

a madcap treatise outside the box

prescribed for the curing of the ills of
capitalist Australia (and others)



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PREAMBLE

Australia is a capitalist country. Any dreams or visions early Australians had for a socialist Australia in the early twentieth century have vanished into the dusty pages of history as naïve, wishful yearnings of a people whose history was built by the oppressed and the downtrodden of the little isles that lie to the northwest of Europe. However, the ideas of “fair go” and “mateship” survive, albeit in a desiccated form.

With the advent of globalisation, and the unforgivable raping of the idea of a socialist society by the now defunct USSR, capitalism reigns unrivalled and unchallenged in most countries in the world. The failure of the USSR was more than an economic failure. It was the failure to create the new man whose primary motivation was not greed. The USSR had a chance for 3-4 generations and failed. Today greed still rules.

Marx’ prophecy that capitalism was doomed because of its very nature also proved to be wrong, at least in the medium term. He has failed having underestimated the flexibility and the ingenuity of those “who own the means of production”, the capitalists and those who benefit from the capitalist system. The process of integrating the proletariat into the system that began with Henry Ford, found its most street-wise manipulator in the person of the first female prophet, the Iron Lady, Margaret Thatcher. Today, the working class is as concerned about the performance of the stock market as those who have a real class interest in it.

This treatise is not one to advocate the overthrow of capitalism or to lecture about the evils of it. It is not to evoke the old yearning for a better, fairer, more humane and more equitable society through socialism. The writer is a bit too old and cynical for that. It is to provide some suggestions to hopefully make the (capitalist) system in Australia work a little better. It is to question and try to shake some of the orthodoxies and the incongruities of the present capitalist narrative, whether by so-called liberal/conservative parties or those that call themselves social democrat/progressive parties. In that sense, the writer can be justifiably accused of being an accomplice to exploitation and a side-kick of the system. He is just too old to care. The ideas/proposals/suggestions in this treatise may sound outrageous to some if not most. But I am certain that at least some of the ideas in it have occurred to the ordinary citizen who has often asked “why not?” only to give up thinking “if they were any good, they would have been taken up by those who rule us”. But they are not, as those who rule us do not think outside the box. So, even if some of these ideas are taken up, I’d die a happy little vegemite.

Some of the suggestions here are specific to Australia. However some others may be applicable in various degrees to other countries with similar systems of government and economic system. Some will have unforeseen consequences. Some people will use the fear of the unknown to discredit some of the ideas here. They may also use the implausibility of some of the suggestions to discredit the others. So be it. It is a grab bag. Help yourselves.

Australia has a reasonable social security system. From the start, she has been smart enough not to make the mistake the USA made of having no safety net, thereby actively promoting crime. However, the social security system is intrinsically one of welfare, the modern version of the religious concept of giving alms. The Judeo-Christian background accounts for that. Welfare and not rights is what defines the Australian social security

system. In this sense the Judeo-Christian ethic coincides with the communist maxim "from each according to his ability, to each according to his needs!" The sticking point, of course, is that someone somewhere has to decide who needs what. This could be Uncle Joe Stalin or a Canberra bureaucrat.

The treatise will address some of the basic assumptions that underlie the present system in Australia. These assumptions never seem to be questioned by those who spend their lives in the ostentatious box built in the middle of nowhere, i.e. the Parliament House in Canberra. Whether being in that box makes them think within the box or vice versa is open to debate.

The writer is not an academic or one of those multitudes of economists who hawk their navel-gazing as science and fail to predict any of the catastrophic events that plague the global capitalist system. Nor is he a politician or has any wish or desire to become one. He is just one of the grateful migrants who has been lucky enough to share in the riches of a continent the size of Europe - a continent plundered by a population less than those of the Netherlands and Belgium combined, living in an area of about 65,000 sq. kms, less than one hundredth that of Australia. He feels indebted to his adopted beloved country and believes this treatise will go some way to repaying this debt.

Some people will take the suggestions in the treatise seriously, most politicians will scoff at it saying if they had any virtue, they would have come up with those policies themselves; most economists will try to prove how impossible it is to implement those measures, much the same way as it was proven that it was impossible for an internal combustion engine to power an automobile, as that would be like lifting oneself off the ground by one's bootstraps. Most tax accountants will panic as this would mean losing a big chunk of their business, as would a lot of public servants. But it is the firm belief of the writer that Joseph and Josephine Blow would at least have an open mind about the suggestions. Once the politicians recognise them as vote-getters, they are bound to jump on the band-wagon and become illustrious leaders of opinion who follow the masses.

The writer does not go into, nor has the capacity to go into the nitty gritty of the implementation of these suggestions. It is believed that there are very good bean counters in and out of Canberra who would be brilliant to detail the nuts and bolts of any policies based on these suggestions and adopted by Canberra. One that comes to mind is the Hon. John Howard. He is no longer there, but there is bound to be many more like him to do the hackwork in all political parties and in the departmental boxes dotting the Canberra landscape.

Economic and social security policies have social repercussions. Much as politicians and bureaucrats hate to admit it, they are either used as insidious tools for social engineering or a blind eye is turned to these repercussions. These will be examined in this treatise.

Prohibitions do not work

One underlying theme in a number of the proposals in this treatise is that prohibitions do not work. The classic example of this is the American prohibition of alcohol in the 1920s. This led to bootlegging, speakeasies and the development and flourishing of the Mafia. These were all consequences which were very unlikely to have been predicted or even guessed by the God-fearing goody-two-shoes Americans. Even in strictly Sharia based countries where drinking alcohol attracts stiff penalties, there is an underground market for alcohol. Most people

are aware that outlawing the cultivation, selling and the using of marijuana, a drug much less harmful than alcohol has resulted in grass castles, gang wars and murders. Destroying marijuana plants has led to a skyrocketing of its price when it is a plant that can easily be grown in the backyard. Any money spent on it is less money spent on other things like life's essentials. A similar argument can be made for other drugs.

We have R-rated and X-rated films and videos and it is illegal for under-aged people to view them. It is also illegal for under-aged people to buy tobacco and alcohol products. Even the staunchest advocates of such restrictions cannot claim that no under-aged person has ever watched any of these films and videos, smoked tobacco products or drank alcohol. We keep fooling ourselves and made to feel secure by politicians who impose these restrictions, knowing full well that they do not work.

Censorship is doubly problematic. Not only that it does not work, it is a restriction of personal freedoms, of which we are so fond of saying it is something we hold precious. I shall go into more detail about this later in the paper.

We all know there is a sizeable black economy, the size of which is anybody's guess. Although the expectation is for every financial transaction to be reported and scrutinised, many people prefer to pay less in cash than more in an official transaction. So, more and more bureaucrats are employed to police this, with Big Brother getting bigger day by day as well as having no discernible effect. Strictly speaking, this is not a prohibition as such, but a rule nobody really cares about.

The writer deliberately wished to make this treatise no bigger than a supplement of a Sunday newspaper as used to be the case in the good old days of Aristotle, Nizam-ul-Mulk or John Locke. He believes that it will make easy reading in these days when reading is a vanishing art form. It may even spread like a virus on the internet sparking some real debate about things that really matter in a capitalist society.

INCOME TAX

"In this world there is nothing that is certain except death and taxes"

Benjamin Franklin

We all expect Governments to do certain things and for this to happen, we must pay taxes. If the Governments were to provide no services, there would be no need for any taxes. However, income tax is by no means universal, nor has it always existed throughout history.

USA

In the USA, as the constitution was originally written, the United States government could NOT impose an income tax on the people, because it was prohibited under the original language of the constitution. The founding fathers thought "direct taxation carries the power to destroy" and limited it to local government only. The Federal Government was only allowed to impose indirect taxation "so that private property would not be at risk to a corruptible central body and would, thus remain sacred".

Up until the early 1800's, the USA government was funded primarily by indirect taxes on alcoholic beverages, carriages, sugar, tobacco products, property, sales and corporate bonds. Then came the War of 1812 and all of the war associated expenses. There was an income tax proposed during the War of 1812, but was defeated. Instead, taxes were added onto luxury consumer goods. In 1817, all internal taxes were abolished and tariffs on imported products were the only funding the government received.

