A WEEKLY COMMENTARY

# ON TARGET

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*The price of Freedom is eternal vigilance –*

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**THOUGHT FOR THE WEEK:** "It is the author's belief that the solution to the "problem" of inflation is thoroughly understood and deliberately rejected in higher financial circles and that, indeed, inflation is a deliberate mechanism of political intent – that is to say, that the social problems created by inflation and exploited by subversion are those that seem to require ever-increasing powers of government, and that this is the intent behind continued inflation.

In this connection it is important to recognise that governments come and governments go; but the *power* of government increases with the successive enactment of laws. Laws enacted because of inflation do not operate on inflation; they operate on the individuals of the community, and in general constitute a progressive curtailment of freedom."

– "Freedom and Inflation" by Bryan Monahan, Australia

**SERVANTS OF THE MERCHANTS OF DEBT by Betty Luks:** I am already bored out of my brain by the political hype pouring forth from the electronic and print media. As to the 'leadership' mock battle! What the 'right leader' or the 'new leadership' has got to do with POLICIES I will leave to the reader to determine. For myself, I have weighed the actions of the main political parties against their political hype for at least the last thirty years and made my own judgement. They have been weighed in the balance and found abysmally wanting.

**Social Credit more meaningful today:** Well did Donald Martin National Director for the British League of Rights sum it up in his message to the guests of the recent 61st "New Times" Dinner:

"What a year it has been! Events have once again proved the Social Credit message to be correct in relation to the realities of the world in which we live.

Nowhere is the Social Credit message more meaningful than in the current financial tribulations. If you were to read only the daily papers you would believe that the current credit squeeze was due to the people of the United States of America defaulting on their home loans. Many of these home loans have been bundled together and sold on to other banks and financial institutions. These debts have been passed around the world.

As the defaults grew, the major banks became nervous about who were holding the potential or actual bad debts. None of the banks wanted to have to write off bad debts, even if it was not a real problem for most of them so to do. What banks then started to do was to refuse to lend to other banks. They normally lend to one another as a matter of course on a day to day basis so that they can balance their books. The small and weak financial institutions were immediately vulnerable.

**The Northern Rock bank collapse:** A number of financial institutions do not finance mortgages with savings like Building Societies do but they use what are called wholesale markets, which are basically short term loans. The trouble here is that if the financial institution is lending to customers long term, but borrowing short term, they are very vulnerable if the short term market suddenly dries up through the action of mainly the big banks. This is what happened in the case of Northern Rock in England. Here we have seen the first run on a bank in about 150 years.

**Banks' huge capacity to write off book debt:** In this scenario we start to hear talk of economic collapse. Don't fall for this false statement. The banking system has a huge capacity to write off many billions of pounds or dollars of loans. Remember the real nature of the game is centralisation and control.

**What is lacking in this current debate is any talk about the elephant in the room.**

What is that elephant? It is simply a matter of asking why has it become necessary for there to be longer and longer term mortgages some as high as 125% of the value of the property!

**The elephant is the manner by which nearly all new money comes into existence combined with the chronic shortage of consumer purchasing power.**

What about the National Dividend and the Just Price financed through a National Credit Authority? Not for a long time have we had such an opening and such a challenge."

**WHAT ABOUT A FUTURE FOR OUR FARMERS?** Is it really 38 years since the League published a 30-page booklet "The Want Your Land"? In it the League stressed the basic fact that if Australian farmers are to save themselves from financial liquidation, and set an example to the rest of the community also suffering under increasing centralisation, they have got to face the fact that the present policy of credit creation and issue, high taxation and progressive inflation, is the basic cause of their problem of mounting financial costs..."

And then again 27 years ago, Jeremy Lee wrote of "Australia's Looming Farm Disaster" wherein he repeated the warning: "They Want Your Land" had a stark message which few public figures wanted to hear. The acceptance of the "get-big-or-get-out" slogan and the policy of rural 'reconstruction' was a surrender to socialism no matter what label was used to justify such a programme. Once embarked on, such a programme would, perforce, herald a never-ending process of destruction which would finally engulf not only small farms, but ultimately the biggest..."

Nearly forty years further down the socialist-centralist road, many of our farmers are in dire distress, not only are they carrying the weight of heavy financial burdens, but many are, once more, in the grip of a prolonged drought.

**The Howard government's answer:** For those who have had enough and want to get off the land, pay them a pittance to help with their move. But what about their farms? It doesn't necessarily mean the farm will go out of production. It will be bought up cheap and when the seasons improve, production will be resumed. But next time round, it probably won't be a family farm; more likely it will be absorbed into another international agribusiness.

Almost 200 farmers from around South Australia's Eyre Peninsula recently attended a grower's meeting to discuss their grim situation. Estimated crop yields could be down by as much as 80 per cent this season; not only will the land not yield a crop, but the heavily indebted farmer will probably have borrowed from his local debt merchant to purchase the seed.

**'Forward selling' – selling something you haven't got:** But that is not all the worries he might have. Added to the burdens, there are farmers who "forward sold" this season's estimated harvest only to have it fail due to the prolonged drought. This leaves them with a financial contract with the grain traders who will insist on their 'pound of flesh'. The farmers have gambled on the hope the contracted price will be more than the final selling price of their as yet unrealised grain crop.

Sounds to me like the desperate 'verging on bankruptcy' businessman who goes to the casino to try to improve his luck.

