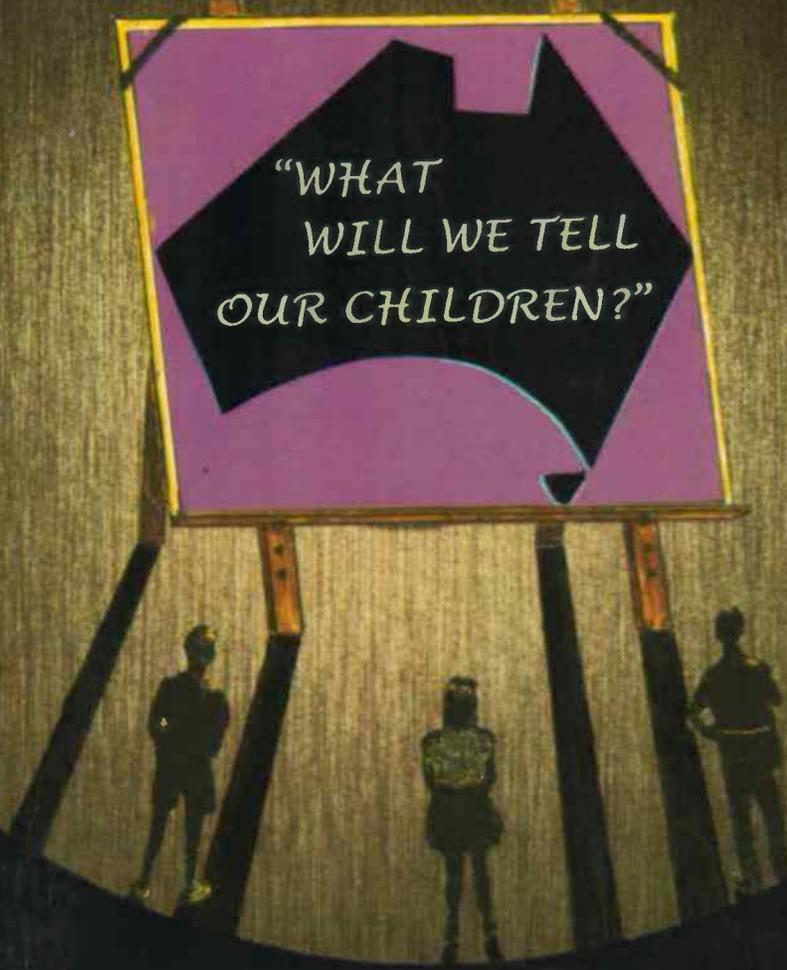


AUSTRALIA 2000



"WHAT
WILL WE TELL
OUR CHILDREN?"

- Dispossessing the world's richest nation -

Jeremy Lee

If you want to know who's running the world, read this book. This isn't just one writer's view. Jeremy Lee draws from all sides of politics and all sides of the world to present the facts behind the facade. It's important that you should know what the media won't tell you.

Beverley Will, author, journalist, Editor of GREEN PLACE, the local newspaper, Toorak and South Yarra, Melbourne (Established 1972)

Thoroughly researched from excellent resource material accompanied by extensive quotations, the author's apprehensions are well founded leading to inescapable conclusions.

Rev. George Stewart, ex-RAAF aircrew World War II, Presbyterian Minister

A book that identifies the evils of the two forms of totalitarianism - Communism and Capitalism. A very comprehensive social analysis in which the author's insights into 'globalism' and the socially-failed 'economic rationalist' experiment are essential considerations if an authentic democracy and just social order are to emerge.

Brian O'Halloran, former Executive Officer of the Brisbane Catholic Justice and Peace Commission

This book should be read by all students of contemporary politics. An unnerving and sobering exposé of the precarious position in which Australia finds itself as we approach the year 2000.

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Bill Bonthron, A.M., M.B.E., former president, United Graziers Association.

The kaleidoscopic nature of the work is both breathtaking and a clear warning. Those of us who care about our nation will help slow the rot by ensuring wide distribution of this carefully chronicled, documented and indexed book.

P.W. Davls, Island woolgrower, Mayor, City of Port Lincoln, S.A.

To those who have suddenly woken to the fact that changing the government will not change the economic and social disaster on our hands, this book is a 'must'.

Bevan O'Regan, Councillor and former Mayor, Narrabri, Editor, *From The Parish Pump*.

This well documented work tells how resource-rich Australia has been bankrupted, has lost its financial and political independence and has been systematically betrayed by its political leaders.

Rev. Dr. Dallas Clarnette, Presbyterian Church of Queensland

This is not a book to read if you want a good sleep or peace of mind. But being informed is at least the start of self-defence.

Graeme Campbell, MHR, Member for Kalgoorlie and parliamentary leader, Australia First Party

The Right and the Left will each love or hate different parts of this quite remarkable book. This book invites the question: Was Mikhail Gorbachev an undercover agent for the CIA and the global banking system?

The Hon. Clyde Cameron, Author, Historian and former federal Cabinet Minister

AUSTRALIA 2000

... Prisoner, tell me who was it that wrought this unbreakable chain? It was I, said the prisoner, who forged this chain very carefully. I thought my invincible power would hold the world captive, leaving me in a freedom undisturbed. Thus night and day I worked at the chain with huge fires and cruel hard strokes. When at last the work was done and the links were complete and unbreakable, I found that it held me in its grip.

Rabindranath Tagore, 'Gitanjali',
(MacMillan, 1913)

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AUSTRALIA 2000



BY

Jeremy Lee



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FOREWORD

This is the story of the near-dispossession of the richest country in the world, and one of the youngest in terms of industrial economics. It is a story of how a virile and inventive people have been sapped of faith and will. Some of this material appeared in a booklet I wrote in July 1991. It outlined a predetermined policy, discernible throughout the world, for the transfer of political and economic decision-making away from parliaments elected or otherwise to a global government. The idea has appeared under a number of names: globalism, the new world order, global governance, the new international economic order and so on.

The first half of the nineties has brought to the surface a huge mass of evidence confirming the first publication. This book is more than an update. It deals with whole new dimensions of the constant policy for global governance. For a time any rational discussion about this policy was dismissed, often by commentators who should have known better. Notions of such a momentous change, it was suggested, were merely the delusions of conspiratorialists or ignorant people incapable of dispassionate analysis, apt to see everything in black-and-white.

This position was made easier by the fact that there is always a minority of "chicken-littles" who can find the malign in anything from the weather to the royal family. The charge of conspiratorialism became a stock-in-trade for lazy journalists, evasive politicians and isolated academics who knew the penalties for challenging the orthodox, and were happy enough to deride any postulant or issue that looked a little uncomfortable to deal with. A glossary of terms was employed to bury views that deviated from the mainstream - racist, fascist, ultra-conservative, extreme, and, increasingly, anti-semitic. The fact that all these things exist made them effective for general stereotyping. They became the substitute for objective analysis and the freedom to speak.

A few years of this sort of social-conditioning leads to a bottling-up process, apt to explode unexpectedly. Journalists and T.V. commentators who believe they have a nice handle on the views of the community, confident of their ability to separate the acceptable from

the unacceptable, are shocked to find that, when the explosion comes, there are tens of thousands with different views they are not supposed to hold. The reaction is tedious. Attempts to discredit these 'believed-forgotten' views are redoubled. Rules of evidence are set aside by opinion-makers who take upon themselves the role of public prosecutors. A minority of the best commentators are humble enough to take stock, and re-think their positions if necessary. They tend to be older, wiser and less dogmatic than the vanguard of their own professions.

A clear case of this process followed the election of an independent, Mrs Pauline Hanson, in the Federal seat of Oxley in March 1996. Her maiden speech in Parliament unleashed two forces; a sigh of relief among hundreds of thousands of Australians that someone was brave enough to put into words what they were feeling; and an expression of wounded horror from the 'opinion-makers'. How could so many viewers and listeners remain unconvinced by the official line? Supposedly, Australia was now a happy, peaceful multicultural country which had evaded all the conflict and misery enforced multiculturalism has produced in less enlightened countries.

This is an important issue. There are strongly-held views on both sides. On the whole the opinion-makers shunned any objective presentation. Instead, they adopted a highly moralistic position that any argument in conflict with their own was an evil genie to be forced back into the bottle. There emerged another motive for this censorious position more powerful - and more perverted - than any other; that an argument for a reduction in immigration and a more homogenous culture was an attack on Australia's trade and export policies. Something akin to panic was evident in statements by industry spokesmen and trade ministers.

Sometimes it was petty, like the beseeching grain-industry spokesman who begged the Australian Prime Minister to refuse an interview with the Dalai Lama lest it jeopardise wheat sales to China. In others it was servile, with Australian spokesmen attempting to appease amused and slightly contemptuous Asian leaders with the assurance public opinion in Australia would never be allowed to interfere with investment and trade programmes. Those who have read Chin-Ning Chu's "The Asian Mind Game" will understand just how much disdain the major races of Asia - Chinese, Japanese and Koreans - have for

European economic leaders prepared to place a "deal" above the aspirations of their own people. Asians put their own nations first.

They do not see this as inimical to international relations. What must they think of western leaders who do?

This book may help explain, if not excuse, the reasons why our leaders have ceased any attempt to enact the promises they make at elections; and why an increasing number of voters regard elections and promises with suspicion and cynicism. There's nothing new in this. Plato wrote in his *REPUBLIC*:

"The rulers of the State are the only ones who would have the privilege of lying, either at home or abroad; they may be allowed to lie for the good of the State."

George Bush put it more succinctly: "Watch my lips." Keating's version was "L...A..W - Law".

Through history the will-to-power has been the fulcrum on which the fate of the social order has swung. The freedom and happiness of ordinary people in succeeding generations have been dashed on the dark rocks of ambition and the lust for power of a few or even a single individual.

Christ confronted and dealt with the temptation of power in the wilderness when offered "all the kingdoms of the world" and the power thereof. His Sermon on the Mount is implicit in its condemnation of the lust for power and glory. From this totally new approach the Christian nations perceived that "peace on earth and goodwill toward men" were impeded, rather than established by Caesar; and that while government was necessary, the less of it the better.

Power should be localised as far as practical. Limited government was essential, and that government which, of necessity, was unavoidable, should be subject to the separation of its powers to minimise corruption and misuse. Such ideas are not in vogue these days. Lord Acton's "All power tends to corrupt, and absolute power corrupts absolutely," may have applied in centuries past when men were less sophisticated. But at the end of the twentieth century . . . ? Well, we now have computers and the information superhighway. Gather together a Bill Gates, a Henry Kissinger, a Bill Clinton and a Mikhail Gorbachev; get the best technicians working on a global spread-sheet with an international data-base and presto! . . . we'll all get the solution we want.

The truth is different. It is seldom, if ever, that those on whom the public gaze is focussed are the real wielders of power. The most ruthless force moves silently, untroubled by the journalist's pen or the cameraman's scrutiny, which it owns. The whip in its hand is finance. It takes no sides, offers no allegiance, recognises neither right nor wrong save that which increases its stranglehold over nations, leaders and citizens alike.

Today it has the world by the throat. There is no community or locality untroubled by the fingers of debt.

It needs a little more time to quell the growing misgivings appearing everywhere. It fears exposure and informed opposition even at this advanced stage of its programme. It has reason to fear. It was always inevitable it would have to come into the open in the later stages of its advance. There are far more people who now understand the nature of the battle than it might have anticipated. Individual initiative, which it thought to 'educate' from the human mind, is as alive as ever. Much as it expects us to reject such an idea, the servile world state is not inevitable.

Whatever happens, the damage already caused by this programme will get worse before it gets better.

Australia has a major part to play in coming to grips with issues of monumental importance, which its parliaments have so far evaded. It is in the belief that Australians will rekindle the digger spirit before it is too late that this book has been written.

My thanks are due to numberless people who sent articles, information and advice; to Judy Moffatt, whose proof-reading uncovered a number of inaccuracies; to the redoubtable 'Fighter Lady', Beverley Will, author and editor extraordinaire whose experienced eye led to many improvements and corrections; and, above all, to my sister Nancy, without whose encouragement, patience and typesetting skills this book would never have been published

Jeremy Lee,
Toowoomba.
August 1997.

PART ONE

CHAPTER ONE

THE AUSTRALIAN EXPERIENCE

"Right through the ages we find this universal sense of Divine inspiration - this feeling that a wisdom beyond that of man shapes the destiny of States: that the institutions of men are but the imperfect instruments of a Divine and beneficent energy, helping their higher aims. Should not we, sir, grant the prayer of many petitions that have been presented to us, by recognising at the opening of our great future our dependence upon God?..."

South Australian delegate Mr Glynn, Constitutional Convention 1897.

There is something about Australia's short, 200-year history which equips this island-continent to see the reality of what is happening in the world. A sixty-year period, starting in 1788 with the First Fleet, saw 150,000 convicts transported for the mildest of crimes. The Britain from whence they were ejected was in the worst ravages of the industrial revolution. Rural Britain, after the abolition of the Corn Laws which had long protected British farmers, was denuded of small landholders and workers. They were forced into the industrial slums of Manchester. Birmingham, Liverpool, Newcastle, London and the Clyde. Almost as these rural refugees took up residence in the growing slums, the first machines began displacing workers. The technological revolution was on its way. There was simultaneous growth in two areas - production and poverty. Hence a phenomenon which mechanisation should have eliminated: increasing numbers of people without bread.

With no union to protect them, workers were reduced to penury. A loaf was a generous wage, no matter how many dependents needed a share. The most obvious, if misguided, blame lay at the feet of "the new worker": mechanisation. But for every machine the Luddites disabled, three more were being built. Largely in response to the industrial revolution and its misery Karl Marx wrote the Communist Manifesto at a desk in the British Museum. It was not so much the machine that was to blame, he said, as ownership of the machine. If the workers of the world were to unite in smashing all private ownership, they "would have nothing to lose but their chains".

Try living in a society where there is an ever-increasing volume of production, while your family is starving or working 16 hours a day for bread, and you will soon discover how appealing the original marxist gospel can be.