The actual taxing of income began in 1861 with the Civil War when the Congress passed a 3% tax on all net income above \$600 a year. Other taxes were added such as inheritance tax and sales and excise taxes to fund the war effort. The history of the Internal Revenue Service begins with an Act passed in 1862 which established an office of Commissioner of Internal Revenue. This office had the power to assess taxes, levy and collect the taxes and enforce the laws regarding taxation. This power was passed along to what we know today as the IRS. The income tax was rescinded after the war in 1872.

The Populist Party "demanded a graduated income tax" in their 1892 platform, as did the Socialist Labor Party in 1887. The Democratic Party, led by William Jennings Bryan, advocated the income tax law which was passed in 1894.

In 1894 Congress passed an income tax act very similar to the current income tax law. The Wilson-Gorman Tariff Act of 1894 attempted to impose a federal tax of 2% on incomes over \$4,000. That law was challenged on the basis that a tax on income is a direct tax, the United States Constitution requires direct taxes to be apportioned, and the act passed by Congress was not apportioned. The United States Supreme Court agreed and held the income tax act was unconstitutional (*Pollock v. Farmers' Loan & Trust Co.*).

Some conservative politicians argue that "because the payment of tax has been made compulsory and enforced by a coercive police and justice system, it can be viewed as institutionalized violence equivalent to theft".

The origin of the income tax on individuals is generally cited as the passage of the 16th Amendment, passed by Congress on July 2, 1909, and ratified February 3, 1913.

The 16th amendment to the USA constitution, ratified in 1913, removed the objection of 1894 by allowing the Federal government to tax the income of individuals without regard to the population of each State.

In 1913, the then Secretary of State Philander C. Knox reported that 38 states out of the 48 then in existence had ratified the amendment.

Therefore it is reasonable to say that the history of the imposition of a tax on the earnings of individuals only has a history of less than 100 years in the USA.

OTHER COUNTRIES

Efforts to enact an income tax in **France** were begun in the 1870s, but it was not until 1909 that an income tax bill finally passed the Chamber of Deputies, only to be held up by opposition in the Senate. The bill was finally enacted as an emergency measure two weeks before war began in 1914, and after three years a permanent income tax system was adopted.

A true income tax was first implemented in the **UK** by William Pitt the Younger in his budget of December 1798 to pay for weapons and equipment in preparation for Napoleonic wars. Pitt's new graduated income tax began at a levy of 2d in the pound (0.8333%) on incomes over £60 and increased up to a maximum of 2s (10%) on incomes of over £200. In WWI income tax reached the unprecedented level of 30% with a surcharge on high incomes. In 1976 the standard rate was 35% and the highest rate on earned income was 83%, but there was a 15% surcharge on investment income which brought the top rate of tax to 98%.

In **Sweden** at the beginning of the 20th century, tariffs and excise duties (selective taxes) were the State's main source of income. Property taxes were levied on ownership of land but were abolished early in the century. In the place of property taxes, the state introduced progressive income taxes. The total tax take, the tax ratio, has increased relatively quickly. At the beginning of World War II, indirect taxes on goods and services again became an increasingly significant source of state revenue and the social insurance contributions charged also rose sharply.

AUSTRALIA

The history is not all that different in Australia either.

When the first Governor, Governor Phillip, arrived in New South Wales in 1788, he had a Royal Instruction that gave him power to impose taxation if the colony needed it. The first taxes in Australia were raised to help pay for the completion of Sydney's first gaol and provide for the orphans of the colony. Import duties were put on spirits, wine and beer and later on luxury goods.

After 1824 the Government of New South Wales raised extra revenue from customs and excise duties. These were the most important sources of money for the colony's Government throughout the 19th century. Taxes were raised on spirits, beer, tobacco, cigars and cigarettes.

"At the end of the nineteenth century each of the six Australian colonies had distinct tax systems, which were almost entirely reliant on customs and excise duties. The design of these tax systems was largely driven by administrative concerns, rather than principles of equity or efficiency. Customs duties were also designed to act as trade barriers between the colonies. One of the significant results of Federation in 1901 was the removal of all duties on goods traded between Australian states.

Consistent with most industrialised countries, Australia's tax take (measured as the tax to GDP ratio) grew significantly over the twentieth century, in line with the expanding role of government (see Chart 1). At the time of Federation Australia's tax to GDP ratio was around 5 per cent. This ratio remained reasonably constant until the introduction of the federal income tax in 1915, which was used to fund Australia's war effort. Between the two World Wars, government expenditure and tax revenues grew significantly and by the beginning of the Second World War, Australia's tax take was over 11 per cent of GDP". (*ref. "A brief history of Australia's tax system" by Sam Reinhardt and Lee Steel, 15 June 2006*).

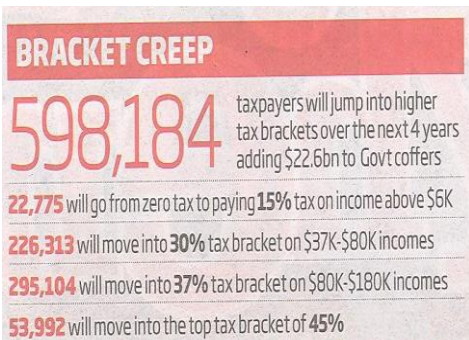
Today, it hovers around 30% of GDP. Internationally, this ratio varies between 1-2% in oil-rich Arab countries to the high 40s in most European countries (and 49% in Zimbabwe). It is clear that in almost all cases, income

tax was introduced for extraordinary circumstances in the last 100 years or so, such as war, but once governments got addicted to it, was never abolished; on the contrary, increased year by year.

For this discussion, I shall not argue for lower or higher levels of taxation, but the composition of it. What are the components of this 30% in Australia?

But before doing that, I wish to question the accepted (and dubious) wisdom about direct and indirect taxes. Direct taxes are called "progressive" and indirect taxes "regressive". Having done that, any advocate of indirect taxes is looked upon as a pariah in the "progressive social democratic capitalist system". Any politician slightly to the left of centre will argue that direct taxes are a fair and good thing and indirect taxes are an unfair burden on the "disadvantaged". This sounds perfectly fine in a perfect world. But we all know, the richer you are, the more resources you have to minimise (if not avoid) your tax. As Kerry Packer, once Australia's richest man, said quite candidly: "*if anybody in this country doesn't minimise their tax, they want their heads read*". Mr Packer, who was accused of paying no personal tax, said the Government wasn't "*spending it so well that we should be donating extra*". When the Taxation Office took Kerry Packer's main private company, Consolidated Press Holdings, to court over unpaid tax, it lost the case. Consolidated Press Holdings made \$614.53 million of profits in 1997-98. On that profit, it should have paid \$221.23 million in income tax, but it didn't pay a cent. PAYE or PAYG taxpayers have little choice. Also, we all know, (and I am certain the Treasurer and the Shadow Treasurer also know) that there is a lot of undeclared income that ends up not being taxed.

Another glaring rip-off embedded in the present system is what is innocently called "bracket creep". As we do not live in a non-inflationary environment, prices of goods and services increase every year and so do wages. Even without people getting better paid jobs, we have to earn more every year to keep up with inflation. However, when we do, not only the gross amount of tax we pay increases, but also the income tax rate when we jump from one bracket into the next one. The cut-off point is set arbitrarily by the Federal Government. The Government makes a token gesture every now and then raising the thresholds, posturing that they have done us a favour when in fact what they are doing is reducing the impact of bracket creep slightly. Following the Wayne Swan budget of 2011-12, The Sunday Telegraph published the following estimate on 15th May, 2001:



This is just another form of insidious rip-off.

In summary, I would argue that the present system of direct taxation screws the low and middle income earners, while letting off the rich scot free.

When John Howard introduced the GST, the protests came mostly from the left. The left also keeps arguing about "closing the taxation loopholes", "the rich paying their fair share of tax", which never happens. One loophole closes, another opens. Wishful thinking does not make a fairer world. The argument from the left was "the rich and the poor both buy the same article and pay the same amount of GST on it and this is unfair". The point that was missed was that the rich spend more money, therefore pay more GST than the poor. If they don't spend their riches and save it or invest it, that is good for the economy. In basic economic theory savings equal investment.

Now, let us go back to the composition of the taxes collected by the Commonwealth Government. I will not delve into the taxes collected by State or Local Governments as they are all indirect taxes anyway and 82% of all taxes are collected by the Commonwealth Government.