**A RURAL 'FUTURE FUND' – A VISIONARY FINANCIAL POLICY:** On the 14th & 21st October 1971, Sir Robert Sparkes placed two full-page articles in the newspaper *"Queensland Country Life"*. Among other things his political party proposed:

"As a result of the investigation of the Management Committee the [then] Country Party has formulated a set of proposals designed to curb inflation and assist the rural community (both country towns and districts). The following are some of the more important of these proposals ... which were put to the Deputy Prime Minister (Mr. Doug Anthony) and the Premier Mr. J. Bjelke-Petersen in July 1971....

"That because of the great importance of maintaining viable primary industries in Australia, the federal Government should provide a source of long-term, fixed contract interest rate finance, below 3 per cent to individual primary producers adversely affected by drought, low prices and rising costs..."

Don't think it is an issue that concerns only our farmers. Ultimately it concerns us all. Do city-dwellers want access to good food at reasonable prices? Then we must support our farmers to find answers, which means answers for us all.

From where I stand, it looks like the Corporate NeoCommunists have reduced the farmer to servitude and will eventually direct them to work as wage slaves on their own farms.

**Comment:** Notice Sir Robert Sparkes inadvertently admitted by his financial proposals "to curb inflation" there is such a thing as monetary inflation.

**Further reading:** A very important little booklet the League has carried for many years is "Freedom and Inflation" by Bryan Monahan. It sets out a comprehensive explanation of the two types of inflation. Price: $5.00 posted.

**THE PREAMBLE AND DEVIOUS POLITICIANS by John Brett:** Every time we look at Australia's Constitution for one reason or another, we discover further evidence of the genius of its architects. Last week's announcement by the Prime Minister that on return to office he would introduce a Bill to replace the existing Preamble to the Constitution, becomes the third attempt to do this since the year of the republic referendum in 1999.

For that referendum the Labor Party drafted a new Preamble and the Prime Minister drafted his first Preamble. But why change the Preamble only? What is the Preamble? Why suddenly is it important at this later date, when the Constitution is not on the agenda anywhere?

There were only four written Constitutions preceding Australia's. There was a German Constitution, a Canadian, a Swiss and the American Constitution. The example most useful to our architects and ourselves was the American Constitution, which until the arrival of the Australian Constitution, was "The high water mark of Constitutions". The first American attempt to unite her various States in a Federated Union, led directly to the disaster of the American civil war.

The original compact was breached when one of the Southern States, South Carolina, withdrew from the Union, quickly followed by another State which then led to the dissolvement of the Union and the disastrous civil war that followed.

Our founding fathers were only half the distance in time from that calamity as we are today. At a time when History was still taught throughout the English speaking world, anybody contemplating another new Constitution with this disaster so recent in memory could not avoid finding a way around this flaw in the original U.S. Constitution. Remembering, written Constitutions were rare and unknown before these times. Like the sporting fields of the world which were to follow, to be successful we had to learn how to make rules all the participants agreed to abide by.

From the short lived German Constitution it was learnt that a Constitution easily changed without the consent of the beneficiaries, or the part consent as in the first U.S Constitution, was not a practical solution or of long time benefit.

The founding fathers overcame this with section 128, borrowed from the Swiss Constitution, which only allowed a stipulated change by a national majority and a majority of states. Since demonstrated to be possible and practical. But it left the possibility of just one of the constituents to the Federation withdrawing and so dissolving the compact as happened in the U.S.. The solution was new, ingenious, but not invincible, as we may be about to discover.

The Preamble was given form to describe the purpose of the constitution as agreed by the founding parties and binding on all the parties to the compact, which were the States and the Crown, ".... to unite in one indissoluble Federal Commonwealth under the Crown..."

**Preamble *justified* the Constitution:** The word "indissoluble" meant it could only be dissolved if all the founding parties agreed to dissolve it, not just a single State or the Crown. All had to agree to dissolve it, just as all had agreed to form it. Then to ensure the Constitution could not be changed by section 128, the Preamble was not included as part of the Constitution itself. In modern ideological language the Preamble justified the Constitution, making it a legal document in itself apart and separate from its founding institutions and people, and named the Preamble.

Commonwealth the *creature* of the States: As the Commonwealth was not a party to forming its own identity and Constitution, it was not a founding member but the offspring or result of that compact, therefore not likely to dissolve itself by the conditions of section 128 which is a part of it only.

Just as a new born baby comes into existence forming its own character and behaviour, but not wanting to be changed later by its own children even if some of them do deny their common progenitors.

Now that every attempt to persuade Australians to abandon their Constitution by referendum has failed, another way to circumvent their wishes would be to have one or more of the States withdrawing from the compact to form their own separate Republic – without consulting their electors. This could be accomplished, by simply removing by Legislation, that one single word ***"indissoluble"*** from the Preamble, but that would alarm the victims and focus on the intent of that word "indissoluble", the last thing Republicans desire.

A much quieter way to proceed would be to replace by Legislation the whole preamble as previously attempted by a failed referendum, which is possible and is possibly legitimate and legal. As soon as that word "indissoluble" is removed the way is wide open for a Republic without our consent, as they will have a "MANDATE".

John Howard seems to be determined to be remembered as one of our longest serving PM's and the first short term President. With Rudd announcing another referendum in 2010 and Howard removing the word "indissoluble" Australians are between a rock and a hard place at election time, with no help or alternative in sight.

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