Victims of this revolution, . . . shipload after shipload of destitute convicts, who today would hardly qualify for a small-claims tribunal, found themselves dumped, after crossing the world under the most terrible conditions, on an alien shore. The Second Fleet, for example (1790) lost 267 of the 1,000 convicts transported, with a further 124 dying after arrival. Surgeon John White reported on what he saw:

" . . . a great number of them lying, some half and others nearly quite naked, without either bed or bedding, unable to turn or help themselves. The smell was so offensive I could scarcely bear it. Some of these unhappy people died after the ship came into the harbour, before they could be taken on shore. Part of these had been thrown into the harbour and their dead bodies cast upon the shore, and were seen lying naked on the rocks." (1)

Not one building awaited these pioneers. No road, track, food-store, map or historical reference-point existed. Starvation in the early part stared them in the face. Yet within little more than 100 years Australia had the highest standard of living in the world. The wheat, wool and cane industries were producing prodigiously. Ports, harbours and railways had been built. Coal, iron, copper and oil had been discovered. The first steel smelter at Broken Hill was operating. The huge retorts producing oil from shale were functioning at Glen Davis. Cobb & Co, at its height, covered 46,000 kilometres a week and used 6,000 horses a day. Each State had its own elected Parliament, with upper and lower houses, constitution and flag. Ancient British rights, - Magna Carta . . . Habeus Corpus and the 1688 Bill of Rights, - had been entrenched in the legal system. There was no nonsense about a 'shortage of money' hampering human effort. Like the Canadians, who used playing cards as money for over 100 years, Australians ensured there was no lack of 'liquidity'. Edward Shann, in his chapter "The New South Wales Corps" (*An Economic History of Australia - 1930*) wrote:

" . . . The home authorities, thinking an isolated prison would have no use for money, at first provided none. Rum, as (Governor) Phillip foresaw, proved a much appreciated relief from the store rations. But it was more. So universally acceptable was it that it became a medium of exchange . . . So for the 20 years or more that it remained the customary means of

paying wages, rum placed the key to wealth in the hands of those who could answer the convicts' insatiable call for it . . . "

Australian money, sometimes coined by private companies, and later by such fledgling banks as the Bank of New South Wales, was circulating. Some of the innovations were startling. Today's Macquarie Bank recorded in its 1996 Annual Report one of the reasons for its name:

"The Bank looked to Australia's most successful early Governor, Lachlan Macquarie, for inspiration in its name and the creation of its logo. Macquarie's solution to the extreme currency shortage of 1813 was a masterful piece of financial innovation. By punching out the centre of the Spanish silver dollar (then worth five shillings), Governor Macquarie created the Holey Dollar and the Dump. The Holey Dollar was valued at five shillings and the Dump at one shilling and threepence. This single move not only doubled the number of coins in circulation, but increased their total worth by 25 percent."

The use of "Calabash" money on the Darling Downs in Queensland was another interesting innovation:

" . . . The first settlers in what is now South-East Queensland found that there was a chronic shortage of currency, especially coins, for carrying out commercial transactions. People could be paid by cheque or order; but when they went to cash their cheques to buy goods at the store or the local inn there was little or no cash to give change. The solution arrived at by the innkeepers, storekeepers, squatters and others engaged in commerce was to issue their own promissory notes or orders, sometimes for as little as one penny. For some reason these notes came to be known as calabashes and they became accepted as currency, passing from hand to hand as do present-day coins and notes. For example, C.W. Pitts, a Darling Downs squatter, told how in December 1842, he stopped at an Ipswich hotel where the publican had 70 pounds worth of upcountry calabashes in his cash box. As the years went by and commerce in the region increased, the calabashes proliferated and became a nuisance to all: the storekeepers and squatters who issued and had to honour them, and the workers who had to accept them. The reign of the calabashes, in Toowoomba at least, came to an abrupt end at the close of 1860 . . . " (2)

The Australians of the first 100 years were, to say the least, resourceful. The economy to them was the physical environment around them, and what it could be made to produce. Real or imagined

shortages of 'money' had little to do with the challenge. The idea of enforced inactivity through a shortage of money-symbols was mystifying. Rum or calabashes, it was a mere detail that local innovation could solve. They didn't worship money.

The eight-hour day had been introduced in the 1850s. What had been done was a triumph of unparalleled proportions, and showed just what co-operative human beings can do provided they are left unburdened by over-government. It was an example that the best human progress occurs despite, rather than because of, Caesar.

The Australian ethos was largely the product of its own beginnings. Its songs, poems, revolts, achievements showed a fierce determination that never again would they tolerate the economic slavery which tossed the first convicts, chained and burning with resentment, on the shores of Botany Bay. So it was with the distinction of a national rags-to-riches story, achieved in a century, that Australia approached Federation. The most surprising thing was that there had been room in this development for the inclusion of a spiritual as well as a social ethos. Why this should have been so is a mystery. The church, generally, had done almost nothing to mitigate the injustices of Australia's birth. Just as in England, the church was not to be seen confronting the will-to-power, nor the monopoly of resources and production. Individual Christians had fought strenuously against the worst excesses of the new industrial world; Wilberforce against slavery, Shaftsbury against child labour and "the song of the shirt", General Booth and his Salvation Army in what was really an indictment of mainstream denominations. There was no statement by the church about the type of society promised - or threatened - by the advent into human history of the new phenomenon, mechanisation. The machine in all its forms, and its future progeny - electronics, robotics, computerisation and such things as the information superhighway - promised to liberate mankind from drudgery. To put it another way, the possibility of the removal of the Curse of Adam was now at hand. No previous bequest in human history, it seems, has ever evoked such an appalled response!

Besides the enforced creation of a new nation in the southern hemisphere, a variety of reactions appeared in the Old World. Within 50 years of the publication of the Manifesto, Communism was the most persistent vision of a multitude of semi-submerged 'alternative' groups. International conferences - the famous Internationals spawned by

marxist thinking - took place. A divergence between the evolutionary and revolutionary approaches gained distinction and solidified. The Fabian Society was formed within months of Marx's death, opting for the gradualistic approach to global socialism.

Lenin, on the other hand, a minute number of Bolsheviks around him, cut right through any suggestion of a long-term approach with the rejection of anything but a violently physical revolution.

The only enlightened Christian statement appearing at the same time was the Catholic Encyclical "*Rerum Novarum*", otherwise known as The Workers' Charter. Pope Leo XIII, on May 15, 1891, released a statement of the highest importance on the nature of work, employment, ownership and profit. Its principles are as sound at the end of the 20th century as they were a hundred years earlier.

It started with the truth that God has provided sufficient for all, a refutation of the puritanical insistence that this is a world of scarcity. Pope Leo spoke clearly on the relationships between employer and employee, the need for just wages in return for sound and committed service; the necessity for the State to resist the temptation of undue interference; the requirement that wages should be adequate for living in its right sense; the requirement for charity, justice and spiritual values to be the reference-point for human relationships; the justification for private ownership without hurting others.

The statement reinforced the right of people to associate for mutual benefit, and outlined the principles for constructive associations. Above all, it pointed out that reverence for and faith in Almighty God was the only true guarantee for any successful human endeavour.

Pope Leo's "*Rerum Novarum*" was published eight years after Marx's death; seven years after the founding of the Fabian Society; and nine years before Federation in Australia. It is required reading for anyone who wonders whether the Christian faith extends as far as the social order.

Perhaps because of the times in which it was written, there were two matters which "*Rerum Novarum*" did not address. The first of these concerned a new historical development, hardly discernible at that time, in which an increasing avalanche of technology would decrease and finally eliminate the need for all to work solely as a means of earning a living. How could anyone imagine, even though the first automatic looms were weaving, that within a few years the dawn-to-

dusk slog of a farmer behind his horse and plough would no longer be needed?

The second, obviously bearing on the first, was the need to re-examine how a money-system for this new, historically 'upside-down' state of affairs needed to be re-thought. Money had become the sole ticket to bread. It could, historically, only be obtained through the production of goods or services. If the machine was replacing human labour, how would displaced workers and their families live?

Forty years after "Rerum Novarum", a commemorative Encyclical, "Quadragesimo Anno" was issued by Pius XI. The year was 1931, and the Depression was at its worst. All industrial nations were facing the sad, starving faces of the unemployed. The Commonwealth Year Book told us, in its nice, dry, statistical words that unemployment in Australia in 1933 was 25.8 percent. It had briefly touched 29 percent some months earlier. But figures do not personalise the reality of human misery. A brief description may hint at the despair:

"The first effect of the economic depression, as the Australian people actually felt it between 1929 and 1933, was the extreme hardship it caused to so many of them. As the Depression deepened, all sections of Australian society suffered . . . That hardship first came to, and continued to be experienced most sharply by those who had no 'fat' upon which to live when times were hard . . . The acute hardship was not confined to urban areas or to industrial workers. Many small holders had devoted years of hard work to improving their land; they had invested in farm improvements (and sometimes in unnecessarily expensive farm machinery) not only the savings of years but also money borrowed on the advice of local bank managers and travelling agents of city firms. In 1929-32 these small farmers could no longer keep up interest payments from the dramatically reduced world prices they received for their primary produce. Some of them were 'carried' by the banks and eventually weathered the storm after years of little more than subsistence living on their farms. Others walked off their properties, surrendering the equities which they had built up over the years, and swelled the ranks of the unemployed in country towns or capital cities. Since, however, most farm holdings could at least produce food of some kind for those who remained on them, the greatest hardship was felt by industrial workers in the cities and by those men previously employed by Commonwealth, State and local governments on various forms of public works . . ." (3)

The former Prime Minister, W.M. ('Billy') Hughes, speaking at a time during the Depression when the then-privately-owned Bank of England had sent its emissary Sir Otto Niemeyer to set conditions for debt repayment, captured the position well:

"Nothing better exemplifies the baffling complexity of modern production than the present situation in Australia. Trade is depressed; our unemployed are numbered by tens of thousands, who walk the streets of our great cities and tramp the country roads downcast and in many cases dependent for food upon charity - while their country is a veritable Garden of Eden in which blooms in luxuriant profusion almost everything that man could desire. We have a population of a little over six millions of people - many now in sad trouble - yet we shall produce this year enough wheat to feed thirty millions, enough wool to clothe 100 millions, and meat, butter, dried fruits, sugar, and other kinds of food and raw materials, including minerals and metals, sufficient for double or treble our present population. And yet they say Australia is in a bad way because we produce too little. Wealth in abundance meets the eye on every hand, yet men are unemployed and trade is depressed. Surely the trouble does not arise because we produce too little. Yet Sir Otto says we ought to produce more . . ." (4)

Sir Otto Niemeyer suggested Australia's living standard was too high, leading to the subsequent Premiers' Plan, by which there was a national wage cut of ten percent!

But Billy Hughes never referred in his address to the 1924 betrayal, in which Australia was forced to the international money markets, after a brief period in which it had freed itself from the need for international debts by the establishment of the Commonwealth Bank. (See next chapter)

Here was a stark, tragic situation caused by something outside the principles so clearly set out in "Rerum Novarum". A hint was given in "Quadragesimo Anno".

It was unmistakably pointed out that "labour" (or "work") was not the sole justification for access to "bread":

". . . Universal experience teaches us that no nation has ever risen from want and poverty to a better and higher condition of life without the unremitting toil of all its citizens, both those who direct labour and those who perform it. But it is no less self-evident that these ceaseless labours would have remained ineffective, indeed could never have been attempted,

had not God, the Creator of all things, in his goodness bestowed in the first instance the wealth and resources of nature, its treasures and its powers. For what else is work but the use or exercise of the powers of the mind and body on or by means of these gifts of nature? . . ."

Further, it pointed out that both capitalism and socialism had grave defects as mechanisms for distribution:

" . . . Not every kind of distribution of wealth and property amongst men is such that it can at all, and still less can properly, attain the end intended by God. Wealth, therefore, which is constantly being augmented by social and economic progress, must be so distributed amongst the various individuals and classes of society, that the needs of all . . . be therefore satisfied. In other words, the good of the whole community must be safeguarded. By this principle of social justice, one class is forbidden to exclude the other from a share of the benefits. This principle is violated by those of the wealthy who, practically free from care in their own possessions, consider it perfectly right that they should receive everything and the worker nothing; it is violated also by those of the proletariat demand for themselves all the fruits of production, as being the work of their hands. Such men, vehemently incensed by the violation of justice, go too far in vindicating the one right of which they are conscious; they attack and seek to abolish all forms of ownership and all incomes not obtained by labour, whatever be their nature or whatever social function they represent, for the sole reason that they are not obtained by labour. In this connection it must be noted that the appeal made by some to the words of the Apostle: "If any man will not work, neither let him eat", is as inept as it is unfounded. The Apostle is here passing judgement on those who refuse to work though they can and ought to work; he admonishes us to use diligently our time and our powers of body and mind, and not to become burdensome to others as long as we are able to provide for ourselves. In no sense does he teach that labour is the sole title which gives a right to a living or to an income. Each one, therefore, must receive his due share, and the distribution of created goods must be brought into conformity with the demands of the common good or social justice. For every sincere observer is conscious that, on account of the vast difference between the few who hold excessive wealth and the many who live in destitution, the distribution of wealth is today gravely defective . . ."

Here was a remarkable challenge to conventional Christian thinking, not least the "protestant work ethic" so deeply entrenched in industrial Europe, the budding America, and the still youthful Australia.

Yet there was nothing to explain the convulsion of the Depression. As shown, both willing workers and willing employers alike were being destroyed. It was obviously not an "Act of God". Natural resources still abounded and nature still lavished her gifts. It was, obviously, a man-made disaster. "Quadragesimo Anno" hinted at where blame for the disaster lay:

"It is patent that in our days not wealth alone is accumulated but immense power and despotic economic domination are concentrated in the hands of a few, who for the most part are not the owners, but only the trustees and directors of invested funds, which they administer at their own good pleasure. This domination is most powerfully exercised by those who, because they hold and control money, also govern credit and determine its allotment, for that reason supplying, so to speak, the life-blood to the entire economic body, and grasping in their hands, as it were, the very soul of production, so that no one can breathe against their will. This accumulation of power, the characteristic note of the modern economic order, is a natural result of limitless free competition, which permits the survival of those only who are the strongest, and this often means those who fight most relentlessly, who pay least heed to the dictates of conscience. This concentration of power has, in its turn, led to a threefold struggle. First, there is the struggle for economic supremacy itself; then the fierce battle to acquire control of the State, so that its resources and authority may be abused in economic struggles; finally the clash between States themselves. This latter arises from two causes: because the nations apply their power and political influence to promote the economic advantages of their citizens; and because economic forces and economic domination are used to decide political controversies between nations . . ."

These principles are of monumental importance. No words have been so blatantly perverted by power-seekers through history as those of St Paul concerning work. Consider the writings of Lenin, penned shortly after he seized power in the October Revolution of 1917. The growing starvation following this event led to these words:

"...The bourgeoisie are . . . deliberately supporting everything tending to destroy the power of the workers which is endeavouring to put into effect the prime, basic and root principle of socialism: 'He who does not work, neither shall he eat' . . ."

"He who does not work, neither shall he eat" - how is this to be put into effect? It is as clear as daylight . . . we require first a state grain monopoly, i.e. the absolute prohibition of all private trade in grain, the compulsory delivery of all surplus grain to the state at a fixed price, the absolute prohibition of all hoarding and concealment of surplus grain, no matter by whom . . . we require a just and proper distribution of bread, controlled by the workers' state, the proletarian state, amongst all citizens of the state . . ."⁽⁵⁾

No asking our Creator to "give us this day our daily bread" for Lenin! He'd fix that problem himself, thank you very much, just as soon as he had established the required monopoly, under the control of the proletariat. Most significantly, Lenin was financed by the capitalist bankers, who increased their power through the indebtedness of socialist, capitalist or communist alike. It might have been hoped that the Catholic church would take a third step after these two ground-breaking encyclicals, to deal with the nature of money itself, its origins and misuse, the love of which the New Testament taught was the root of all evil. But this, apparently, was not to be. It was left to one of the smaller protestant denominations, the Congregationalist Union of Scotland, to deal specifically with the nature of money from a Christian point of view. After 17 meetings, the first of which was held on September 22, 1960, the Report was presented to the Church's Assembly on May 10, 1962. It listed its conclusions in three paragraphs which, 35 years later, seem almost prophetic. The conclusions were:

- I. "We believe that the existing system of debt-finance, whereby practically all money comes into circulation as interest-bearing debt, is prejudicial to human well-being, a drag on the development and distribution of wealth, finds no justification in the nature of things, and perpetuates a wrong conception of the function of money in human society.
- II. We believe that the virtual monopoly of credit enjoyed by the banking system is contrary to reason and justice. When a bank makes a loan, it monetises the credit of a credit-worthy customer, admittedly a necessary service. But when it has done this, it hands him back his monetised credit as a debt to the bank plus 6, 8 or 9%.