TOTAL TAXATION REVENUE						
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	\$m	\$m	\$m	\$m	\$m	\$m
COMMONWEALTH GOVERNMENT						
Taxes on income	145 709	162 974	176 198	189 378	208 579	201 369
Employers payroll taxes	381	292	369	350	381	377
Taxes on property	13	14	14	15	15	16
Taxes on provision of goods and services	62 646	64 997	67 822	71 452	75 863	75 141
Taxes on use of goods and performance of activities	811	854	821	793	834	1 098
Total taxation revenue	209 560	229 131	245 223	261 988	285 672	278 002

Company tax is buried within "Taxes on Income", but is around 50-60 billion dollars for these years. Therefore, income tax (140-150 billion) comprises roughly 50% of the Government's tax revenue, company tax about 20% and GST about 25%.

There is a grass-roots movement in the USA against tax avoidance by major companies. Carl Gibson, the founder of US Uncut, explains that while ordinary Americans are being asked to sacrifice, major corporations continue to use the rigged tax code to avoid paying any federal taxes at all. Below is a sample of corporations in the USA which have rigged the tax system to their advantage so they can reap huge profits and avoid paying taxes:

- BANK OF AMERICA: In 2009, Bank of America didn't pay a single cent in federal income taxes, exploiting the tax code so as to avoid paying its fair share;
- BOEING: Boeing didn't pay a cent of U.S. federal corporate income taxes between 2008 and 2010;
- CITIGROUP: Citigroup's deferred income taxes for the third quarter of 2010 amounted to a grand total of \$0.00;

- EXXON-MOBIL: The oil giant uses offshore subsidiaries in the Caribbean to avoid paying taxes in the United States. Although Exxon-Mobil paid \$15 billion in taxes in 2009, not a penny of those taxes went to the American Treasury;
- GENERAL ELECTRIC: In 2009, General Electric — the world's largest corporation — filed more than 7,000 tax returns and still paid nothing to U.S. government. They managed to do this by a tax code that essentially subsidizes companies for losing profits and allows them to set up tax havens overseas;
- WELLS FARGO: Despite being the fourth largest bank in the country, Wells Fargo was able to escape paying federal taxes by writing all of its losses off after its acquisition of Wachovia.

Although I don't have similar facts for Australia, I do not expect the picture to be as grim here. However, companies resist paying more tax as can be expected. The initiative by Kevin Rudd to increase the share of company tax in the mix was stymied and torpedoed by the all-powerful mining companies. It wasn't as if they could take their business off-shore. Some manufacturing and service industries could use cheap labour in China or Vietnam, or use well-educated Indians for their call centres, but the mining companies could not do that. They threatened to close down some mines or stop opening new mines or reduce exploration, and in the end the stooges in the ALP got cold feet and dumped Rudd. His proposal would have increased the share of company tax in the mix from 20% to about 24-25%.

Up until the 70s, it was part of most awards that people could choose to be paid in cash. In an effort to control who earns what, the Government scrapped this rule with the complicity of unions, resulting in outrageous profits for the banks. I see no defensible reason why anybody who wishes so cannot be paid in cash. In an effort to control and tax incomes (as well as appeasing banks), keeping large amounts of cash (under the bed) has almost been made to correlate with criminal activity. *"Police has found 5 kgs. of cocaine and \$50,000 in cash on the premises..."* Just short of making the keeping of cash a criminal activity itself!

Anyhow, these figures are not precise and I would not wish any bean counters to try to discredit the argument by finding some holes in the figures. Up or down a few percentage points will not invalidate the basic thrust of my argument.

ABOLISH INCOME TAX

This could be the winning slogan of a new political party. Based on the premise that we are talking about keeping the Commonwealth's tax revenue at about 30% of the GDP (currently 27%), what I propose is to:

1. bring back Rudd's 40 per cent resource super-profits tax and put all of company tax arrangements under the microscope with a view of increasing it and preventing avoidance;
2. put in place a super profits tax for banks, the four biggest of which have cornered the Australian banking market (92% of the total) and to which each man, woman and child give \$1,000 a year involuntarily to provide them with their 30.1 billion (2010-11) profit;
3. stop companies' international tax haven arrangements they use to avoid tax;
4. stop overseas funds transfers by individuals beyond a reasonable threshold and set limits on transfers of company profits as a precondition of approval to operate in Australia;
5. abolish income tax altogether;

6. increase the GST from 10% to 25%. A tax similar to Rudd's 40 per cent resource super-profits tax on banks will also help reduce the GST to be imposed. Naturally, banks would resist this. However, if one of the old gains of the union movement is reinstated, i.e. wages and benefits being able to be paid in cash, the banks would have to fight to get customers (rather than all of us being captives of the banks with no choice) and perhaps reduce their rip-off to a more conscionable level.

Obviously, these measures would have monumental consequences. Let us examine some of those:

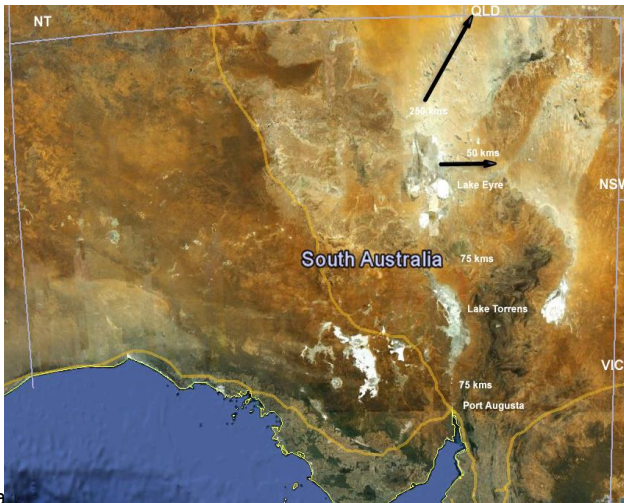
1. Low income earners will have to be compensated for the hike in the GST much the same way as when the GST was first introduced.
2. The increase in the GST is bound to create some inflationary pressure, but this will be a one-off effect and could be handled in the same way as when the GST was first introduced.
3. No income tax would provide an unprecedented level of initiative to work harder and to earn more by workers, thereby boosting the GDP. After all, greed is the driving force of our system, is it not? What better "incentivation", Mr Howard?
4. The resources wasted by the ATO, tax accountants, tax lawyers would be re-channelled to more productive endeavours. ATO would concentrate on policing companies and GST compliance. Tax accountants and tax lawyers could be retrained as park workers or pastry chefs. After all, if ex Port Kembla steel workers could, why can't they?
5. The rich, who pay little or no tax now, may find the price hikes due to the increase in the GST unpalatable and would either a) pay their fair share of taxes through increased prices or b) save their money, boosting the nation's savings and investment capacity.
6. Avoidance of GST would be made a serious criminal offence, to curb the black economy.
7. Currently there are some people who work for black money for various reasons. One reason is the effect any earnings have on social security payments under the present system. These people are paid less than they otherwise would have, which has repercussions for other wage-earners. With the changes to social security (see Social Security on page 24) and no income tax, the incentive to work for black money would disappear. Consequently, there would be no rationale for people to ask for and be paid less than award wages. It would level the employment playing field. This is something that trade unions can surely be expected to support.
8. With no income tax, the Government, ATO and Centrelink (see Social Security on page 24) will have no need to spy on people's bank accounts and people will feel free to use their bank accounts which will boost the country's overall savings level if they save their money in banks, which is something I am sure the banks would appreciate. They would still have to compete for your cash, though. The money you choose to spend will boost the Government's GST revenue, thereby raising the overall savings level, too.
9. With everyone having more disposable income, the 25% GST is likely to generate more revenue than would be lost through the abolition of income tax.
10. Any earnings non Australian residents have would be subject to the same rules; but if they wish to take it overseas, they would have to pay the equivalent of the company tax.

