. Anne Neill's report reveals the rot had well and truly set in and was eating away at the foundations of our Society including the Christian Church more than fifty years ago. Yes, "by attacking the social fabric, the feminists inflicted more damage to Western society than Communists ever dreamed possible..." But, this may not have happened had the faithful not been blind to 'the enemy within', an enemy who managed to penetrate to the very heart of our Faith and Culture.

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