There seems to be an anomaly here, masked by use and wont, that calls for examination. The true basis of credit is found in the assets of the nation - men, labour, skills, natural resources and the enormous power of production now in human hands. The creation and function of money ought to bear a strict relation to those physical facts, and to nothing else.

III. We believe that the existing system constitutes a barrier to peace and disarmament. It involves the trade war with resulting international friction. It requires the priming of the financial pump through the colossal expenditure on armaments in the cold war situation. By this means vast sums are put into circulation without a corresponding production of consumer goods. It seems difficult to deny the assertion made by Professor Galbraith and others that without the expansion of the economy in this way there would be economic collapse in the U.S.A. and in this country. Since we are confident that it is not beyond the wit of man to devise a system from which these features would be absent, we would urge that it is an imperative Christian duty to press for the introduction of such a system."

In the introduction to this Report the former Moderator of the General Assembly of the Church of Scotland, the very Revd. Dr. George MacLeod, drew attention to a United Nations economic survey revealing - and remember this was 1963 - that all the loans made by governments and the World Bank to underdeveloped countries had been more than offset by the fall in commodity prices in those lands due to the pressure of debt on their economies. He included a quote of St Gregory, Pope in 590 AD, saying:

"We must make men clearly understand that the land that yields men income is the common property of all men and its fruits for the common welfare.

"It is therefore absurd for people to think they are not robbers when they do not pass on what they have received to their neighbours. Absurd!

"Because almost as many folk die daily as there are rations locked up for use at home. Really when we administer any necessities to the poor, we give them their own. We do not bestow our goods upon them, we do not fulfil the works of mercy. We discharge the debt of justice. What was given by a common God is only justly used when those who receive it use it for the common good." (6)

Apparently, the technological revolution notwithstanding, the Christian church has still some way to go in pronouncing on the system which Christ physically cast from the temple.

NOTES:

- (1) Bruce Mitchell, *'The Australian Story And Its Background'*, 1965, Cheshire. page 24.
- (2) R.A. Dansie, Toowoomba historian, *The Sunday Mail*, November 10, 1985. (The article gave the reasons for the end of the calabash story: ". . . The Bank of New South Wales (now Westpac - author) opened a branch in Toowoomba in July 1860 and guaranteed sufficient supply of coinage to carry on the commercial transactions of the town. A meeting of the town's business people, called under the dramatic headline "Death to the Calabashes!" resulted in the traders pledging themselves to issue or accept no more calabashes of face value less than one pound, after December 1, 1860. The bank assisted by offering to redeem the notes without cost to the possessors, providing their value was guaranteed by the issuers. So determined were the businessmen to get rid of the calabashes that each signed a declaration pledging himself to pay a fine of five pounds if he breached the agreement . . . So the calabashes passed into oblivion. Surprisingly they seem to have been well-accepted and, in the main, to have been honoured by the person issuing them . . .")
- (3) Fred Alexander, *"Australia Since Federation"*, 1967, Thomas Nelson (Australia) Ltd. pages 90, 91.
- (4) Sir Otto Niemeier's Report, "BOND OR FREE", Reply by W.M. Hughes, undated booklet, printed by William Homer, Sydney.
- (5) V.I. Lenin, "ON THE FAMINE", - A letter to the Workers of Petrogard, (Collected works)
- (6) Money - A Christian View - First report of The Christian Doctrine of Wealth Committee of the Congregational Union of Scotland. William Maclellan, Glasgow.

CHAPTER TWO

THE COMMONWEALTH BANK.

"We have before us the greatest question that has yet been submitted for our consideration. It involves Australia's national supremacy in finance, and the peace, good government and prosperity of generations yet unborn . . ."

King O'Malley MHR, speaking on the need for a Commonwealth Bank,
House of Representatives, September 1909.

Federation has proved a mixed blessing for Australia. Some of the forebodings expressed at the constitutional conventions in the 1890s have been justified. If the States had between them produced the most prosperous country in the world, with the highest living standards, why add another tier of government? Would it not introduce a competition for power which had not hitherto existed?

It was this possibility, more than anything, which resulted in one of the best Constitutions in the world, based on a monarchical system designed to ensure the separation of powers and strict limits to government. It was left to one of the founding fathers, Australia's second prime minister Alfred Deakin, to point out a major deficiency which would force State dependency on the new Commonwealth Government in the area of finance. Unless rectified, this would so alter the balance of powers between the two tiers of government that the gradual and increasing shift of power to the centre would result. The effect on the Australian people, he claimed, would be tragic, and there is a prophetic ring about his forecast:

" . . . The less populous will first succumb; those smitten by drought or similar misfortune will follow; and finally even the greatest and most prosperous will, however reluctantly, be brought to heel. Our Constitution may remain unaltered; but a vital change will have taken place between the States and the Commonwealth . . . "

Immediately after Federation a colourful American-born former banker by the name of King O'Malley sought to eliminate the danger of Australia becoming an indebted nation. His idea was that the founding of a 'peoples' bank' able to lend to government and citizen alike at low rates of interest would diminish the need for the country to do as so

many of the older countries had done - pile impossible compounding debt on the heads of their own peoples. At the instigation of Alfred Deakin, O'Malley - by then a federal parliamentarian - prepared a report, to be tabled in Parliament on the nature and need for a peoples' bank. Larry Noyes, in his book "O'Malley M.H.R." gave this description:

" . . . The Parliamentary Paper covered six and a half foolscap pages of print, fully half detailing the revenue of the States, their public indebtedness, the interest they paid, and customs and excise revenue for both the Commonwealth and the States.

"High rates of interest rapidly increase the indebtedness of the people," the Paper said.

"Their wealth is soon transferred to the few privileged capitalists who are enabled to control the rate of interest, and consequently the market value of Government bonds and property.

"Banks must be established on a Christian basis . Then they could loan credit to assist the productive industry of Australia at low interest rates . . ." (1)

Speaking in support of such a bank in Parliament in September 1909, O'Malley said:

"We have before us the greatest question that has yet been submitted for our consideration. It involves Australia's national supremacy in finance, and the peace, good government, and prosperity of generations as yet unborn. I have laid down my scheme because I am a banker. If I did not understand it, and if I had not had experience among some of the cleverest financial men that America has ever produced, I should not have presumed to submit it to the House. This is no party matter. I am not speaking as a Labor man, or as a Government man, but as an Australian for the whole Commonwealth, in order to see if we cannot devise some scheme that will overcome the complexity of modern finance with benefit to the people ..." (2)

D.J. Amos, in "The Story of the Commonwealth Bank", adds:
"In October 1911 the Labor Government of Mr Andrew Fisher introduced a Bill to provide for the establishment of a Commonwealth Bank, with power to carry on all the business generally transacted by banks, including that of a savings bank, to be administered under the control of one man (called the "Governor" of the Bank) appointed for seven years. The Bank was to have power to raise a capital of \$2 million

by the sale of debentures (the security for which was the national credit). . . The intention of the Bill was to make the national credit available to anyone with decent security to offer, to reduce the charges made on overdrafts, bills of exchange, and current accounts by the private banks, to provide a safe investment for savings, and to help in the reduction of the public indebtedness. . .

In June, 1912, Mr (afterwards Sir) Denison Miller, a prominent official of the Bank of New South Wales, resigned his position and was appointed Governor of the Commonwealth Bank. . . " (2)

The Bank opened for business in January 1913, only a few months before the outbreak of World War I. It was able to float a loan of \$700 million for war expenditure at an interest rate of less than one percent at a time when Australia would have been required to pay six-and-a-half percent on the London market. The Bank was able to record a profit on this loan. Furthermore, it played an invaluable part in financing pools for wheat, wool, meat, butter, cheese, rabbits and sugar to the amount of \$872 million. It funded \$4 million for the purchase of the Commonwealth Fleet of Steamers, and enabled the Government to transfer abroad \$7.1 million for the payment of troops overseas. In doing so, it posed a major threat to the private banks, which looked on government borrowing as the safest and most profitable of investments.

Nor did the Commonwealth Bank cease its activities after the war, playing an invaluable part in post-war reconstruction, until 1924, when it was effectively strangled. According to L.C. Jauncey's book "Australia's Government Bank", Sir Denison Miller was asked if he, through the Commonwealth Bank, had financed Australia during the War for \$700 million. He replied "Such was the case; and I could have financed the country for a further like sum had the war continued."

Again, asked if that amount was available for productive purposes in times of peace, he answered in the affirmative.

But this was not to be. Sir Denison Miller died suddenly and unexpectedly, while still a comparatively young man, on June 6, 1923. The one man who might have saved the Bank was gone. Enormous pressure was applied to government members from the world of private finance. On October 10, 1924 the Bruce-Page government amended the Commonwealth Bank Act, taking responsibility away from the Governor and placing it in the hands of a Board of Directors from the private sector in the fields of commerce, industry and finance.

Although used intelligently during World War II, the Bank was never thereafter allowed to compete against the private banks. Eighty years after its creative and imaginative foundation by the Fisher Labor government, it was gradually sold off by the Keating Labor government in the nineties. *Sic transit gloria!*

The financial power which found its champion in Lord Bruce was known euphemistically as "the City," or "the City of London." It was, and is, an entirely different entity to the British people, or the British Monarchy. In fact, the City is a tiny three-square-mile financial capital within a capital, where even the British Monarch may not enter uninvited. The chief public spokesman post-World War I was Chairman of the Bank of England, Mr Montagu Norman, known colloquially as 'Professor Skinner'. Something of Norman's purpose can be gleaned from evidence he gave to the Macmillan Committee, established to inquire into banking and finance in 1929. Norman told members of the Committee that one of his main ambitions was the establishment of central banks round the world. Of Montagu Norman, more in the next chapter.

Following its emasculation there were still two latent powers in the Commonwealth Bank that presented a foreseeable if miniscule danger to the private banks:

- (1) The ownership of the Bank was still vested in the Australian people.
- (2) The power to create credit, and the sole power of creating legal tender currency, was still vested in the Bank. There was a third potential danger: the Constitution made a clear provision, subsequently confirmed in a number of High Court decisions, that the States had the power to run their own government banks outside Federal jurisdiction, provided they did not operate outside State borders. The fact that the States have never dared do so in a manner that would offset the interests of the private bankers, is an indictment that has never been fully explained. The former Queensland Premier Sir Joh Bjelke-Petersen was personally very much in favour of a Queensland State Bank, to operate within the provisions of Section 51 (xiii) of the Constitution. He once commented to me personally that he had been shocked at the extent of the opposition, both nationally and internationally, to this suggestion.

The Australian Labor Party had every right to be outraged at the destruction of the 'peoples bank' in 1924. Under its then leader, Mr

Matt Charlton, several speakers spoke of the betrayal and the sellout. Over the next decade it became a Labor dream to restore the Commonwealth Bank to its original charter. The election pamphlet used for the September 15, 1934 Federal election in the seat of Fremantle to elect the future Prime Minister, John Curtin, concentrated exclusively on the Commonwealth Bank. It said, *inter alia*:

"Restrictions imposed upon the Commonwealth Bank in 1924 by the Bruce-Page Government will be removed, and the bank freed to enter into vigorous competition with the private banks to secure for the people the profits and privileges of banking which are now practically monopolised by private banking companies. . . The main purpose of securing national control of banking and credit is to utilise the credit of the nation for the benefit of the people. Why should Governments pay heavy interest charges to private banks for the right to operate on credits which belong to the whole community? Bank advances to Governments or private individuals are secured by public or private assets. Banks merely liquefy these assets and charge high interest rates as though it was the bank's own money or credit which they were advancing. . . The year 1930-31 was the most disastrous year financially in the history of the world. In Australia and elsewhere the financial position of Governments and private enterprise was so acute that a general collapse was only narrowly averted. In that year private banks called up overdrafts, raised the rate of interest, and enjoyed substantial profits by taking heavy toll of Governments and industry. At the same time they used the financial difficulties of Governments in order to dictate the Government policy. . ."

The issue of "poverty in the midst of plenty" had become so intense that governments were forced to address the issue. The Tasmanian Parliament appointed a Select Committee of parliamentarians, headed by the Rev. G.S. Carruthers, on November 28, 1934. It conducted 18 full days of hearings, and took evidence from 24 witnesses, including three Bankers, two Professors of economics, as well as Government Department Directors, Accountants, Commercial leaders and producers. The Report was tabled in the Tasmanian Parliament on October 29, 1935, with the following findings:

"On the evidence placed before it the Committee finds that the people are being prevented from possessing, consuming, and/or utilising and enjoying the increase of wealth and/or the actual or potential increase of production over the last 30 years; that the cause of this is shortage of

purchasing power in the hands of the community as a whole; and that this can be effectively remedied only by -

- (1) *Restoration to the sovereign community of effective control over money in all its forms and:-*
- (2) *The establishment by the Commonwealth Parliament of machinery which would secure regular equation between the community's production and the community's purchasing power."*

This, and the general intensity of the Depression forced the Commonwealth Government to appoint a Royal Commission on Money and Banking in 1937. As with so many Royal Commissions, it was a case of appointing prisoners to investigate the prison system! For any impartial examination of an issue, it is obviously essential to appoint investigators with no vested interest in the outcome.

Nevertheless, the Commission was forced to agree that the Commonwealth Bank was quite capable, legally and constitutionally, of financing all governmental needs in a number of ways. Section 504 of its Report, headed "Creation of Credit", read:

"... Because of this power, too, the Commonwealth Bank can increase the cash reserves of the trading banks; for example, it can buy securities and other property, it can lend to the Government or to others in a variety of ways, and it can even make money available to the Governments and to others free of any charge . . ."

As this last clause led to a good deal of controversy as to its exact meaning, Mr Justice Napier, Chairman of the Commission, was asked to interpret it, and his reply, received through the Secretary of the Commission (Mr Harris) was as follows:

"This statement means that the Commonwealth Bank can make money available to Governments or to others on such terms as it chooses, even by way of a loan without interest, or even without requiring either interest or repayment of principal."

This was simply a confirmation of the powers given to the Commonwealth Government in Section 51 of the Constitution. It was these essential powers which were, and are, being targeted by the private financial world, both nationally and internationally.

On December 7, 1939, the Legislative Assembly of Western Australia unanimously adopted the following resolution:

"In view of the deplorable state of our primary industries and the ever-increasing poverty and unemployment in our midst, the national credit of

the Commonwealth should be used in the interests of defence, the primary industries, and the general welfare of the people of Australia by and through the Commonwealth Bank without inflation or any charge."

Had the Depression continued another twelvemonth, similar resolutions might have appeared in legislative bodies throughout the Commonwealth. Local Councils may well have added their weight. But the outbreak of war cured the Depression! Hundreds of millions of pounds appeared like magic to mobilise the war effort. Unemployment disappeared. Domestic conditions improved dramatically. This development should be put in context with Clyde Cameron's speech, and the Labor Party's Rural Policies, May 1971, dealt with in Chapter Eight.

One might have supposed that, in the Depression situation, the Labor Party could have kept intact a fierce and loyal workers' organisation capable of biding its time until it was again returned to power. But the Party had three major hurdles to confront, over which it was unable to prevail.