WATER

We keep being told Australia is the driest continent (7,617,930 km²) and that only about 10% of it is really habitable. That 10% is more than the size of France (65 million people on 674,843 km²) and a little less than the area of Turkey (78 million people on 783,562 km²). When there is the el Niño and drought for a decade or so, there are water restrictions and panic reactions to it like desalination plants. In Sydney and I imagine in all the other capital cities, stormwater just drains into the ocean. I remember there was a proposal by a private enterprise to harvest and use this stormwater in Sydney which was turned down by Sydney Water who did not wish to lose its monopoly. Fair enough. We don't want a vital resource like water in private hands used to make money, but why doesn't Sydney Water do it itself? This is the obvious answer to the water problems in the cities. As our cities are mostly covered by buildings and roads, water just does not seep into the ground, so the perfect collection facility is there by default already. It certainly makes more sense to me than building a billion dollar desalination plant.

Puritan Greens who want to have their cake and eat it too object to dams being built. Apart from providing the cleanest form of energy dams provide irrigation, they turn arid land into arable land, to state the obvious. Snowy Mountains and the Ord River Dam systems are prime examples, but there are too few of this size in Australia.

Throughout history, human settlements have occurred on the coast, most often where rivers flow into the sea, and there are very good reasons for this. Australia is no exception as all the major cities are located on the "coastal fringe". Talking about climate change on a minor scale and a positive tone, where there is water, there is a change in the local climate and there is more sustenance for life.



When Lake Eyre is full, the scenery is spectacular. However, we can either celebrate a 4 metre fill every decade, go romanticise and take pictures of it or we can make it a permanent jewel in the heart of Australia. It is about 15 metres below sea level and about 400 kms from Port

Augusta. It has little lakes extending some 250 kms to the north and about 50 kms to the east, most of which are at or below sea level.

Between Port Augusta and Lake Eyre is Lake Torrens, which is mostly a dry salt pan. About 75 kms from Port Augusta, it is 28 metres above sea level. The distance between Lake Torrens and Lake Eyre is another 75 kms.

Imagine the ocean extending all the way to the NT and Queensland border, nudging the Simpson Desert! It's not impossible if there is the will. A 75 km waterway from Port Augusta to Lake Torrens and another 75 km waterway from Lake Torrens to Lake Eyre! Not just a channel, but a waterway deep and wide enough for navigation. Lake Torrens will have to be dug up, too of course. This would not only fill up Lake Eyre and the adjoining lakes, but transform a huge chunk of arid Australia into productive land. "Port Eyre" could also become the transport hub for the upper Murray-Darling produce, linked to the region either with a relatively short highway or a waterway connecting to the Darling River. Broken Hill could become a major centre. I can just imagine the reaction from puritan Greens to this major human intervention in the terrain.

Mining companies who have long had their eyes on Lake Torrens, itching to dig it up could do most of the digging required to link Port Augusta to Lake Eyre. In fact, that could be the precondition of their exploration and exploitation of the Lake Torrens area. This may temporarily upset the banded stilt, but they have proved resilient enough to survive until now.

The seismic upheaval that changed the Black Sea from an inland sea to one linked to the Mediterranean and the oceans in antiquity may have inundated the coastal settlements of the Black Sea, but it has also transformed the Ukraine and Russia by allowing them access to warm waters through the Bosphorus and the Dardanelles. If this sort of thing does not happen in the cruel way nature does it, humans can do it in a controlled way. Not all human intervention is bad. If it wasn't for the Suez Canal, ships would still be circumnavigating Africa (and burning a lot more fossil fuels!). And just for comparison, the Suez Canal is 193 kms long and 205 metres wide. Panama Canal, which also saves a lot of fossil fuels is 80 kms long and has a complex mode of operation with a series of locks, which would not be the case for the waterway to "Eyre Bay". If sea levels rise as predicted, it will be a boon for Eyre Bay. Fresh water fish that die every time there is little water and high salinity will have to make way for salt water fish to be caught in Eyre Bay. Salt water fish taste better anyway!

We build 4 lane highways cutting through mountains, so it would not be beyond our/mining companies' capacity financially or as an engineering task to build two 75 km waterways and to dig up Lake Torrens.

PLUNDERING THE FAMILY JEWELS or SELLING OFF THE COMMON WEAL

Since the advent and the unquestioning acceptance of the neo-con agenda, it has become almost sacrilege to oppose privatisation. Privatisation is selling off the assets of the public to a handful of people or a minority of

the population at best. What is public has been done/built/purchased/established by the State on behalf of the people. As the means for the State to do this is the money collected from the populace in the form of taxes, levies and dues, the assets legitimately belong to the populace. They represent the sweat of the brow of your parents and grandparents, if not your own. What right do governments have to sell something that belongs to all? None, I would say.

Apart from this ideological objection to it, there are also very concrete and practical considerations that should make any sensible citizen shudder at the thought of his/her assets being plundered in the name of privatisation.

Those who advocate it base their prejudice on the spurious argument that government enterprises are not run efficiently. The World Bank and IMF untiringly make it a condition of their loans to countries in need that they privatise public assets and they don't even have to justify this demand by any spurious arguments as they hold the purse strings. The advocates of privatisation probably have a valid point to some extent with regard to some government enterprises, but certainly not all. If they are not run efficiently, is it not the government's task to make them run efficiently? "Efficiency" is another red herring. Efficiency is most often equated to profitability. But should profitability be the major criterion when government enterprises are put under the microscope? Some government enterprises should, of course make a profit to enable them to invest, expand and improve services, to keep up with technological change. Some do not need to; in fact it would be wrong for them to turn a profit. Where does the profit come from? From the public, from those who use the goods and services provided by the government enterprise. If the enterprise is owned by the State on behalf of the public, what difference does it make whether the money goes to the enterprise or stays in the pockets of the members of the public?

Those who are ideologically motivated say "it's not the Government's job to run a bank/oil company/insurance company, etc." Those more to the right of the political spectrum add health and education to the list. Why not? Why isn't it the Government's job to run enterprises? You don't hear them questioning the Government running an army, a police force or an army of bureaucrats.

There is another more cynical reason for advocating privatisation. Governments caught up in their profligacy try to find ways of balancing the books and State assets/Government enterprises provide them with an easy answer. This is strictly "killing the goose that lays golden eggs". If the goose had stopped laying golden eggs, then it is the Governments' job to ensure that it does resume laying golden eggs. The golden eggs could be the service (for which profitability should not be an issue) or the profits. It is not uncommon for a government enterprise to be sold for less than the profit it makes (or could make) in 5-10 years. In corrupt regimes, these public assets are sold to the cronies, friends and relatives of the ruling elite. In properly functioning democracies, this may not be the case, but whoever benefits from privatisation, it certainly is not Joe Blow. An example from Turkey:

Until recently only *TEKEL* (literally "MONOPOLY") had the licence to produce "*rakı*" (national drink of Turkey). Then private companies were allowed to produce and compete as well. But this was not enough. *TEKEL's rakı* factory had to be privatised. Initially it was sold for \$292 million and was renamed "*Mey İçki*". After some minimal investment in the factory, it was resold to a US company, Texas Pacific Group (TPG) for \$810 million. After 5 years, it was again resold to a British company Diageo (a company active in Australia as well) for 3.3 billion. The public got \$292 million for an asset that is now worth 3.3 billion.

The advocates also argue that privatisation gives the ordinary wage-earner a stake in the private enterprise (misleadingly called “public companies”). Which small shareholder is seen as changing the policy of a big enterprise? It is a con. With publicly owned enterprises he at least has a vote, if he is displeased with the way the government is running things (including public enterprises) he can unseat his local member or vote a government out. The Margaret Thatcher revolution was to make the ordinary worker an accomplice to the rip-off or at least think that he is. Joe Blow, by having a few shares of this or that company is made to feel part of the system; he is integrated into the system. To take a simple example: Joe Blow borrows \$300,000 from Bank A to buy a home and over 25 years, pays about \$900,000. The bank makes \$600,000. But Joe Blow also owns shares in this bank and earns say about \$10,000 a year, \$250,000 over 25 years. All these earnings are taxed, and he ends up having earned a net amount of \$200,000. Joe Blow has been ripped off to the tune of \$400,000 but he feels good and smiles sheepishly as he feels he is a partner in the system. Who is the dunce now?

Andrew Fisher was not stupid when he legislated to establish the Commonwealth Bank in 1912 to curb the greed of private banks. The Commonwealth Bank was fully privatised in three stages from 1991 until July 1996, sadly under the leadership of another Labour Prime Minister, Paul Keating. We need a movement, maybe a grass-roots movement, maybe a political party or a courageous and determined leader to establish public enterprises to provide direct competition in areas of public interest and state categorically that they are against privatisations.

We have to say “These assets belong to us, you can’t sell them!”

THE ELECTORAL SYSTEM

Australia has a preferential first-past-the-post electoral system for the House of Representatives and proportional representation for the Senate. Let us deal with the House of Representatives. If no candidate in an electorate secures more than 50% of the vote, then preferences are distributed and one Member is elected for each electorate. This has the obvious advantage of an MP being identified with and having to answer to the people who have elected him/her. However, it is not a fair system at all. Let us assume that Party A wins 51% of the votes in each of the 150 electorates. This party would then have 150 MPs and the other party/parties would have none. This is an extreme example; however this unfairness occurs at a smaller scale in every election.

New Zealand has the mixed member proportional (MMP) as its electoral system for the House of Representatives since 1996 after seeing the unfairness of the first-past-the-post system. This ensures that each political party has representation in parliament in proportion to the votes it has garnered. Apart from New Zealand, the proportional representation system is or has been used in countries such as Norway, Sweden, Bosnia and Herzegovina, Latvia, Kosovo, Germany, Bolivia, Poland, Turkey and in the elections to the Palestinian Legislative Council.

Without getting into the technicalities, proportional representation systems use either the Sainte-Laguë method or the D’Hondt method.

There is also a variant used in the 1965 elections in Turkey called "milli bakiye" (national remainder) system. Administratively Turkey has provinces and MPs are representatives of provinces. The number of MPs to be elected for that province is proportional to the share of voters it has within the national total. An example:

Province A with 300,000 voters is entitled to 10 MPs. The election results are:

Party A: 132,000 votes

Party B: 83,000 votes

Party C: 58,000 votes

Party D: 15,000 votes

Party E: 12,000 votes

Every 30,000 votes translate into one MP. Therefore Party A wins 4, Party B 2, Party C 1 seats. 7 seats are thus determined. The remaining 3 are not filled at this point.

Party A has a remainder of $132,000 - 4 \times 30,000 = 12,000$ votes

Party B has a remainder of $83,000 - 2 \times 30,000 = 23,000$ votes

Party C has a remainder of $58,000 - 1 \times 30,000 = 28,000$ votes

Party D has a remainder of 15,000 votes and Party E has a remainder of 12,000 votes.

After this is done for every province, say 400 of the 450 seats may be filled initially. The remaining 50 seats are allocated in proportion to the total number of remainder votes for each party. Parties D & E which may not have won any seats initially will gain some seats. Party D having got 6% of the votes nationally will get $450 \times 6\% = 27$ seats and Party E with 2% of the votes nationally will get $450 \times 2\% = 9$ seats. The other parties will add to their numbers in proportion to the national percentage of the remainder votes they got.

In terms of fairness, it is the best system imaginable in which every vote counts. Its drawback is the electorate being unable to identify the individual MP who represents them.

All these systems are fairer than the present system in Australia and I think the New Zealand system combines fairness with recognisable MPs for each electorate. It is certainly more complicated than the Australian system, but I feel Australian voters are no less sophisticated than their New Zealand counterparts for such a system to be adopted. It is fairer and more democratic. It would allow many more different voices to be heard in parliament and hopefully better outcomes would ensue.

USER PAYS?

(Education, transport and the rest)

This is a misnomer to start with. We all pay with our taxes (unless you are wealthy enough to employ tax wizards to evade tax) for schools even if we don't have any children, or the hospitals even if we never get sick. We pay for the roads. But now, the governments shirking their responsibility have private companies build roads and allow them to collect a toll when we use those. We pay for dams thousands of kilometres away from us and we never use the water from those dams. We pay for the police force even if we never have any need for the police. We pay for public servants working in departments which have no relevance for our specific needs. We pay for all of these through our taxes and that is how it should be. This is what community is all about. After we pay for all these, why are we asked to pay extra for services that we use? Is it to deter us from using or over-using those services?

The most outrageous example of user pays is universities. For the "economic rationalists(!)" it is all a matter of numbers. We need 500 doctors, 200 civil engineers, so the universities are to provide us with those "human resources". Even the term "human resources" is degrading and reflects the inhuman framework of the economic rationalists. For them it does not matter who and from what background those university graduates are. They are just another "input". For them "*higher education is not a right, it is a privilege*" as one time Liberal Education Minister Brendon Nelson put it. They argue that a university graduate derives personal benefit from higher education, so he/she should pay for it. "User pays!". The benefits gained by the society through a better educated population (not "workforce" or "human resources") are not tangible enough for these backward looking conservatives. It is widely recognised throughout the world that a better education is one of the main keys to climbing up the social ladder as well as the foundation of a better and more humane society. A government with a social conscience would and should make higher education free and accessible to all, regardless of economic or social background, or the family's finances. Social justice demands it.

One of the legacies of the short-lived Whitlam government was making higher education free. If that government did nothing else, this and Medicare (then Medibank) were enough fundamental changes for a better and fairer society. As Medicare affects all and has always been very popular, even those politicians who were ideologically totally against it did not dare abolish it for fear of losing votes. But because higher education has not been a priority for the Australian populace generally, John Dawkins undid in 1989 what the father of his WA rival Kim Beazley Snr. of the Whitlam cabinet did in 1973, again under a "Labour" PM, Bob Hawke. I quote Bruce Chapman, engineer of HECS for university students, who says "*income-related loans reduced the burden on taxpayers, were more sustainable than current grants and expanded the help available to those in need*", just to demonstrate the mindset of those who advocate such retrograde policies. Mind the "burden on taxpayers"! When I hear "burden on the taxpayers", alarm bells go off in my head and I think they should go off in your head, too. According to people like Bruce Chapman, the army, the police force, the politicians or the army of bureaucrats are not a "burden on the taxpayers", but providing free higher education to all who are capable is!

Blacktown ALP NSW MP Paul Gibson urged the NSW Premier to make public transport free, before he retired from politics. Free public transport would help ease traffic congestion and is an essential policy for cutting greenhouse gas emissions. The NSW ALP government said that such a scheme would cost the state government

\$1 billion a year. Yet only 26% of the \$3.8 billion a year spent on running public transport in NSW is covered by fares.

The argument against Gibson's proposal is that current fares are needed to help expand services to regions without adequate public transport.

Green Left suggested that not only should the public transport system be made free, it should be vastly expanded. "Free public transport could be funded through a sliding scale of levies on businesses employing 20 workers or more. Electronic tolling of heavy freight used by business on major roads and motorways would also provide revenue for such a scheme. Furthermore, the growth of public transport and cutting of private car trips would be a real stimulus for the economy. It would create more jobs, building, operating and maintaining buses, trains, trams and ferries while getting private cars off the roads".

What the opponents of the proposal fail to say is that if it is made free, the demand would increase tremendously and the Government would not be able to meet the need. Are we serious about public transport or not?

Currently, people who move to the outer suburbs of (say) Sydney pay more for public transport as the fares are based on zones, which are in turn based on their distances from the CBD. So, the more affluent who can afford to live closer to the CBD are rewarded, while those in the outer suburbs are penalised. Because of high fares and unreliability, more and more people living in the outer suburbs choose to use their cars and are doubly penalised through rising petrol prices. I suggest a flat fare of \$5 for all metropolitan public transport (and \$2.50 concession fare as it applies to pensioners now). Admittedly, this arrangement would result in a reduction in the \$1bn the State Government collects in fares. If, for argument sake, the revenue is halved, what I would suggest is that the \$500 million a year that the State government would take from public transport users be earmarked and quarantined to expand and maintain the public transport fleet and facilities. If at some point in the future, the revenue exceeds the amount needed to maintain the fleet, the fare could be further reduced to match the funds needed for maintenance. If the State Government can meet \$2.8bn of the \$3.8bn now, I am confident it can fund all of \$3.8bn. Any revenue from fares would be used to expand and maintain services. As the current figure of \$3.8bn certainly includes maintenance, earmarking the revenue from fares for expansion and maintenance would also slightly reduce the \$3.8bn.