First, the stultifying process of party-politics, which subconsciously raises the process of winning votes above the principles of the party itself; secondly, the media have always followed the directions of finance, and is indeed vulnerable to any restriction of advertising revenue, on which it lives; thirdly, an entirely different socialist movement was permeating the old Labour parties round the world, and this was true of the A.L.P. Just as the British Fabian movement of the Attlees and Gaitskells had exerted more and more influence in the British Labour movement, gradually replacing the blue-collar workers, so had the same thing happened in Australia. A few of the old breed persisted until the early post-war years, but their days were numbered.

Shortly before the outbreak of World War II there developed almost overnight a scheme for the federation of the western democracies. Called "Federal Union", it proposed an economic and political merger of fifteen democracies - The United Kingdom, the United States, France, Norway, Sweden, Denmark, Holland, Belgium, Eire (northern Ireland), Switzerland, Canada, Australia, South Africa, New Zealand and Finland. The major impetus for this proposal came in a book, "Union Now", by Clarence Kirshman Streit, the *New York Times* correspondent in Geneva. His proposal gained a huge press

coverage, and hundreds of "chapters" sprang up almost overnight across the United States and the British Empire.

The proposals were expressed by two of its many ardent advocates at the time. The Leader of the British Labour Party, Clement Attlee, said in November 1939:

" . . . There must be acceptance of the principle that international anarchy is incompatible with peace, and that in the common interest there must be recognition of an international authority superior to the individual States, and endowed not only with rights over them, but with power to make them effective, operating not only in the political but the economic sphere."

At about the same time another advocate, Mr Duff Cooper, said:

"There must be some international centre of authority, some international form of sanctions, some form of international police, something in which the nations will make the sacrifices for liberty that individuals do. It will be difficult to induce free peoples to make the sacrifice of some measure of their sovereignty, but I believe it will come."

Clarence Streit's "Union Now" proposed a Constitution, to be binding on all nations signing it for "a World Federal Union". He gave a number of plausible reasons for such a step. The relevant chapter closed with these words:

" . . . That goal would be achieved by The Union when every individual of our species was a citizen of it, a citizen of a disarmed world enjoying world free trade, a common money and a world communications system. Then Man's vast future would begin. But, first and foremost, let us begin by forming the nucleus of this world government before it is too late. Let us make haste and begin the Union now".⁽⁴⁾

Ironically, as these words were published, another leader with almost precisely the same view, was rampaging across Europe. Adolph Hitler, who was to wreak so much destruction, was also an advocate of a new international order, starting with the United States of Europe. All advocates of world government imagine its nature according to their own belief system. Of necessity, it must disallow any conflicting point of view. It must disallow also the right of people to direct their own elected parliaments in varying directions. It cannot be anything other than totalitarian. But the concept held a fatal attraction for many different groups. Marx, of course, had outlined his version. The

Fabians had made inroads into the labour movements in Britain, Australia and New Zealand. In the United States the Council on Foreign Relations was well established. The process of diluting and confusing the old nationalist political parties had well and truly begun.

The present Member for the seat of Fremantle, once represented by former Prime Minister John Curtin, is current Labor leader Kim Beazley. The Labor Party of his era sold into international private hands the Commonwealth Bank Andrew Fisher's government had founded, and Curtin had so strongly fought to put back on its original foundations. It was the outbreak of World War II which arrested an ever-widening and increasingly-knowledgeable understanding that the decade of misery in the Depression had been needless; that the cause was not a natural disaster, but man-made; and that a change in financial rules to make money conform with reality, rather than the reverse, was where the answer lay.

But the world of private finance was not hampered by the War. In fact its opportunities increased. On March 15, 1943, Press reports in Australia said that Lord Keynes and officials of the United States Treasury were working on the concept of an International Monetary Fund and Bank:

"... Among the conditions necessary for the working of the plan would be the willingness of participating countries to sacrifice some of their autonomy in monetary affairs". ⁽⁵⁾

It was revealed in April that, with J.M. Keynes in this venture were U.S. Secretary to the Treasury Mr Henry Morgenthau, and his assistant Secretary, Mr Harry Dexter White. On July 1, 1944, Mr L.G. Melville from Australia was one of the delegates from 44 nations who met at Bretton Woods in the United States, to consider the scheme. Both Mr Melville at Bretton Woods, and the Australian Prime Minister John Curtin at home, made it clear that Australia was in no way committed to the idea.

Presiding at the meeting was Mr Harry Dexter White, later revealed to have been a member of a Soviet espionage ring in the State Department. The Technical Secretary for the Conference was Virginius Frank Coe, also subsequently exposed as a member of the same ring.

On December 27 1945, 30 out of the 44 nations at the Bretton Woods Conference in July 1944, ratified the Agreements. Among signatories was Britain, where Churchill had just been replaced as Prime Minister by Clement Attlee and Labour. Yet to sign were

Australia and New Zealand. They were given until December 31, 1946 to make a final decision.

On November 19, 1946, Cabinet Ministers decided, after a nine-hour discussion, to recommend to the Labor Caucus that Australia should ratify the Bretton Woods Agreements. Press reports claimed seven of the nineteen Ministers opposed the move. This led to a period of intense lobbying within the Labor Party, in which majority branch opposition was overruled or bought-off by central pressure.

On March 7 the Labor Caucus voted 33 to 24 in favour of ratifying the Bretton Woods Agreement. A motion by two Tasmanian delegates that, when put to Parliament, a conscience vote should be allowed on the issue was defeated. On March 20, 1947, the International Monetary Agreements Bill, formally ratifying the Bretton Woods Agreement, was passed by the House of Representatives, and five days later by the Senate. Australia's constitutional sovereignty over money and banking had been surrendered. Only five Members voted against the Bill in the House of Representatives, and twelve in the Senate.

The name of John Curtin, Australia's great war-time Prime Minister, does not appear in the relevant Hansard. He had died only a short time earlier.

Montagu Norman's dream of a world-wide system of Central Banks, all working under international direction, was under way.

NOTES:

- (1) "O'Malley M.H.R.," Larry Noye. 1985, Neptune Press, Geelong. ISBN 0 909131 96 1.
- (2) Ibid.
- (3) D.J. Amos, THE STORY OF THE COMMONWEALTH BANK, (ISBN 0.9589574.0.1)
- (4) C. Barclay-Smith, FEDERAL UNION EXPOSED, Leisure Age Publishing, Sydney. (No date, but in the war years. Barclay-Smith was a former editor of Queensland Country Life)
- (5) D.J. Amos, THE STORY OF THE COMMONWEALTH BANK, (p. 44)

CHAPTER THREE

THE NORMAN CONQUEST

"It is gradually becoming common knowledge that it is not the Hitlers, Mussolinis, or Stalins (much less the umbrella-waving Chamberlains) who are the real dictators, but the men who lurk in the shadows behind the beflagged and besloganed rostrums - the, for the most part, little-known men who dictate to the 'dictators'. Montague Norman is one of these: perhaps the most powerful of all . . . "

Professor Skinner, alias Montague Norman:
The Biography of the Governor of the Bank of England. John Hargrave, Wells Gardner, Darton & Co Ltd. Kingsway, London. 1939.

Little need be said of the convulsions within the Ben Chifley Labor Party. It had lost its soul. Confusion reigned. A new breed who tried to match the grease-stained cap of the worker with the Saville row suit of the internationalist was taking over. Chifley himself, the gentlest and most stalwart of Labor traditionalists, must have been bewildered. Inexplicably, he had led the "Aye" vote for the Bretton Woods Agreement. Yet within 24 months he was attempting bank nationalisation in Australia.

The destruction of competitive private banking was the last thing that would have really mended the situation. It was a major plank of the Communist Manifesto which advocated, as one of ten essential steps, a "State Monopoly of Credit".⁽¹⁾

Instead, what was required was a return to the early days of the Commonwealth Bank. The prerogative of creating additional money when needed in Australia, by notes and coins or by credit, should have been restored to the Crown. Banking should have been limited solely to lending on behalf of depositors rather than money-creation, which placed in private hands vast powers over public and private assets they had no legitimate right to claim.

A single, state-controlled banking system would have placed the same powers, with the same potential for corruption and misuse, in the hands of any power-drunk autocrat or party which later came

along. Chifley's move made life difficult for genuine advocates of Australian financial sovereignty, totally opposed to the international takeover. They could only fight one idea at a time, and the destruction of the communistic "State Monopoly of Credit" came first. The "Private Monopoly of Credit" would have to wait.

Australia's Trading Banks, realising this, joined forces with some of their most trenchant critics. Chifley's move was defeated in the High Court, and the temporary alliance was quickly forgotten as the second part of the battle recommenced.

It is true to say that this was the end of the traditional Labor Party. It took many years before the rank-and-file understood that a new breed of lawyers, entrepreneurs and school-teachers, whose heartland lay more with Fabius Maximus than Andrew Fisher, had effectively staged a bloodless coup within the Labor Party. Some 23 years in the wilderness during the Menzies era was enough to reconstruct the A.L.P and marginalise the old stalwarts. It was ready for the internationalisation of Australia when Labor finally returned to power in 1975. The odd shearing-contractor or engine-driver was the exception rather than the rule. But the new Union-leaders and Ministers who, for the sake of image, occasionally mentioned Chifley's "light-on-the-hill" with a 'catch in the throat and a tear in the eye', had, in reality, never had dirt on their hands.

They were the new 'identikit' politicians who might just as easily have fitted into any of the existing parties. Their philosophies had no personal component, but were devised increasingly by advertising agencies. They could run the world but could not fix a puncture, tune an engine or milk a cow. The idea that they were under an obligation to fulfil pre-election promises was the joke of the week. They preached endlessly about "tightening our belts" and "living beyond our means" while voting for themselves an increasingly hedonistic nest of benefits. There was always bi-partisan unanimity for any increase in comfort for politicians. Indeed, both sides claimed this was the way to get "better representation". Any old-fashioned notion of service was treated with derision. 'Management' was the 'in-word'. The era of internationalism had begun in earnest.

On June 14, 1978 the former Whitlam Minister Dr. Doug Everingham wrote a letter to *The Australian* in his capacity as Australian Parliamentary Representative in the "World Association of World Federalists." It was a plea for the introduction of World Law. He said:

"... World law is a feasible alternative..." Several viable world constitutions have been endorsed by widely representative conferences, including recently delegates from several Eastern European nations. They'll share the key requirements for law and order, peace and prosperity to replace the arms race:

- (1) Popular elections to at least one chamber, with or without the U.N. Assembly also as a chamber of a world legislature.
- (2) Power to make laws on matters of international concern which lead to international conflict. These laws are to bind everyone and override national sovereignty on specified topics, as Federal nations' constitutions provide for national laws on certain topics to override state sovereignties.
- (3) Expanded world court functions to interpret world law.
- (4) Executive power to disarm all nations at a balanced rate, divert arms spending and set up a world police force to police the peace and enforce world court decisions...

The sincere if misguided Dr Everingham was not a lone voice on the question of world government. The "World Association of World Federalists" was soon joined by the more potent "Parliamentarians for World Order," which linked six existing parliamentary groups for world law in Japan, Britain, Canada, India, France and Norway. At its official establishment in 1981, "Parliamentarians for World Order's" membership included 110 British politicians, 130 from Canada, 40 from France, 15 from India, 160 from Japan, 35 from Kenya, 20 from New Zealand, 9 from Norway, plus individual members in the U.S., the Netherlands, Zambia, Zimbabwe, Australia, Denmark, Thailand, Ireland, Nigeria and the European Parliament. The organisation's programme was vigorously pursued by the Whitlam Government. Finding that its title was somewhat too revealing, "Parliamentarians For World Order" subsequently changed its name to "Parliamentarians - Global Action." Its chief Australian spokesman John Langmore, a Labor backbencher, resigned from Parliament at the end of 1996 to take up a post at U.N. Headquarters in 1997.

On January 31, 1989 the late Maxwell Newton wrote a feature article in *The Australian* headed "TOWARDS A GOLDEN WORLD." He said:

"While you are all beginning to stir next Saturday morning, getting ready for the beach or golf, a meeting will be taking place in Washington which could make you richer or poorer. What is more, you don't get to elect any of the men who are going to have so much to do with your material well-being. Some participants at this secret cabal may have names familiar to you, some you may never have heard of. They all have one thing in common - they have a very, very big say in your material well-being. They have names like Alan Greenspan, Robin Leigh-Pemberton, Karl Otto Poehl, Jacques de Larossiere, Satoshi Sumita and John Crowe. They are the leaders of the world's central banks . . .

The central bankers have a dream; they dream of a world where currencies will have stable values in relation to each other. The dream is that with stable currencies, the whole world financial system will gently glide onto a smooth growth path where inflation, stockmarket crises, recessions and high interest rates will disappear. In this sanitised, cool world, we will come upon a new millennium, a millennium called a New Gold Standard. Currencies, tied to each other by a golden rope, will not fluctuate and will come to bear a constant value in terms of gold. Gold prices will cease to fluctuate because there will be no need for gold any longer to provide the standard of measure that in the long run has kept governments and central banks honest. Eventually commodity prices such as those for wool, lead, zinc, copper, oil and coal, (on whose prices Australia's destiny ultimately rides), will also glide smoothly down the soft green sward of the Wonderful World of Currency Stability.

It may seem incongruous but one can imagine that within the breast of Alan Greenspan, the slight, stooped chairman of the Federal Reserve, there beats a burning desire to stand up, like Martin Luther King in Washington to declare:

"I have a dreammmmmmmmm!"

And the multitudes will cry out unto him:

"Yo, Alan, Yo, Yo, Yo - Give us our freedom, brother!"

The dream is of a new world in which all men will be free to carry on their work and their trade, never again fearing that currency or inflation violence will intrude.

Don't underestimate the dreams of bankers or bureaucrats; they may look like straight guys but they have big dreams that often emerge from the world of the imagination to have big, often ugly results for those of us who are not asked for our opinion . . .

It is an old dream, one that has been handed down from generation to generation. The dream is that there will be one world of money, with one standard of value, and that will be gold. Gold will keep us free . . . "

Newton's article brought no response from any sitting M.P. However the Hon. W.C. Wentworth, a retired Liberal Minister, and member of the early pioneering Wentworth family, replied with a significant letter, which appeared in the February 7 1989 *Australian*:

"The Haunting Echo of 1929:

SIR - Max Newton (The Australian, 31/1, Towards a Golden World) reminded us of the importance of the World Central Bankers' meeting about to take place in Florida, and told us of the central bankers' dream.

For me this raised haunting memories and disturbing doubts. In July 1929, Montagu Norman, then Governor of the Bank of England, told me in personal conversation of his dream for the world. It was word for word the same as Max's account of the central bankers' current dream.

Who can forget the crash of October 1929 and the 'Thirties Depression which followed, as a consequence of trying to translate this dream into reality? Let me put on record how this personal conversation came about.

In 1929 I was a member of the Oxford and Cambridge athletic team, visiting America to run against American universities. Late in July we split up to return, and I, together with some other members, boarded a smallish passenger vessel in New York. (There were, of course, no aeroplanes in those days.)

A fellow passenger was "Mr Skinner" and a member of our team recognised him. He was Montagu Norman, returning to London, after a secret visit to the U.S. Central Bank, travelling incognito. When we told him we knew who he was he asked us not to blow his cover, because if the details of his movement were made public it could have serious financial consequences. Naturally we agreed and on the days following as we crossed the Atlantic, he talked to us very frankly.