Another area of concern is of course, child care. Despite some Government subsidies, many women still face the choice between abandoning work and spending most (if not all) their income on child care. One could be cynical and suggest that this pressure is intentional and is designed to keep women out of the workforce. If public schools can be free (or almost free) why can't child care? Or should parents suffer on the principle of "user pays" because it was their decision to have children? Or don't we want people to have children?

Medicare and bulk-billing seems to be working all right despite the Government constantly increasing the "co-payment" (see "user pays") and the avarice of some medical practitioners. If you break a leg and are treated in a public hospital, it doesn't cost you anything, but if you break a tooth you are up the creek. This ridiculous double standard should cease and the sooner the better. Include dental care in Medicare!

Another ridiculous (although it may be considered somewhat trivial by some people) example of user pays is parking meters. It is perfectly understandable that we pay when we park our cars in parking stations, built by some private concern to make money, but why pay when we park in the streets or parking lots built and provided for by State and Local Governments with our money? True, there must be some time limitations in streets where we park and fines when we exceed that limit, but why pay just to park there? All parking meters must be sent to the junkyard. The parking officers could still be kept busy keeping a vigil and fining people (even more steeply than now) who exceed the time limit or park at times when the street is a clearway, but Governments must be denied this outrageous double-dipping. We must keep reminding them that they provide these facilities, the streets and the parking lots with the taxes they collect from us; it's not their money, it's our money in the first place.

Some anti-smoking campaigners (some of whom are medical practitioners) suggest that treatment should be refused to those who have an illness due to smoking. "They choose to smoke, so (see "user pays") they should pay (with their lives?)" they say. What about illnesses due to alcohol or junk food or lack of exercise? Is the health system going to provide treatment only for the healthy?

The Government regularly increases the price of tobacco products. This of course results in some decrease in smoking, as well as a huge increase in revenue. They appear to be doing the right thing by being politically correct, while raking in more money. It's an irresistible combination for the Government. Nobody talks about the unintended consequences of this misguided social engineering. It is an established fact that tobacco smoking is more prevalent in the lower income groups. And as any smoker or non-smoker will tell you, it is a very addictive habit (more so than heroin). So, a low income person, unable to quit smoking spends more on tobacco and less on other things like good food for himself/herself and their children. The child often ends up being fed cheap junk food because the Government has increased the tax on tobacco products and the parent is unable to give up smoking. Smoking is certainly unhealthy, but so is bad nutrition, especially for children. It is proper for Government to run all sorts of anti-smoking campaigns and provide all kinds of help to people who wish to quit, but it is highly improper and manipulative for a government to force people to make terrible choices due to goading by some self-aggrandising zealots. The Government's role is not to keep limiting and restricting freedoms, but preserving and expanding them. Which brings us to another controversial topic: CENSORSHIP.

CENSORSHIP

By definition, all kinds of censorship are restrictions on our freedom. The only acceptable area of censorship is about what children should or should not be exposed to. Anything other than that is to impose a set of values by those who can on those they wish to control. With the advent of the internet, censorship is getting more and more difficult to police to the chagrin of every totalitarian regime. And these totalitarian regimes must be the envy of some in our "free and democratic" society as evidenced by the efforts of the likes of Stephen Conroy. The remnants of the Judeo-Christian ethic with its concept of original sin underlies a lot of these efforts. All kinds

of violence is allowed in all media (albeit with various ratings, which almost nobody cares about), and anything to do with sexuality is put under the microscope. Computer savvy children can find and see anything on the internet and even with so-called "filters", they can find ways around them. If there is to be any censorship, it should relate to the real obscenity that is violence. The portrayal of violence in video games, films (and the news!) in a sanitised way as if there is no blood, no suffering can have a devastating desensitising effect on impressionable minds. This is often done in order not to offend people's sensibilities, but it transforms death and suffering into something abstract, as the invasion of Iraq footage we saw on the news gave the impression that it was just like a video game. You click replay and everything comes back to life until you kill them again.

For children, there should be strict censorship about violence, not sex. But how that is to be policed, with video games and DVDs as well as the internet is a big question. For adults, there can be and there should be no censorship in principle. Someone reading about a terrorist group is not by definition a supporter of terrorism. Someone watching a rape film or video is not by definition going to go out and rape someone.

The Commonwealth Government is not alone in trying to restrict the freedom of Australians through censorship. State Governments too, can set the State police on what they consider obscene.

Talking about the Commonwealth and State Governments, we must visit the oft mouthed truth, that Australia is one of the (if not the most) over-governed country in the world.

THREE LEVELS OF GOVERNMENT

It may not have anything with the Holy Trinity, but the idea of three levels of government seems to be regarded as a sacred cow, especially in the minds of the multitudes of public servants, many of whom duplicate, in some cases triplicate the work done or could be done by one.

Many countries have a state structure and there are as many avid advocates of it as there are detractors. In countries where there are distinct ethnic groupings regionally, many argue that a state system would be inviting disaster posing a threat to the unitarian nature of the country. No such risk exists in Australia. Advocates of the state system argue that a central government is too distant and remote to address the specific needs of a population spread in such a vast land. This is not due to the nature of central governments, but arises from the manner in which they operate, and the feelings of grandeur arising from the power they feel they have. This is more true of Canberra bureaucrats than the politicians, as our electoral system ensures that an MP is responsible and must vie for the votes of his/her local electorate. But we all know it really is the Canberra bureaucrats who run the show (see "Yes Minister"). Even an intelligent, sincere and capable treasurer and prime minister like Paul Keating was primed in the neo-con economic rationalism and unfortunately became the tool (along with Bob Hawke who was parachuted by powers-that-be to become the PM) to dismantle many institutions and principles that set Australia apart and made it a more humane and liveable society.

Even some politicians every now and then have questioned the sensibility or otherwise of having three tiers of government, but have done nothing to change, trim or rationalise it. There are a number of options:

1. Keep the present system, but abolish the departments in Canberra. The federal ministers would then have to work with their State counterparts and the State departments to implement any policies. Treasury (combined with Finance), Foreign Affairs and Defence (combined with Veterans' Affairs) would be the three departments that would not be dismantled. This would expose the other federal ministers who would have no departments, to the actual people to implement the decisions of the Federal Government and test their mettle in marrying (Federal) Government policy and local implementation. Local Governments would remain untouched.
2. Abolish State Governments altogether, amalgamate and build up local governments and widen and expand their powers. There could be a national conference to determine which functions of the state governments could be taken over by the Commonwealth Government and which ones given to regional governments. Instead of the current 700-odd local councils, with all their alderpeople and bureaucracies, there could be (say) 150. The new local governments would be regional governments and (for argument's sake) their boundaries could be the same as the 150 federal electorates. This would also provide an organic link to the federal Government through the local MP who would have to work very closely with the mayor of the regional government.
3. Convert Local Government into local offices (or access points/shopfronts) of the State Government and abolish local Government elections. These offices, staffed by relatively junior state public servants would have little decision making powers, but act as the link to the State Government departments, in much the same way as Centrelink operates for a number of Federal Government Departments. Not many people know or care who runs their local council anyway, apart from developers and political climbers. This would provide uniformity and consistency across the State.

Talking of Centrelink, let us look at the social security system as it operates and the surmountable problems with the current system.

SOCIAL SECURITY

An integral part of the present system of social security is what are called "the income test" and "the assets test" in bureaucratese. What these tests are meant to test are the needs of the people to determine their eligibility for various social security payments. Because the whole system is based on "needs" and not "rights". We, Australian citizens have no rights as far as social security goes, we may or may not be "eligible". We must start talking about social security rights. Talking about "welfare rights" is to accept the present paradigm that is an "alms" system. This may be all right for religious or secular non-government welfare organisations, but it is an insult to the taxpayers who fund the system.

Another antiquated and degrading parameter in the whole system is determining the eligibility of people for various payments according to their marital status and with consideration of their (married or unmarried) partners' income or assets. Arising again from the "needs" approach, the argument is that a couple "needs" less money to survive than two single people.

These two pillars of the present social security system are what produce a very intrusive federal bureaucracy and an incentive for people to be dishonest. Even the terminology reflects this intrusive and patronising approach. "Unemployment Benefits" are now the "Newstart Allowance", "Disability Pension" is now the "Disability Support Pension". What is implied is that the system is only *partially* responsible for supporting its unemployed, old or disabled citizens. Let us examine some of the major forms of social security payments with some case studies:

Citizen A is retrenched after 15 years in a job. He/she has been paid accumulated sick leave entitlements and payment in lieu of long service leave and has some thousands of dollars in the bank. He/she is told to use up this money before he/she can be "eligible" for the unemployment benefit. Citizen B has a forklift fall on him/her and after years of struggle, finally received a considerable lump sum payment. He/she is told to use up that money before he/she can receive any payments from the system. Both these forms of payments relate to the worker's previous work and entitlements and there is no fair reason why the person should not have a right to receive social security payments like Citizen C who has never worked in his/her life. After all, he/she was the one who paid the taxes for Citizen C to receive the social security payments.

Citizen D and Citizen E are married. Citizen E has brought a considerable portfolio of assets into the marriage and citizen D had none. Citizen D applies for a social security payment. Having met all the other requirements, he is told he can't be paid anything because of his partner's assets. He is made to feel beholden to his wife.

Citizen F and Citizen G are in a de facto relationship. Both are eligible for a certain social security payments. But because they are "partnered" each receive less than what they would otherwise receive if they were single.

-We care about families, do we?-

Citizen H is a single mother with two young children. She has a boyfriend who comes and stays in her house for 2-3 nights a week. Centrelink probes this and even spies on her implying the boyfriend supports her financially and she should not get paid a social security benefit. They are in fact insinuating that she must get paid for having sex with him, short of saying she prostitutes herself.

Citizen I has worked all his life, paid his taxes, paid off his mortgage and scraped and saved to buy a second property which he rents. The second property has greatly increased in value since he bought it 20 years ago and Centrelink assesses the value to be over the asset limit and he is denied the Age Pension. Citizen J has done more or less the same thing and his second property does pass the assets test, but because of the rent he receives, he gets a substantially reduced social security payment. Citizen K, who is a migrant, receives an overseas pension. His Age Pension will be reduced if the overseas pension is taken into account. Citizen L has never worked in his life, paid no taxes and now at the pension age, he receives the full pension with benefits.

Citizen M and N are both attending university. M lives at home and N shares a flat with some friends, who are well off and refuse to accept any payments from N. M has to contribute to the household as her parents are not well off, yet she receives less in Austudy than N.

Citizen A or Citizen B can do nothing but do as they are told. Citizens D and E declare that they are separated. After Centrelink spies on them, they get fed up and officially divorce. Citizen D stays in the family home and Citizen E declares that he lives at a different address with a friend, and they both receive the social security payment at "the single rate". What happened to "Families first?" The system has forced two honest people to act dishonestly. Citizens F and G do the same. Citizen H's boyfriend sneaks into her house after dark surreptitiously as if he is a criminal and citizen H lies to Centrelink and says her boyfriend does not stay with her overnight. The system has made an honest woman lie.

Citizen I sells his second property and says he lost all the proceeds in the casino, gambling. He keeps the money under his bed. Maybe he delves into the murky waters of loan sharking. Although he has lost the rent income, at least he receives the pension. Again the system has made a hard-working, honest citizen a liar. Citizen J arranges with his tenants for his son to appear as the tenant and says he receives no rent from his son. He keeps living in fear wary that his lie may be discovered. Citizen K simply declares that he is not eligible for an overseas pension. Yet again, an honest citizen is made to lie by the system. Citizen L is quite happy.

Citizen M asks her friend Citizen N if she can give her address as her residence so she can get paid the "away from home" rate. An honest young person is made to lie by the system.

All these anomalies arise from the concept of "needs-based welfare". This basic concept must be replaced by "social security rights".

Therefore:

- An unemployed person must have the right to (not Newstart Allowance, but) the Unemployment Benefit regardless of how much money he/she has the bank, his/her redundancy payment or accumulated leave entitlements.
- Pensions, benefits and allowances must be a standard amount regardless of whether the person is partnered or not or whether a student lives at home or not.
- Asset and income tests must be abolished.

With these changes, the bureaucrats sticking their noses into people's private lives should end. I know a lot of bureaucrats who really hate having to do this. There would certainly be a need for fewer bureaucrats and those still employed can do some productive work for a change. This would go some way to compensate for the inevitable budget increase for social security. The rest of the increase could be met by the anticipated increase in the GST revenue. If that is not enough, some .5-1% increase in GST should more than cover it. I'm sure most people would, as I would pay this price to streamline the system and make it fairer while at the same time protecting our privacy.

I know there will be shouts of “middle class welfare” from those supposedly on the left of politics. Because they will not be able to shed the shackles of “welfare” in their thinking. They would say “are we to pay the Age Pension to a millionaire?” Yes, that millionaire would have contributed to this country and the economy as much (or as little) as anybody else and therefore has as much right to it as anybody else. If only these crusty “left-wingers” could rid themselves of the Stalinist control mind-set, they would see that socialism demands that people are regarded as individuals, their rights and privacy protected with nobody else deciding on what they determine that they need.

Superannuation has been the biggest con and rip-off instituted unfortunately by a Labor Government. I fail to understand why an employer and an employee has to give money to a non-Government “Superannuation Fund” with little or no control where that money is invested and that money being subject to the vagaries of the so-called “free market”. In the most recent GFC, most people lost a lot of money in their superannuation savings, and there was zilch they could do about it. In the looming crisis of 2011-12, many people started to realise what a big con the whole superannuation scam is. Their savings in superannuation funds hardly kept pace with inflation. I don’t understand why the superannuation contributions could not go to an arms-length Government body and superannuation payouts married to the pension. Why should this body be less capable of making good economic decisions than any of the present superannuation fund managements made by up-start young stock exchange cowboys? Some of the bureaucrats who would be freed by abolishing the policing functions of Centrelink could be gainfully employed to work out the details of this marriage of pensions and superannuation, something I am sure a lot of them would be manifestly capable of doing. The screams would come from the right-wing in this instance. As they have a genetic aversion to anything that a government does, they would probably label this as “communistic”, “against the free market principles” or some such garbage. They could compare any politician who has the guts to “nationalise” superannuation funds as an “economic dinosaur”, “a lunatic”, Hugo Chavez, Muammar Gaddafi or some such name and try to find out who he or she has been sleeping with 30 years ago.

ENERGY

Australia may be one of the highest emitters of greenhouse gases per capita, but in absolute terms, the amount is very low. If Australia stopped producing CO₂ altogether tomorrow, it would have virtually no effect on the global carbon footprint as it only accounts for about 1% of the global total. That does not mean we should not explore renewable non-polluting energy sources.

The Rudd and Gillard Governments have come up with the “brilliant idea” of taxing the burning of carbon for energy production, pseudo-scientifically called the ETS (Emissions Trading Scheme). At the core of it is the idea that if the Government taxes high emitters of polluters for their carbon use, they will switch to more

environmentally friendly ways of producing energy. Another example of wishful thinking! Those in Government cannot be so naïve as to underestimate the profit motive of major companies. Of course if they pay a price on the amount of carbon they use, they will pass it on to the consumer at the end of the line. So, the Government comes up with a two-pronged approach. Exemptions will be granted for “export sensitive industries”, because if those industries tried to pass on the cost to consumers, they would lose their competitive edge and most probably lose some markets. For the others that can screw the consumers, the Government says it will compensate us for the inevitable price hikes. This is in fact an admission that those high polluters will not give up their evil ways but charge the consumers for the carbon tax they have to pay the Government.

One simple fact seems to be overlooked and that is private enterprise is there to make money. The Government’s wishful thinking is that when they start paying a price on carbon, they will change their polluting ways and when they do they will sell their “carbon credits” and make money. If they can pass on the cost of the carbon tax to the consumers, why would they bother? This is just another case of governments shirking their responsibility and expecting “the market” to do the work for them.

Australia is a land of ample sunshine and uranium, not to mention sources of geo-thermal energy and wind power.

Australia thinks carbon is dirty, but has no qualms selling coal to China and whoever else. Australia thinks nuclear power is a no-no, but has no qualms selling uranium to whoever wants it (as long as they sign a piece of paper stating they will be good and not use our uranium for naughty things). The height of hypocrisy!