He said, "In the next few months there is going to be a shake-out. But don't worry - it won't last for long."

He then went on to tell us of the dream which he and his U.S. counterparts had for the world. It could be put in the words Max used to describe the current dreams of central bankers. (i.e. "In the new world currencies will have a stable value in relation to each other. With stable currencies the whole world financial system will gently glide onto a

smooth growth path where inflation, stock market crises, recessions and high interest rates will disappear. In this sanitised, cool world we will come upon a new millennium called a New Gold Standard.")

I can almost hear Montagu Norman now, for that is what he said in July 1929. We were immensely impressed - do you blame us? Here was the most important figure in the financial world, talking confidentially to us and we were very young. The October crash three months later ushered in the World Depression, the ravages of which were only halted by Roosevelt's New Deal. When Congress spragged the President, world recovery faltered, to be revived by war preparations and the 1939 War. No sane person would hope for these last remedies today.

Ever since the Depression I have ceased to place unquestioning trust in the wisdom of central bankers and I cannot hope for a revival of my faith even today.

Is the centralised world economy towards which they are working really appropriate to the present world where there are still sovereign nations, each pursuing its own national interest and where there are very different political systems and living standards?

Will low-wage countries always have low productivity so that the developed nations need not fear low-priced imports? Do stabilised exchange rates impose intolerable rigidities upon the world economy and preclude the adjustments which would avoid local unemployment? Should a country allow free trade when it means buying goods which it cannot pay for? These are only a few of the disturbing questions which should arise. Let us hope that this week, when the central bankers of the world meet in Florida, they will keep them in mind.

W.C. WENTWORTH, Sydney."

Both Newton and Wentworth had touched on an unfolding programme remorselessly edged into place over the course of the 20th century. Despite many disclaimers as to the existence of such an operation, it was exposed beyond argument with the publication of "Tragedy and Hope: A History of the World in our Times", authored by the United States' most eminent historian, Professor Carroll Quigley. Published by MacMillans in 1966, Quigley's "Tragedy and Hope" revealed evidence of a long-term programme which many had suspected but none had been able to verify with suitable documentation. (2)

Quigley, who was in some sympathy with the objectives of the programme, had been given personal access to the papers of a worldwide banking and finance association working consciously towards world government. His book may well have remained within the confines of a restricted readership had it not been discovered by some populist researchers who were seeking wider empirical evidence for their own suspicions. Quigley's work was regurgitated for a wider readership. Cleon Skousen's *"The Naked Capitalist"* and particularly Gary Allen's *"None Dare Call It Conspiracy"*, with a print-run in the millions, focussed enormous attention on Quigley's work.

Faced with this unexpected development, *"Tragedy And Hope"* became almost unobtainable. Quigley's revelations were obviously considered suitable for a selective readership, but not for wide dissemination. MacMillans announced there were no plans to reprint, although the unprecedented demand was a publisher's dream. Copies vanished from public libraries. The book was changing hands for up to \$400 a copy.

With prices like these it wasn't long before pirate editions appeared. Quigley himself was bewildered by what had happened. He could not understand why he could not get the book republished, even though all stocks were exhausted. In a personal letter dated December 9, 1975 he wrote:

"Thank you for your praise of "Tragedy and Hope", a book which has brought me many headaches as it apparently says something which powerful people do not want known.

My publisher stopped selling it in 1968 and told me he would reprint (but in 1971 he told my lawyer that they had destroyed the plates in 1968.) The rare book price went up to \$135 and parts were reprinted in violation of copyright but I could do nothing because I believed the publisher and he would not take action even when a pirate copy of the book appeared. Only when I hired a lawyer in 1974 did I get answers to my questions to my publisher . . . "

In another letter Quigley wrote of his publishers:

"They lied to me for six years, telling me that they would reprint when they got 2,000 orders, which could never happen because they told anyone who asked that it was out of print and would not be reprinted. They denied this to me until I sent them Xerox copies of such replies in

libraries, at which they told me it was a clerk's error. In other words, they lied to me but prevented me from regaining publication rights . . . "

Elsewhere in the same letter he wrote:

" . . . I am now quite sure that *Tragedy and Hope* was suppressed although I do not know why or by whom . . . " (3)

The silencing of Carroll Quigley is not an isolated case. The widely-read Douglas Reed, a former London Times correspondent in the '30s, had his latter works almost totally constricted. His world-wide readership at that time has diminished simply because the outlets for his works were closed.

In more recent times one of the world's most distinguished and original historians, David Irving - once gratefully published by MacMillans - has had almost every avenue for publication ruthlessly closed to him. Besides the 'silent treatment', the direct intimidation of every publisher and reviewer has become so pervasive that it is becoming counter-productive. (4)

What had Quigley revealed which prompted such extraordinary efforts to curtail the distribution of his book? Not only did he confirm there was a long-term plan by an inside international banking group aimed at centralisation of power on a global scale, but he had been given personal access to some of the private papers of those involved.

In his own words:

"I know of the operation of this network because I have studied it for 20 years and was permitted for two years in the early 'sixties to examine its papers and secret records . . . I have objected, both in the past and recently, to a few of its policies . . . but in general my chief difference is that it wishes to remain unknown . . . The names of some of these other banking families are familiar to all of us and should be more so. They include Baring, Lazard, Erlanger, Warburg, Schroeder, Seligman, Speyers, Mirabaud, Mallet, Fauld and, above all, Rothschild and Morgan . . . "

To the oldtimers mentioned by Quigley must be added some newer club members - Dai-Ichi Kangyo, Fuji, Sumitomo, Mitsubishi and Sanwa of Japan, Bank of America, Citibank, Westpac, National Australia Bank and A.N.Z, Banque Nationale de Paris, Credit Lyonnais and Credit Agricole Mutuel de Paris, plus a number of others.

If it were possible to detail the asset-portfolios of the banking brotherhood one would find the title-deeds of practically all the

buildings, industries, farms, transport-systems and mineral resources of the world. Their secret is that they have annexed from governments, monarchies and republics the power to create the world's money on debt-terms requiring tribute both in principal and interest.

Growth and expansion in the world's economies never receive a financial credit unless it is exported. Exports have thus become a contest in debt alleviation, removing any mutual benefit from the exchange of surpluses. It has long replaced national expansion as the chief cause of war. The fight for export markets as a means of alleviating debt is the chief cause of 20th century conflict. Through the sixties, seventies and eighties the biggest casualty in this economic warfare was the Third World.

By the end of 1990 Third World debt had passed \$US1.3 trillion - over \$200 for every living person on earth. The debt had increased by 30 percent in three years. Debtor-nations had total arrears of \$26 billion in interest. *The Financial Review* (October 4, 1990) pointed out that much of the debt was owed to private banks, and that:

"... the swelling of arrears has drawn concern from the International Monetary Fund, where some officials complain that banks are successfully pressing the IMF to become their debt-collection agency..."

Many of these countries in Africa, Asia and Latin America had only just emerged from the colonial era. Whatever else is said, most emerged in better condition than the present. Almost all were self-sufficient in food, and most had access to primary education. Disease was contracting and populations in all cases expanding.

But one form of colonialism was exchanged almost immediately for another. The replacement was far more insidious. It was the new empire of the development loan. Its chief exponents were the World Bank and the International Monetary Fund. Its chief beneficiaries were the international banks that created and disgorged the money on terms which, within half a century, were to devastate the economies, the ecology and the peoples of the Third World. There was a case for some type of assistance in the form of small-scale technology which went directly to village communities at a level where local people could utilise and maintain it. The purpose should have been to increase sustainable domestic agriculture, food-production and lifestyle on terms which increased local consumption rather than exports. Instead, it went straight to newly-elevated potentates and politicians

who, whatever their other talents, did not number prudence or accountability among them.

Corruption from the Kwame Nkrumahs, the Idi Amins, the Duvaliers and a host of others was so wide-spread as to be breathtaking. Peasant communities, instead of seeing their food resources increased, had them taken away for the repayment of debt.

A few ex-colonials and a host of development technicians from the industrial world tried their best to mitigate the disaster. It was like spitting against the wind.

The catastrophe in the Third World has now been widely documented. "*The Destruction of a Continent - Africa and International Aid*," by Borgin and Corbett;⁽⁵⁾ "*Lords of Poverty*" by Graham Hancock,⁽⁶⁾ and Susan George's series, ("*Ill Fares the Land*," "*How the Other Half Dies*," "*A Fate Worse Than Debt*," and "*The Debt Boomerang*")⁽⁷⁾ plus a host of others, tell the story of a financial and physical holocaust in the Third World eclipsing anything of its kind in history.

In hindsight, it is now obvious that the independent viability of emerging Third World countries was the last intention of the designers of the so-called Aid programme. It was simply a new form of colonialism which wasn't coloured in on the map. Behind the bank-loans came the multinationals, whose task was to establish their own operations by annexing such industries as existed, plus any natural resources, using increasingly-impoverished local populations as the cheap labour source they required.

The incestuous relationship between the banks and the multinationals was clearly revealed in a syndicated article by Lea Fitzgerald, which appeared in *The Australian Financial Review* as long ago as August 1, 1974, headed:

**"WHO CONTROLS WHAT: HOW 'SUPERBANKS' INFLUENCE
TOP U.S. CORPORATIONS."**

"Big banks - notably six New York "superbanks" - hold virtually controlling stock in more large corporations than previously known by the Government or investors.

Sometimes a single bank holds enough stock to influence or control several competitors in a single industry.

For example, the Chase Manhattan Bank in 1972 held more than 5 percent of the stocks of four airlines and six railroads.

These are among major findings of a massive 419-page new Senate study of the 30 principal holders of voting stock in U.S. corporations.

Control of only one or two percent of the shares of a major, widely-held corporation is usually enough to influence its decisions, and holding 5 percent of its stock is usually enough to control the entire corporation.

The report, entitled "Disclosure of Corporate Ownership," was based on inquiries to the 100 top industrial corporations, to the 50 leading firms in the categories of transportation, public utilities, retailing and banking and to 24 major life assurance companies.

Of 324 corporations questioned, 89 responded fully. Corporations that supplied partial or irrelevant data numbered 177, the commonest justification given being a professed need or requirement for confidentiality . . . Ford and Chrysler Corp. for example, complied; General Motors did not. Atlantic Richfield and Mobil Oil complied but Exxon and Texaco refused. RCA and American Telephone and Telegraph complied but International Business Machines (IBM) and International Telephone and Telegraph refused. Bankers Trust and First National City complied but Morgan Guaranty and Bank of New York refused . . . According to the report the eight institutions that control the 89 fully reporting companies are:

- * Five New York City banks, which together manage investment portfolios valued at the end of 1972 at 84.5 billion dollars - Morgan Guaranty Trust Co. Bankers Trust Co. First National City Bank, Chase Manhattan Bank, and Bank of New York.
- * State Street Bank and Trust Co. of Boston.
- * Merrill Lynch, Pierce, Fenner and Smith, the brokerage house.
- * Cede and Co, the "street name" for the nominee of the Stock Clearing Corp. which in turn is totally owned by the New York Stock Exchange.

There followed an exhaustive and detailed list of bank shareholding in the preponderance of major corporations across the United States. (For those interested in a comparison with the Australian bank-shareholding position, described in Chapter Nine, the whole text of this article is set out in Footnote (11) of this chapter.)

The importance of this material cannot be overemphasised. Many believe that banking is an entirely separate operation to the commercial world. The reality is that the two worlds are increasingly

one. The interlocking spread of directorships reveal the same names on Boards running everything from shipping to shopping; from banking to booze; from farming to films, and from mining to manufacturing.

Thus the great lending binge to Third World countries, starting in the early sixties, was followed hard by an expansion of giant corporations, originally American and, to a lesser degree European, hanging out their shingles and setting up shop wherever their banking partners had made loans, and wherever some 'momentarily-rich' borrower was looking for ways to spend. This was a far more profitable and less dangerous form of colonialism. No overt assumption of power was required. Any flak about worsening conditions would be borne by local politicians rather than the debt-merchants. Multinationals were simply there to "help"; and if this meant the appropriation of domestic industries, why, this would provide needed jobs to indigenous peoples.

Writing in 1978 at a time this new money-colonialism was well under way, Charles Levinson explained in his eye-opener "Vodka-Cola":

"The world economy is controlled by about one thousand companies which work hand in glove with about thirty or so big banks. These firms handle about four-fifths of total world production and owe their strength and prosperity to the fact that they have bypassed the market economy and the phenomenon of competition. Three companies monopolise the computer industry, seven the oil, seven the paper, three the photography, eight the rubber, 150 the chemical and nine the automobile industries, etc. etc. . . Why should Ford and Fiat want to engage in dangerous competition when it would only result in disrupting national economies and creating social upheavals? Imagine what it would mean if a firm like IBM which employs 300,000 people throughout the world, went bankrupt; or General Motors with its 800,000 workers and 75 billion dollars' worth of assets in dozens of different countries . . . What is more, theoretically competitive firms like these actually work together through thousands of joint-venture agreements governing the use of existing sales outlets, the establishment of new markets and the sharing of available capital. . .

Take European chemical firms, for example. The links and agreements between them are reducing their numbers considerably . . . The seven supposedly competitive major oil companies are bound together by over 20,000 agreements. . . Medium-sized companies are too small or capital starved to engage in large scale projects . . . The only way they

can finance expansion is by merging with or selling out to the multinationals. . . National political powers have too narrow a sphere of influence to be able to control firms which carry out their forward planning and decision-making on a global scale . . . State and government are abstracts. All that really exists is a group of people affiliated to political parties who are subject to the same basic focus whatever their creed. . . " (8)

That was the end of the seventies. By the mid-eighties the number of dominant multinationals had been merged - fewer and more powerful still. The Socialist International, headed by Willy Brandt, said in the 1985 production "Global Challenge":

"We also challenge the domination of the world economy by a handful of giant transnational corporations. Already, some 200 such companies command a third of the world's total output of goods and services - massively more than the countries of the Third World. These companies dominate the finance, trade and payments of the First and Third World alike. Over half such transnationals are based in five countries of the North - the United States, the United Kingdom, Germany, France and Japan..." (9)

By the end of the eighties it was clear how profligate the Third World lending binge had been. Banks in America, Europe and Japan were faced with a large number of Third World nations unable to service loans. A collapse in a number of countries had only just been avoided. A mass of defaults - and this was highly probable - carried the risk of a global crisis-of-confidence in the money system capable of destroying the major banking players themselves. Some means of "getting out from under" were needed for the money-making-monopoly.

Many were prepared to write off a percentage of loans in return for tax-credits in their home-base countries. This was absurdly easy in the U.S., while Japan was more inclined to let their lenders shoulder the consequences. Even better would be some plan to shift risk away from the private players to "official institutions" more able to soak the taxpayer in the industrial economies. And there it was, ready for this onerous task, the International Monetary Fund!

Whereas in 1980 private banks held about 58 percent of all world loans, by the end of the decade their share had fallen to 47 percent and was still falling. An article in the *Washington Post*, appearing in *The International Herald Tribune*, March 20, 1991, said:

"For the first time, more than half of the total Third World debt is now held by the World Bank, the International Monetary Fund and the other official lenders and less than half by the commercial banks. It is the reverse of the situation that used to prevail. This 'officialisation' of Third World debt is likely to grow - with strong political fallout. In effect, the risk of lending money to poor countries is being transferred from commercial bank stockholders to the backs of taxpayers. . . ."