John Howard was ridiculed when he advocated research on “clean coal”. I am confident that given the resources, CSIRO would be able to come up with a solution that minimises the pollution caused by burning coal.

The present technology used in nuclear power stations is based on fission. There has been a lot of work on fusion technology which would minimise the perennial issue of what to do with the nuclear waste. The energy released by fusion is three to four times greater than the energy released by fission. Again I am confident that CSIRO would be able to come up with innovative solutions by linking into the ITER project, a project announced in 2005 to develop nuclear fusion reactors involving seven countries, namely The United States, China, the European Union (EU), India, Japan, the Russian Federation, and South Korea. It is currently under construction in the South of France, following on from the Tokamak Fusion Test Reactor (TFTR), an experimental device built at PPPL (Princeton Plasma Physics Laboratory) in 1994, which yielded an unprecedented 10.7 million watts of fusion power. The energy needed to produce the plasma that is needed to make a fusion reactor function produces 10 times the energy once the fusion reactor is operational. I am confident that this ratio can be improved on. But even at 10 to 1 it is an attractive proposition.

According to Wikipedia:

"In general terms, fusion reactors would create far less radioactive material than a fission reactor, the material it would create is less damaging biologically, and the radioactivity "burns off" within a time period that is well within existing engineering capabilities.

There is no possibility of a catastrophic accident in a fusion reactor resulting in major release of radioactivity to the environment or injury to non-staff, unlike modern fission reactors. The primary reason is that nuclear fusion requires precisely controlled temperature, pressure, and magnetic field parameters to generate net energy. If the reactor were damaged, these parameters would be disrupted and the heat generation in the reactor would rapidly cease. In contrast, the fission products in a fission reactor continue to generate heat through beta-decay for several hours or even days after reactor shut-down, meaning that melting of fuel rods is possible even after the reactor has been stopped due to continued accumulation of heat.

There is also no risk of a runaway reaction in a fusion reactor, since the plasma is normally burnt at optimal conditions, and any significant change will render it unable to produce excess heat. In fusion reactors the reaction process is so delicate that this level of safety is inherent; no elaborate failsafe mechanism is required. Although the plasma in a fusion power plant will have a volume of 1000 cubic meters or more, the density of the plasma is extremely low, and the total amount of fusion fuel in the vessel is very small, typically a few grams. If the fuel supply is closed, the reaction stops within seconds. In comparison, a fission reactor is typically loaded with enough fuel for one or several years, and no additional fuel is necessary to keep the reaction going”.

As far as our beloved cars go, development has been underway to replace petrol with other energy sources to power our motor vehicles. I think bio-fuels is an obscenity when a quarter of the world's population is either starving or under-nourished. What I am talking about here is using solar power to produce hydrogen from water and burning the hydrogen. The technology is either already here or very close if only oil companies would get out of the way. The Australian Government has no policy to counter the pollution caused by motor vehicles apart from a measly 10% ethanol requirement. We need to think outside the box and explore new technologies such as hydrogen power. If we don't, most probably China will and sell it to us.

With all these alternatives, there is one fundamental choice to make. Does the Government do it or expect and hope that the private sector does it with our without Government subsidies, encouragement or coaxing. We must not forget that the private sector will only do it if it is profitable. Not only that, but profitable in the short to medium term and more profitable than their current activities. Despite the orthodoxy hawked by the “free market economists” that government enterprises should also turn a profit, there really is no rule that they should do so. The governments' role is not to seek short term profit but look after its citizens, and their interests in the long term. Why can't the Australian Government invest in a geo-thermal energy project, a vast wind farm in Coastal Australia, a vast array of solar panels in Central Australia, an ITER-type fusion reactor or a hydrogen fuelled motor vehicle? None of these are re-inventing the wheel. If we change our insular outlook and look around the world, we can build on what others have developed. Australian scientists and inventors have a well-deserved world class reputation but most end up going overseas due to a lack of vision by both Australian businesses and governments. We must tap this valuable resource so that they can tap into the natural resources of this country and benefit the whole world as those below have in the past:

1838 Pre-paid postage - *James Raymond*

1843 Grain stripper - *John Ridley and John Bull*

1856 Refrigerator - *James Harrison*

1876 Stump jump plough- *Robert and Clarence Bowyer Smith*

1885 Telpahane - The forerunner of the television - *Henry Sutton*

1879 shipboard Refrigeration - *Eugene Nicolle and Thomas Sutcliffe Mort*

1889 Electric Drill - *Arthur James Arnot,*

1894 First powered flight - *Lawrence Hargrave*

1897 Differential gears - *David Shearer*

1902 Notepad - *J A Birchall*

1903 Froth flotation process- *Charles Potter and Guillaume Delprat*

1906 Feature film - The world's first feature length film, *The Story of the Kelly Gang*

1906 Surf life-saving reel - *Lester Ormsby.*

1910 Humespun process for making concrete pipes - *Walter Hume*

1912 The tank - *Lance de Mole*

1917 Aspro - *George Nicholas.*

1922 Vegemite - *Dr. Cyril P. Callister.*

1930s - Nuclear Fusion - In the early 20th century, Mark Oliphant worked on the artificial disintegration of the atomic nucleus and positive ions, and designed complex particle accelerators. He discovered helium 3 and tritium, and also discovered that heavy hydrogen nuclei could be made to react with each other. This fusion reaction formed the basis of a hydrogen bomb.

1934 The ute- *Lewis Brandt*

1940 Zinc Cream - *Fauldings pharmaceutical company.*

1942 Transverse folding stroller - *Harold Cornish*

1944 Antibiotic penicillin - *Howard Florey* with help from *Ernst Chain.*

1945 The Hills Hoist - *Lance Hill.*

1952 Victor mower - *Mervyn Victor Richardson,*

1950s Distance Measuring Equipment

1952 Atomic absorption spectrophotometer - *Sir Alan Walsh* of the CSIRO.

1953 Solar hot water - *R N Morse* at the CSIRO

1957 Flame ionisation detector - *Ian McWilliam.*

- 1958 Black box flight recorder - *Dr David Warren*
- 1960 Plastic spectacle lenses - *Scientific Optical Laboratories.*
- 1961 Ultrasound - *David Robinson and George Kossoff*
- 1965 Inflatable escape slide - *Jack Grant* of Qantas.
- 1965 Wine cask - *Thomas Angrove*
- 1970 Variable rack and pinion steering - *Arthur Bishop.*
- 1970 Staysharp knife- *Wiltshire.*
- 1972 Orbital internal combustion engine - *Ralph Sarich.*
- 1972- Instream analysis - *Amdel Limited*
- 1978 Plastic injection moulding software - *Moldflow Pty Ltd*
- 1979 Bionic ear - *Professor Graeme Clark*
- 1982 The dual flush toilet
- 1980 Wave-piercing catamarans - *Phillip Hercus and Robert Clifford*
- 1983 Winged Keel - *Ben Lexen*
- 1984 Frozen embryo baby- *Melbourne*
- 1984 Baby Safety Capsule
- 1986 Gene shears - *CSIRO scientists, Wayne Gerlach and Jim Haseloff.*
- 1992 Multi-focal contact lens- *Stephen Newman*
- 1992 Supersonic combustion - *The University of Queensland*
- 1993 Scramjet - *The University of Queensland*
- 1993 Underwater pc - *Bruce Macdonald*
- 1995 EXELGRAM - *CSIRO.*
- 1995 - *Jindalee Radar System - CSIRO*
- 1996 - *Hi-Speed Wi-Fi - CSIRO using the Fast Fourier Transform Chip, by Dr John O' Sullivan*

I would like to draw your attention to the work of Mark Oliphant in the area of fusion reaction which unfortunately led the way to the development of the hydrogen bomb when it could have been the seed of a non-polluting energy source.

The visionaries, the inventors, those who can think outside the square are here, but the politicians and governments aren't.

POST-SCRIPT

In a democratic society such as Australia, politicians are sensitive to one thing: your vote. If they are made to feel that some of these proposals are vote-getters, they will jump on the band-wagon. It is not that hard. What we need to do is organise local committees/groups to lobby the local politicians. There could even be a new political party to push the agenda, although I do not think this is essential.

So, let's get moving. The box is made of sturdy material but we, the ordinary citizens have the strength to break free of it.

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a madcap treatise outside the box



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