The ghost of Sir Otto Niemeyer with his credo that it is far more important for international loans to be repaid than for people to eat must hold some sway in the hallowed halls of the International Monetary Fund! Laggardly debt payers in the Third World were sternly confronted. Any government behind in payments must force the sale of public and private assets, including parks and wilderness areas if necessary. The era of debt-for-equity swaps and privatisation had begun!

If this meant burgeoning unemployment and widespread starvation, so be it! The I.M.F. was armed with all the dignity of a world institution, nations great and small in its membership. How dare anyone complain? But to whom were these giant international money institutions - the World Bank and the I.M.F. - accountable? Who sat on their Boards? Did they accept directions from the General Assembly of the United Nations? Or from the world of private banking?

Between January 4 and February 8, 1992, a series of seven talks was presented on Radio National's Indian Pacific, an Australian Broadcasting Service, under the title "Whatever Happened To The New World Order?" Among the six speakers was Dr Susan George of the Transnational Institute in Amsterdam. Susan George, who had been personally involved in many United Nations missions in Third World countries, was quite specific in her conclusions:

". . . The economic implications are really that transnational capital will be free to go anywhere it pleases. There are a lot of large institutions, all working towards a single goal in different ways, all working under the orders of what are called the G-7 - the major First World Governments with the United States in the lead. Those three institutions are the World Bank, the International Monetary Fund (IMF) and the GATT - the General Agreement on Tariffs and Trade.

All these institutions are centralised, hierarchical, completely undemocratic and working with a lot of money contributed by their

members, mostly their richer members. What do they do with that money?

Well, in many ways they are helping to subjugate all the economies of the world, and making them satellites of 'free enterprise', so to speak. These are all places where capital is free to go, where the market will reign supreme, and that means the market without necessarily any social safety nets. The World Bank is in charge of imposing this economic doctrine, the International Monetary Fund is in charge of imposing structural adjustment, in other words, austerity programmes in the Third World, and GATT is involved with indeed reducing not only barriers to trade, but any standards - environmental standards, health standards, high wages - that could be considered impediments to trade. I feel very much that the undemocratic nature of these institutions will mean that a whole new world order is put into place and that it is an anti-democratic, authoritarian order run by the elites of the rich world on their own behalf..." (10)

Dr. George is right. Even the so-called G-7 is only a banking gathering not subject to the parliaments of their respective countries. So it is a near-perfect world for the international banking fraternity.

Theirs is a borderless world. Their loans pave the way for the multinationals they control. Lending risks are transferred to taxpayers, and they are sheltered from the public gaze by GATT (now the World Trade Organisation), the World Bank and the International Monetary Fund, which they control through their directorships.

The escalation of debt, not only in Third World countries but wherever it has been applied, has divided peoples into two economic groups, separated by an ever-widening gulf. The destitute and the unemployed no longer figure in the statistics of growth, GDP, trade or consumption. Statistics simply refer to aggregates - not people. It is quite possible now for a President Clinton, a Tony Blair or a Prime Minister Howard to refer to "growth-recovery" which treats as non-existent the widespread poverty in their own economies. As more and more trade and economic activity is an "in-house" operation confined to a diminishing number of multinationals, statistics no longer bear any relationship to reality.

How was all this set in place? How did the world find itself at the mercy of an unholy trinity in the form of the World Bank, the IMF and the World Trade Organisation, acting at the whims of the banking

coterie whose programme was examined so assiduously by Carroll Quigley earlier this century?

NOTES:

- (1) The Manifesto of the Communist Party, Karl Marx and Frederick Engels, 1848.
- (2) Carroll Quigley, *"Tragedy And Hope"*, 1966, The MacMillan Company, New York. ISBN-0913022-14-4.
- (3) Ivor Benson, *"A Time To Speak"* 1977, The Covenant Message, Johannesburg, South Africa, ISBN 0-920416-02-0
- (4) Nigel Jackson, *"The Case For David Irving"*, 1994, Veritas Publishing Co., Cranbrook, W.A. ISBN; 0 9594631 8 6.
- (5) Karl Borgin & Kathleen Corbett, *"The Destruction Of A Continent, - Africa and International Aid."* Harcourt Brace Jovanich, 1982, ISBN;0-15-125308-0.
- (6) Graham Hancock, *"Lords of Poverty,"* Mandarin, 1989, ISBN 0 7493 0503 7.
- (7) Susan George, *"Ill Fares The Land," "How The Other Half Dies," "A Fate Worse Than Debt," "The Debt Boomerang"* - All published by Penguin.
- (8) Charles Levinson, *"Vodka-Cola,"* 1979, The Anchor Press, ISBN 0 9507313-0-7.
- (9) *"Global Challenge"*, The Report of the Socialist International Committee on Economic Policy, Michael Manley, Willy Brandt. Pan Books Ltd., London, ISBN 0 330 29316 8.
- (10) Susan George, *"Whatever Happened To The New World Order?"* Radio National Australia, Special Supplement to ABC's "24 HOURS", February 1992.
- (11) *The Australian Financial Review*, 1 August 1974:

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- * State Street Bank and Trust Co. of Boston.
- * Merrill Lynch, Pierce, Fenner and Smith, the brokerage house.
- * Cede and Co, the "street name" for the nominee of the Stock Clearing Corp. which in turn is totally owned by the New York Stock Exchange.

Cede represents Exchange members - 144 of them that hold stock in, for example, American Airlines. The ultimate owners of stock represented by Cede are mostly undisclosed. The extent to which Cede actually votes shares is uncertain, the report said. Cede and Co in 1972 was the largest stockholder in a total of 32 companies. Chase Manhattan was the largest in 20, including four trunk airlines - American 9 percent, National 8.4, United 8.3 and Northwest 6.9. Chase Manhattan was also the largest stockholder in Southern Railway, 8.3 percent, Burlington Northern, 6.7, Seaboard Coast Lines

6.2, Transcontinental Lines 8.0, and Consolidated Freightways 7.4. First National City was the largest stockholder in Virginia Electric and Power 5.6, and Carolina Power and Light, 7.0. Among holders of at least 2 percent of the voting stock in the 89 corporations that responded to the inquiry, Cede led with 55. Next came Chase Manhattan 46; Morgan Guaranty, 29; Bankers Trust, 21; Merrill Lynch, 19; Bank of New York, 17; and State Street, 16.

A major focus of the report is on "Street names," because of the barriers they erect to determining who has control of voting stocks. Only through the use of the "nominee list," sold for \$20 by the American Society of Corporate Secretaries, can the "Street names" be translated into the institutions behind them.

The study cited the listing of the 30 security holders with "the highest voting powers" provided last year by the Burlington Northern Railroad to the Interstate Commerce Commission. Eleven of the security holders proved to be the "Street names" for Bankers Trust, Chase Manhattan, Bank of New York and State Street Bank and Trust, the study said. But it was emphasised, none of the four banks was mentioned in the ownership reports to the ICC and the Securities and Exchange Commission, although they held 25 percent of the firm's common stock. Sometimes the principal stockholders were named as Swiss banks. Litton Industries, for example, said that of its 16.9 million shares, Credit Suisse owned 1.3 million, Societe de Banque Suisse 976,000 and Union Bank of Switzerland 584,000. "An individual" was listed for 1.1 million.

Another emphasis in the study is on the control over rival companies exercised by one or a few institutional investors.

To take a case in point, the largest single stockholder in Mobil Oil in 1972 was Bankers Trust, which had voting rights to 6.1 percent of Mobil's common stock. Chase Manhattan ranked second with 5.2 percent. Together the three banks had 14.2 percent. Control is "presumed" at 10 percent under guidelines set by Congress, although as little as 5 percent may be sufficient.

Bankers Trust, with 5.8 percent of the stock of Continental Oil, was principal stockholder there as well as at Mobil. Morgan Guaranty held 2.2 percent of Continental. Chase Manhattan, in addition to its 5.2 percent of Mobil's stock held 4.5 percent of Atlantic Richfield and is consequently Arco's biggest stockholder. First National City Bank

held an additional 2.7 percent of Arco. Morgan Guaranty, in addition to its holdings in Mobil and Continental, held 2.1 percent of Ashland Oil. The biggest holder of stock in Ashland is Cede and Co. the Stock Exchange unit, which also held 2.3 percent each in Mobil and Arco and 4.4 percent in Continental.

Similar patterns show up among other rival firms among the 89 reporting companies.

Chase Manhattan in 1972, for example, held 3.5 percent of Ford Motor and 4 of Chrysler, 3.6 percent of General Electric and 2.1 of Westinghouse, 7.4 of Monsanto Chemical and 2 of Dow Chemical, 10.5 of Safeway and 2.5 of Grand Union.

Similarly, Morgan Guaranty held 2.7 percent of General Electric and 5 of Westinghouse, and 3 of Safeway and 3.3 of Grand Union. State Street of Boston held 2.2 percent of Ford and 2 of Chrysler.

Banks may exercise control of more broadcasting stock than Federal Communications Commissions rules permit - even though the FCC liberalised its rules in 1972 after learning of the extent of bank stockholding in broadcasting. The report showed that banks held 38.1 percent of the stocks of the Columbia Broadcasting System Inc. with the Chase Manhattan Bank alone holding 14.1 percent.

At the American Broadcasting Co Inc., banks held 34.8 percent of the shares, with Chase holding 6.7 percent." (End of article). (For a comparable picture of the Australian scene, see Chapter Nine).

CHAPTER FOUR

THE UNHOLY TRINITY

*"I venerate economists
As very learned blokes;
But when in paradox they speak,
Their meaning oft I vainly seek
Suspecting subtle jokes.
They say the whole world's down and out,
But here's what I can't see:
If every land, beyond all doubt,
In all the earth is up the spout -
Then who's the mortgagee?"*

C.J. Dennis.

The United Nations came into existence as the Second World War ended. Almost immediately it became the focus of attention for a multitude of widely-differing groups and individuals. Ordinary people, weary of wars and depressions, hoped that it would bring nations together, without considering on what basis. But the old powers and a mass of political groups saw the U.N. as the means to extend their own ideals. As the cold-war developed, both the U.S. and the Soviet vied for power and control, much of it within the United Nations. The inevitable establishment of a U.N. bureaucracy, staffing hundreds of committees, agencies and programmes provided ample space for the battle. The bureaucracy itself was even less accountable than those at national level. Bureaucrats and technicians transferred from national jurisdictions to this new body not only had extremely high salaries, but the added advantage of a tax-free status. The ideal was one thing; the application a recipe for disaster. The U.N.'s main function was that of interminable conferences; "meeting, eating and retreating" at a global level is no different from any other form of the same process, except that the expanding cost and the diminishing accountability are taken to levels unheard of before.

Real power in the United Nations exists in its agencies, not in its general assemblies. The resolutions made by national delegates are

totally ignored unless they happen to coincide with the hard programmes of UNESCO, UNCTAD, The World Bank, the IMF. etc. These bodies took on a life of their own, and it was in these spheres that ideologies were condensed into application.

Hundreds of soviet agents vied with Fabians, trilateralists, members of the Socialist International, C.I.A. operatives, and others. They shared a common belief that the transfer of power from national governments to a supranational administration was inevitable and desirable. The form it would take and the way it would operate varied greatly. Some thought it would be capitalist; others socialist. Not that it mattered. At such a level the differences are miniscule. Once accepted as an end, centralised power produces the same effect, no matter what the label.

To all of this the international banking club accommodated itself easily. If Chase-Manhattan had its head office on Wall Street, its next biggest was in Karl Marx Place, Moscow. Money trod lightly over national and ideological boundaries. No government or movement could move without money. As all money was, and is, borrowed into existence at the whims of the money-creators, the resulting tribute is paid by every conceivable type of borrower. Two opponents in war often borrow the means of warfare from the same bankers.

Capitalist money-lenders funded the Bolshevik revolution. With the advent of the new world order programme, banks were at their complete ease. It became easier to discern where Quigley's *"Tragedy and Hope"* was leading. The thirty-year period was filled with international conferences - bi-lateral and multilateral. Often the same delegates would move from one lavish conference to the next. Six-course meals and the best wine were served to those discussing world poverty. Nations which made their living from the arms-trade voted piously for disarmament. Jumbo-jets belched pollution, conveying delegates to lament over environmental questions. It was all heady stuff! Details of this stylised, unaccountable, profligate bureaucracy occasionally surface despite, rather than because of the news media. Most citizens round the world have little idea of the real nature of the U.N. Like all bureaucracies, the one success amongst its failures is the propaganda machine which portrays the intended image of itself out into the world. No school has any difficulty obtaining beautifully printed posters, complete with the new "international-motherhood-and-apple-pie" message, this time portraying "the global village,"

"interdependence" approach. The graduates of the seventies, eighties and nineties are in for a shock after they have seen through this cloying stuff.

As long ago as 1970 - now over a quarter-of-a-century ago - the Independent Tasmanian Senator R.J.D. Turnbull, returning from a stint as a parliamentary observer at the U.N., claimed it was a "temple to waste and inefficiency." Meetings hardly ever started on time. Procedures could be cut by more than half with some elementary discipline.

"The United Nations is a temple to Parkinson's law, where inefficiency and extravagance worship at its shrines, and hypocrisy at its altars", he said. ⁽¹⁾

Writing on the 25th Anniversary of the U.N. in 1970, veteran Emery Barcs (an 'old-school' journalist of a type rarely found in the nineties) said:

"The credibility of the United Nations has reached rock-bottom . . . nobody really cares. For the road that the rickety cart of the world organisation has followed steadily downhill is strewn with forgotten resolutions which no one could or would enforce . . ." ⁽²⁾

In the same year - 1972 - Pulitzer prize correspondent Fred Sparks wrote in a major Australian article:

"The United Nations, which is practically bankrupt, is the excuse for the largest number of social events in history. . . There are over 2000 UN parties each year costing directly and indirectly \$10 million. That's \$192,307-69 a week . . . This correspondent, himself an old UN party watcher, made this staggering estimate (with an accountant's help) after speaking, among others, to UN, US and city officials, caterers, real estate brokers, dress designers, restaurateurs, butlers, and high-priced hookers who specialise in diplomats. . ." (Details in the full-page article were so lavish as to be gruesome!). ⁽³⁾

By the end of the seventies, according to a report in *The Bulletin*, it was costing \$2.5 billion a year, and a staff of 44,000 to operate the UN. Tax-free salaries were far higher than in national administrations. ⁽⁴⁾

By 1982, according to another *Bulletin* report, the U.S. chief representative to the UN, Mrs Jeane Kirkpatrick, called the UN "a very dismal show (doing) the opposite of the intentions of the founders . . . (by) polarising, extending and exacerbating conflicts." The *Washington Post's* influential columnist J. Emmett Tyrell thundered:

"The UN ought to pack up and depart (because) this 'forum of peace-loving nations' has become a forum of hate and a source of mischief. The United States ought not to be its host."

According to a poll taken in March, 1981, only 10 percent of Americans believed that the UN had been an effective world peace-keeper. ⁽⁵⁾

In the same year *The Guardian* (U.K.) started a feature article:

"There is an ancient joke at the UN that goes: Question - how many people work at the UN Secretariat? Answer - 'about half'. The article went on to describe the stultifying results of staff-filling, not on merit, but on a quota system for member nations. 'A number of countries use the UN as a dumping ground for officials they don't want at home . . . We came here because we believed in internationalism, said one of the more dedicated staff members. 'Now more and more people are coming because they want a few years of the good life in New York' . . ." ⁽⁶⁾

"The FAO's headquarters is impressive with echoing glass and marble halls built by Mussolini. Its bureaucracy is impressive too - it employs roughly as many people as the European Economic Community in Brussels. And it spends more than \$1,500,000 each day . . . Yet, as one of its most senior officials admits: "We are so secretive that nobody knows what we are doing". Even information about staff numbers is hard to obtain. The FAO's personnel director says the organisation employs about 7,000 people, but the FAO's computer says 8,279. More seriously, an increasing number of experts believe the FAO is actually worsening the situation in Africa. . ."

There followed a harrowing account of bungled planning, arm-chair decision-making by the bureaucrats in Rome, and the demoralisation of the few field staff. ⁽⁷⁾

In October 1993 the *Herald Sun* (Aust.) featured a full-page article on the World Health Organisation (WHO). A detailed examination showed that for every \$2 spent on health, it spent \$8 on administration.

"The cloistered Geneva headquarters of the World Health Organisation has pampered its 1,400 inhabitants. Each earns an average \$145,000 tax-free . . . But their cosy world was shattered by a report last week which took the lid off the WHO, established in 1948 to achieve the attainment by all people of the highest possible level of health. . ."

Some of the revelations were amazing. WHO spent, for example, \$8.7 million on stationery and office supplies that year, plus \$78 million on "meetings".⁽⁶⁾

By 1993 so bad was the corruption that even some UN Directors were demanding action. An Australian report in August 1993 gave some of the details, under the heading:

WASTE AND GRAFT COST UN \$600m. EACH YEAR:

"The United Nations is losing about \$600 million a year because of corruption, waste and mismanagement, an investigation by the Sunday Times Insight team has discovered . . . The abuses typified the UN culture of "talking poor by day and living rich by night", a former United States delegate to the UN in New York, Mr Dennis Goodman said. He said that during his time at the UN headquarters, "I felt we did nothing - not one thing - to help put a square meal on anyone's table." While the organisation appeals for tens of millions in donations, senior UN officials enjoy perks and career expectations that would be unthinkable to most employees in the private sector . . . Thirty nine top UN officials in New York, Geneva and Vienna are on the payroll despite being unemployed. Dubbed 'desk-warmers' some sit at home on salaries of up to \$200,000 a year. Millions of dollars are paid out to 'double-dippers', retired UN officials who are paid consultancy fees on top of their generous pensions.

A UN internal report into corruption and inefficiency by a former UN under-secretary-general, Mr Richard Thornburgh, was suppressed and later shredded. Mr Thornburgh, a former US Attorney-General, appointed last year to root out corruption in the UN said: "There are a number of senior people who have no assignment and yet there is no capability to terminate these peoples' jobs." . . . Insight's three month investigation has drawn on thousands of pages of UN internal reports and interviews with more than 20 top UN officials in New York, Geneva and London. It has exposed the organisation as being paralysed by corruption, mismanagement and waste. Internal audit reports reveal an alarming level of abuse. In the past two-year period alone, \$1,080 million has been squandered, one former senior official said. . . From its foundation in 1945, the UN has grown from an organisation of 1,500 people to a bureaucracy of more than 51,600, with a further 9,600 consultants employed by its agencies."

All this would be laughable were it not for the fact Australia's politicians treat the UN as beyond criticism. An address to the

squabbling General Assembly by Foreign Ministers such as Andrew Peacock, Gareth Evans or Alexander Downer is lauded as some sort of international graduation; all this portrayed to Australians as though a signal honour has been bestowed by the gods. There is almost as much excitement as the possibility of an invitation to a Hillary Clinton garden-party. It's not statesmanship, much though its perpetrators would like us to believe it is. It's fawning seryvility. Ministers who speak bravely on the hustings about Australia's independence fall over themselves to sign any international treaty or convention without the slightest thought on its domestic implications.

The Bulletin (October 11, 1994), carried an article under the telling heading, UN RULES, OK?. Surprisingly, it carried the warnings of former High Court Judge and Governor-General Sir Ninian Stephen, who presented the Earle Page lecture:

"... Sir Ninian Stephen used the ... lecture to fire a few well-aimed shots Canberra's way. "National governments worldwide are increasingly experiencing diminished sovereignty, diminished power to legislate as they see fit and increased obligations to conform to criteria and benchmarks imposed by international agencies," he said. Stephen, our most respected international jurist, argued that a "democratic deficit" may emerge in Australia, where the cabinet and not the parliament decides to enter treaties. This would be compounded if the UN and similar bodies held greater sway over what happened within a country than did its own decision-making institutions.

He said: "When power passes from nation states to international agencies the individual elector risks becoming increasingly unimportant. The decline in extent of national sovereignty may mean just that: policy affecting the citizen may be determined at levels altogether too remote, in international forums, by people largely immune to the sorts of pressures that the citizen can still exert over policy-making by Australian governments ..." (9)

Without trying to be rude to the good judge - whose ruling in the Franklin Dam case set these sorry events in train - he is way behind. The transfer of sovereignty from nation-states to international agencies IS THE WHOLE IDEA!

It has been going on for much of this century AND THE BETRAYAL IS ALMOST COMPLETE!

Behind this 'comédie noire' a different series of conferences has been held through the years where the real action takes place. Some are secret, like those of the Bilderbergers and the Trilaterals; others less so, such as G-7 conferences, the IMF conferences, the World Economic Forum, and the series of North-South conferences that took place in the seventies and eighties. The agenda for these get-togethers is fashioned in full-time 'think-tanks', entirely separate from national governments. The Brookings Institution, the Socialist International, the Club of Rome, the Brandt Commission, the Council on Foreign Relations, the various Institutes of International Affairs; it is in these and similar bodies that world policy is made. Most elected politicians know little or nothing about them. A few, however, with some journalists and editors smarter or more compliant than most, are allowed into the inner sanctums, if not the "holy of holies". Woe betide the journalist who reports that which should not be reported.

For example, C. Gordon Tether, one of Britain's most revered forecasters, whose Lombard column in the London *Financial Times* was one of the longest-running in English history, had his career abruptly terminated when he stumbled on the Bilderberg conferences and, against advice, wrote about them in his columns.

These conferences are no less lavish than those of the UN itself. Consider this picture of the 1986 World Bank and IMF annual stoush:

"... Money, not politics is the conversation of choice at Washington parties this week. 'Both a borrower and a lender be' is the rule as Washington is host to the annual meeting of the International Monetary Fund and the World Bank. . . Picture the Sheraton Washington Hotel ballroom filled with 5,000 bankers and finance ministers from around the world . . .

They discuss the money supply in terms such as M-1 over hors d'oeuvre, dinner and dancing in Washington's museums, hotels, embassies, Georgetown townhouses, Potomac River boats and private clubs. The irony of this extravagant entertaining has not been lost on many participants. "The banks have lost more money lending to developing countries than ever before and the parties are bigger than ever before," said a World Bank official.

"Things are lavisher and lavisher all the time you're talking about the debt crisis. It's a crazy situation."

A distinguished British banking official looked round the Sheraton taking in Scotch salmon, Swedish meatballs and French champagne the other night and observed dryly: "It's a waste of money. They could give all this money to African aid." . . ." (10)

But they knew what they were doing. As Saul H. Mendlovitz, director of the World Order Models Project said in 1975:

"There is no longer a question of whether or not there will be world government by the year 2000. As I see it, the questions we should be addressing to ourselves are: how it will come into being - by cataclysm, drift, more or less rational design - and whether it will be totalitarian, benignly elitist, or participatory (the probabilities being in that order) . . ." (11)

It has been tacitly acknowledged by some participants that the General Assembly and the UN Charter provide the necessary 'smokescreen' behind which the real work is being done. This was made clear by Professor Richard N. Gardner, writing in "Foreign Affairs", the official periodical of the Council on Foreign Relations in 1974. The C.F.R. has been the 'alma mater' for a host of world government movements, individuals and models on the western side of the Atlantic at any rate, since its foundation in the 20s.

Gardner urged his readers not to feel inhibited by the wording of the UN Charter. It should not be taken literally, but "interpreted" in any way required. It was not constructive to halt at the barriers of precise definition. One thinks immediately of Orwell's *Animal Farm*: "All animals are equal - but some are more equal than others"! Gardner wrote:

" . . . we are more likely to make progress by pressing the existing instrument to the outer limits of its potentialities through creative use, seeking amendments only on carefully selected matters where they seem both necessary and capable of adoption by the constitutionally required majority."

He added:

" . . . the house of world order" will "have to be built from the bottom up rather than from the top down . . . an end run around national sovereignty, eroding it piece by piece, will accomplish much more than the old fashioned frontal assault . . ." (12)

Gardner continued:

"... The hopeful aspect of the present situation is that even as nations resist appeals for 'world government' and 'the surrender of sovereignty,' technological, economic and political interests are forcing them to establish more and more far-reaching arrangements to manage their mutual interdependence."

He then listed a number of steps that would prove useful for pressure to surrender national sovereignty in favour of international institutions:

- (1) International monetary reforms, giving the International Monetary Fund (IMF) "unprecedented powers to create new international reserves and to influence national decisions on exchange rates and on domestic monetary and fiscal policies." The IMF would probably be given power to enforce decisions "by meaningful multilateral sanctions."
- (2) The strengthening of The General Agreement on Tariffs and Trade (GATT) to cover unregulated "non-tariff barriers" in order to "subject countries to an unprecedented degree of international surveillance over up to now sacrosanct 'domestic' policies, such as farm price supports, subsidies, and government procurement practices that have transnational effects."
- (3) Increase resources of international aid and development agencies. "This should enhance the authority of the World Bank, the regional development banks and the UN Development programme over the economic policies of rich and poor nations . . ."
- (4) The development of an environmental ethos and programme leading to "new procedures to implement the principle of State responsibility for national actions that have transnational environmental consequences. . . At the same time, international agencies will be given broader powers to promulgate and revive standards limiting air and ocean pollution."
- (5) An international population programme, aimed at zero population growth, under international supervision.
- (6) The establishment of global food banks, urged by the UN World Food Conference, to maintain adequate food supplies as "reserves of food and arable land dwindle under the impact of crop failures and disappointing fish harvests. . ."
- (7) An International Law of the Sea, enforced internationally, introducing "tough provisions to assure compliance as well as to provide for the compulsory settlement of disputes."

- (8) *International control of communications technology, with "new powers to allocate radio frequencies and satellite parking orbits . . ."*
- (9) *Disarmament by international control, in which supervisory bodies will have "new responsibilities for the administration of these arms controls and disarmament measures, including means of verification and enforcement . . ."*
- (10) *Conflict containment, including "international peace-keeping arrangements to patrol borders, supervise elections and verify compliance with nonintervention norms . . ."*

(This is Orwellian 'doublespeak' in the most graphic terms!)

The acceptance of such a programme entails a number of assumptions; that world crisis is caused by the competing interests of nations; that freedom and order are opposites; that local decision-making is dangerous; that elites can do for nations and individuals what nations and individuals cannot do for themselves; that inequality is caused by limited and inadequate resources; that material sufficiency is the true source of happiness; that all men are equal, constituting a single species moved by identical stimulæ; and that peace and harmony can be imposed from a central point by those enlightened enough to understand the foregoing. There are thousands of people who have uncritically accepted these propositions. Yet the evidence, after half a century of coercion towards the goal, is less and less convincing, now so cumulative that it offers good reason for looking in an entirely different direction.

Of one thing we can be sure. There is no prospect of any change from conflict to peace until the operation of both national and international monetary systems as self-compounding debt mechanisms is tackled. The world debt system is the generator of crisis. This is well understood by those who run and benefit from it, and increasingly by a minority of its victims.

So you won't find, in Professor Gardner's list, the suggestion that monetary increases when required should be credited, rather than debited to societies.

Yet it is the simplest, most urgent step to change. World government without crisis would be impossible. It is the constant repetition of the idea that a world authority can solve the very crisis by which it justifies its existence that is so absurd. World government postulants NEED crisis. It is their daily bread. It is only a short step

from this dark credo to the deliberate creation of crises to justify the solution they wish to sell.

In 1967 the Executive Governors of the International Monetary Fund, meeting in Rio de Janeiro, passed 'legislation' for the establishment of a new type of international money, a reserve currency called Special Drawing Rights (SDRs).

Article 1(v) of the IMF's policy stated that their purpose was:

"To give confidence to members by making the Fund's resources temporarily available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity."

But what are Special Drawing Rights (SDRs)? Pierre Paul Schweitzer, at that time Managing Director of the IMF, in the Arthur K. Salomon Lecture in 1967 said:

"These Special Drawing Rights, created, as it were, by a stroke of the pen, will be essentially entries in the books of the Fund (i.e. the IMF). . .

Some people like to think of them as money, others as a form of credit. As Dr. Emminger, the former Chairman of the Deputies of the Group of Ten has aptly put it, they are a sort of zebra which can with equal accuracy be described as a white animal with black stripes, or a black animal with white stripes. The material point is not how they are named, but what can be done with them. . . "

Much of the planning for world monetary control is described in the papers given at the Per Jacobsson Foundation lectures. Per Jacobsson had been Managing Director of the IMF in the '50s, and the Foundation was established on his death in 1963. The 1970 lecturer was William McChesney Martin Jr. Chairman of the Board of Governors of the Federal Reserve System in the U.S. (1951-70). His title was "Towards A World Central Bank?", from which emerged the following:

"Let us begin with the money-creating function of a central bank. We have already taken note of the SDR mechanism and observed that the International Monetary Fund is now in the business of creating international money - official reserves - on a regular and systematic basis . . . "

On the matter of sovereignty Mr Martin said:

"One often hears it said that the existence of a world central bank is inconsistent with the maintenance of national sovereignty. So it is, if by

sovereignty one means what has been traditionally implied . . . It could even be said that what were once the principal objectives of sovereign powers - the maintenance of economic prosperity and of effective defence - can now only be achieved by the acceptance of international arrangements which, by their very nature, impose limitations on the sovereignty of all nations concerned . . . Further evolution along the path towards a world central bank will require nations to accept further limitations on their freedom of independent action . . . " (13)

It doesn't bear much thinking about! Australia's Constitution is quite specific on the matter. Section 51 sets out the responsibility:

"The Parliament shall, subject to this Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to:

- (iv) Borrowing money on the public credit of the Commonwealth.*
- (xii) Currency, coinage and legal tender;*
- (xiii) Banking . . .*
- (xvi) Bills of Exchange and promissory notes;*

Furthermore, the Constitution, unlike the U.S. Constitution, stipulates that no change can be made without a national referendum. Or that at least was the condition in 1970. The treaty distortion referred to by Sir Ninian Stephen earlier may have rendered the referendum procedure meaningless. Nevertheless, there is certainly no provision in either the letter or the spirit of the Australian Constitution allowing transference of the nation's sovereignty to any outside body - international, supranational or otherwise.

Despite the obvious implications Australia, guided at that time by Treasurer Leslie Bury, accepted the SDR programme with indecent haste, and began to denominate part of its reserves in the newly-created international currency.

By sheer chance (!) during the same year McChesney Martin made his speech, a new organisation, the Club of Rome, appeared. Within seven years it was making strident calls for world government. By the end of the 'seventies, the Fund was moving. Press reports in September 1979 said:

"Finance ministers of five leading Western nations agreed in principle at their secret talks in Paris last weekend to back a new plan to support the declining U.S. dollar . . . As a result of this agreement . . . Britain, France, Germany, the United States and Japan will now support a proposal to

create a "dollar substitution account" in the IMF . . . Under the proposed scheme, the countries exchanging dollars will receive new bonds denominated in Special Drawing Rights, the international currency issued by the IMF and sometimes called "paper gold".

Meanwhile, the IMF will "neutralise" the dollars by withdrawing them from circulation on world currency exchanges . . . There are fears that developing countries will boycott the scheme, arguing that the IMF should not relieve the United States of its foreign debts, while refusing to forgive developing countries their debts to European and U.S. banks . . .⁽¹⁴⁾

The plan for a single world currency in an international order gained further momentum with a scenario outlined by Richard Cooper in 1984. Cooper, Maurits C. Boas Professor of International Economics at Harvard University, and author of "The Economics of Interdependence", set out his blueprint in a significant article in the Autumn 1984 issue of the C.F.R.'s "Foreign Affairs", long the doyen of the internationalist coterie:

"I suggest . . . the creation of a common monetary policy and a Joint Bank of Issue to determine that policy . . . A single currency is possible only if there is in effect a single monetary policy. How can independent states accomplish that? They need to turn over the determination of monetary policy to a supranational body . . . The currency of the Bank of Issue could be practically anything. Most natural would be an evolution from the present U.S. dollar, making use of the extensive dollar-based world-wide markets. But if that was not politically acceptable, it could be a synthetic unit that the public would have to get used to, just as it had to get used to the metric system when that replaced numerous national systems. The key point is that monetary control - the issuance of currency and of reserve credit - would be in the hands of the new Bank of Issue, not in the hands of any national government, no matter what the historical origin of the currency may be . . ."

WELL! THERE YOU HAVE IT! How could it be spelled out any more clearly?

Richard N. Cooper knows that whoever creates the money dictates the terms.

"Tote dat bar! Lift dat bale!
Try to buck de system
and you land in gaol!"

How nice it would be to see a public debate between King O'Malley, Denison Miller and Richard N. Cooper. If Australians had any money left it would be on the local boys every time!

On January 12, 1988, for the first time, a leading article in an Australian national daily (*The Australian*) openly canvassed the idea of a single world currency. The article was a reprint from "*The Economist*" (London). The Heading:

FROM THE FINANCIAL ASHES, A PHOENIX WORLD DOLLAR:

" . . . Governments are not ready to subordinate their domestic objectives for international financial stability. Several more exchange-rate upsets, a few more stock market crashes and probably a slump or two will be needed before politicians face up to that choice . . . As time passes, the damage caused by currency instability will gradually mount. The trends that make it increase are making the utopia of monetary union feasible . . . The "phoenix zone" would impose tight restraints on national governments. There would be no such thing, for instance, as a national monetary policy. The "phoenix" supply would be fixed by a new central bank, descended perhaps from the International Monetary Fund . . . This would mean a loss of economic sovereignty . . . " (15)

No such thing as a national monetary policy? Why, then, should Australians be obliged to pay for a Commonwealth Treasurer - plus his department - if his services are not required?

Reassured, perhaps, by the fact there was no publicly-expressed outrage, a second article along the same lines appeared three weeks later:

" . . . It is being realised that the only long-term solution to exchange rate instability is a world currency . . . The modern world is not far from seeing its first international currency, as distinct from a national currency, like the U.S. dollar, used for international transactions and reserve purposes . . . Some 25 years ago American economist Robert Mundell put forward the idea of "Optimum currency areas", that is, regional or economic groupings of countries which might develop common international currencies . . . The first stage in breaking free of international reserve currencies will be, however, to accept the need for supernational currency authorities. The most obvious first stage for Australia, therefore, would be to move towards a common central bank and, ultimately, a common currency with New Zealand. This could easily be fitted into the framework of international reserve deposits with the IMF.

Given the records of the two central banks, the obvious location for the headquarters of the new Reserve Bank of Australasia would have to be Wellington . . ." (16)

It is only a short step to the next implication. A World Central Bank, operating a single global currency would, obviously, require some method of enforcement. Such a universal system would be meaningless if nations or regions could enter and exit as the mood took them. Once sovereignty has been handed over there can clearly be no subsequent withdrawal. Nor can there be any deviation from the universal plan. As Dr Everingham pointed out, a world police force must be part of the process. There must also be a system of economic sanctions to be applied to those errant communities which decide to opt for any alternative.

Four years after McChesney Martin's remarks in Basle, Conrad J. Oort, Treasurer-General of the Netherland's Department of Finance and Chairman of the European Economic Community's (now the European Union) Monetary Committee gave the Per Jacobsson Oration in Tokyo. Six months earlier the UN General Assembly endorsed a Declaration for a New International Economic Order (NIEO).

Conrad Oort said:

"The main pegs for international action in the Bretton Woods system were the adjustment of par value, which required Fund consent, and the granting of credit by the Fund.

The system has been criticised, among other things for inducing or permitting an excessive rigidity of exchange rates and for implying an asymmetrical treatment of deficit and surplus countries. The proposals of the Committee of Twenty aim at correcting both defects by strengthening the positive role of the Fund on adjustment. Regular surveillance, assessment triggered by international judgement and by objective indicators, and a new political body to impose sanctions are proposed as improvements for the institutional framework of the future . . ." (17)

The concept was summarised by an English journalist, writing in 1977. It was, he said:

". . . a carefully controlled plan to reshape the whole world economic system . . . the men who dream of ushering in this new planetary era are strategically planted at the highest levels of Carter's administration."

(President Carter's administration has been succeeded by those of Reagan, Bush and Clinton, in whose administrations the same 'carefully

controlled plan' has been constant. The real power behind the throne has been that of the Council On Foreign Relations).

The article went on to quote Richard Cooper, (quoted earlier) by then Carter's Under-Secretary for Economic Affairs:

"The International Monetary Fund is the beginning of representative government at global level . . . in the future Cooper can see the IMF expanding to become a kind of central bank for the world, able to create money, not just borrow it . . ." (18)

Cooper was behind the times. As McChesney Martin had pointed out the IMF was already creating money. The Keynes Plan, on the Agenda for the 1944 Bretton Woods Conference, had outlined the concept of a World Central Bank, an international money system, and even coined the name 'Bancor', later touted as the final name for the fully-fledged SDR. Cooper was correct in saying this heralded the elimination of national sovereignties and the establishment of a world government.

It was also Keynes who in 1942 - two years before Bretton Woods - outlined the idea for International Commodity Control in a memorandum, *"The International Control of Raw Materials."* Although written in the war years - before the UN, the IMF or SDRs even existed - it was not until 1974, the year the Sixth Special Session of the UN made its Declaration for A New International Economic Order that Keynes's memorandum was published.

The question occurs: How is it that decisions made in an international conference of the UN in 1974 - supposedly reached by democratic vote - concur so exactly with a memorandum written 32 years previously, and unpublished until the same year as the decision? Could there be a hidden plan and a guiding hand somewhere?

Be that as it may, one aspect of the NIEO Declaration was the agenda for reform adopted a year later, at the Seventh Special Session in 1975. Dr Helen O'Neill, in her publication *"A Common Interest In A Common Fund,"* published by the United Nations Conference On Trade and Development (UNCTAD), says:

"The Programme emphasises the necessity of effecting structural changes in five key areas of international economic relations if the long-term development needs of the poorer parts of the world and a more just and peaceful world order are to be realised.

These are:

Firstly, and most importantly, a new structure is needed to regulate world trade in primary commodities, with the objective of directing greater benefits to the developing countries in terms of prices, earnings, opportunities for processing and marketing, and control of their own natural resources, while at the same time ensuring continuity of supply for consumers at reasonable prices.

Secondly, the external framework within which the industrialisation of the developing countries takes place needs to be reformed, by improving the mechanisms controlling the transfer of commodities, and by expanding the market opportunities in the developed countries for the exports of manufactured products from the less developed.

Thirdly, the international money system needs reform in order to bring it into line with the long-term developmental needs of the LDCs (Lesser Developed Countries).

Fourthly, there is the need to strengthen co-operation (in trade and in industrial and infrastructural planning) between the developing countries themselves so that, through a policy of "collective self-reliance", the "peripheral" countries can reduce their excessive dependence on the economies of the "centre".

Fifthly, the NIEO calls for a major expansion of trading and other links between the developing countries and the socialist countries of Eastern Europe."

With these ideas in mind, UNCTAD resolved to establish a series of International Commodity Boards under its "Integrated Programme For Commodities (IPC)" which as Dr O'Neill pointed out, was a "crucial" part of NIEO. Keynes, in his original 1942 memorandum, envisaged eight principal commodities - wheat, maize, sugar, coffee, cotton, wool, rubber and tin.

The UNCTAD IV conference in Manilla in February 1976 broadened the range to include ten "core" commodities - coffee, cocoa, tea, copper, tin, rubber, cotton, jute and hard fibres (the last including wool) and eight "other" commodities - bananas, vegetable oils, meat, tropical timber, iron ore, bauxite, manganese and phosphates. For each of these it was envisaged that International Commodity Boards be established, with power to control the market by financing buffer stocks, buying in when prices were low, and selling when prices were high - a sort of "global-supply-management". Those who know anything about the same idea applied to the Australian wool industry,

which wreaked havoc at the end of the 'eighties, will understand the madness of attempting such an idea on a global scale.

In conjunction with this insanely impractical idea, UNCTAD would have power to put limitations on producing nations, transferring productive quotas from current producers to LDCs.

When one considers that Australia, with 0.35 percent of the world's population, is first in the world in wool production, the biggest exporter in the world of meat and sugar, the second biggest producer of bauxite, third in iron ore, sixth in tin concentrates, seventh in wheat, and ninth in copper, it is not hard to see the enormous implications for this country.

The present system of international commodity agreements (i.e. the International Wheat Agreement and the Sugar Agreement) are not sufficiently binding for UNCTAD proposals, which are anticipated to involve both producers and consumers - in other words, no transaction in the world for the 18 products listed could take place outside the control of Commodity Boards. Dr. O'Neill put it thus:

"If it is accepted that the implementation of schemes to stabilise international commodity markets is a matter of world-wide interest and if, further, international buffer stocks (since they operate through, and thus improve the market) are seen as an effective instrument of stabilisation (and there seems to be general agreement on this point) then the financing of such stocks must be done on a partnership basis, a compulsory partnership basis, by calling on consumers as well as producers to finance the stocking schemes. Further . . . an integrated programme for commodities, involving this simultaneous negotiation and implementation of a package of commodity agreements, operating through the markets, and preferably financed from one large fund, appears to offer a more appropriate mechanism than a set of individual and un-coordinated agreements. This is the type of package which has been produced by UNCTAD in its Integrated Programme For Commodities, which is designed to regulate and stabilise world commodity markets and, thus, implement a crucial element in the New International Economic Order. ."

To finance this trade regulation and the buffer stocks, a "Common Fund" was to be established, drawing its finance from two sources. An initial fund of \$6 billion was regarded as necessary - with a debt-equity ratio of 2:1. In other words, \$2 billion would be provided by producing and consuming nations paid-in capital; and \$4 billion would be borrowed. Dr O'Neill said:

"The main sources from which the \$4 billion loan capital could be obtained are governments, international organisations and capital markets. All of these sources would, naturally, require guarantees.

However, the main activity of the Fund (stocking) will be operated on sound commercial lines. This, in addition to the obvious collateral of the stocks of the individual commodity organisations, general government pledges and the ear-marking of a certain agreed proportion of the callable capital, should together provide sufficient security for lenders to the Common Fund . . . "

Was the control and regulation of global production and consumption through "buffer-stocks" the final horizon? By no means. UNCTAD proposed two separate accounts - one to finance the buffer-stocks, and the second for "other" functions. Dr O'Neill added:

These "other" activities would include in accordance with the proposals for the Integrated Programme projects to promote diversification, increased productivity and infrastructural improvements in the commodity sectors of the developing countries. The impact on these economies would be, therefore, long-run and developmental. Because of this, there could be, so to speak, 'no end to them' and therefore no immediately quantifiable end to the funds needed to finance them. . . they could be promoted by making available to local and regional groups (for example, agricultural co-operatives) finances from the 'second window' (account) at very concessional terms . . . The Fund could play an important part in the co-ordination of international diversification schemes and prevent new situations of over-supply from developing. The UNCTAD proposals suggest that each commodity organisation could set up its own diversification fund" which could borrow from the Common Fund's 'second window' and then re-lend to member countries or, alternatively, the Common Fund could lend directly to the member countries, with the international commodity organisation playing a sponsoring and screening role. In both cases, international institutions could be used for project appraisal and supervision . . . "

Where would countries like Australia raise the finance to pay into the Common Fund? UNCTAD had thought of everything!

"In addition to general taxation or borrowing, other possible devices are the levying of duties on the imports or exports of the commodities covered in the programme . . . " (19)

Since the UNCTAD proposals much has happened. GATT and the Uruguay Round have given way to a fully-fledged World Trade Organisation, the third hydra in the Unholy Trinity so well described by Susan George. The consuming preoccupation of the WTO in 1997 is the elimination of all industrial protection and trade barriers as a prelude to "global free trade." If this is achieved - and already national reservations have tarnished the dream - the world buffer-stock-supply-management programme will follow.

If ever a nation was equipped to see the disastrous results of this type of global-ivory-tower thinking, it should be Australia. Two disastrous forays in allowing international interference in sound domestic industries have left Australia with badly-burned fingers. About the time Dr O'Neill was writing, Australian woolgrowers were being decimated - as the remainder still are - with ever-increasing, and largely government-created, costs. The biggest of these was a compulsory levy on woolgrowers, much of it handed to the International Wool Secretariat for 'promotion'. Between 1966 and 1976 Australian woolgrowers "handed over" under compulsion about \$75 million to the International Wool Secretariat for promotion. Most of this went on promoting industries many feel were in direct conflict with wool. Some of the levy was spent on research, resulting in some excellent spinning and weaving innovations. These were installed overseas rather than in Australia. When such advanced machines as the Repco yarn-spinner belatedly appeared in Australia, it was through foreign ownership and investment. An excellent concept of building cheap, decentralised wool-processing industries to "add value" and provide rural employment - the Nyngan Wool Scheme - never saw the light of day. ⁽²⁰⁾

More recently we have seen the extraction of \$70 million a year from Australia's beef producers for "promotion". Subsequent evidence produced on the ABC's "Four Corners" (late 1996) showed how much of this money had been used directly to promote the products of Australia's competitors. Thousands of viewers watched appalled as a spokesman for the Cattlemen's Union shook his head sadly over the fact that Australians were "babes in the wood" when it came to protecting themselves from the international marketing mafia.

As for "buffer-stocks", the millions of bales of Australian wool resulting from the Reserve Price Scheme are testimony to the futility of "supply management" at a national level, let alone on a world scale. It is

not generally realised that, even where statutory marketing boards exist, the marketing itself is still carried out by private entrepreneurs.

The classic is the Grain Industry, where five international companies, acting as one cartel, dominate the trade in grain.⁽²¹⁾

The most crucial significance lies in the fact that, if world production and trade continues to be financed by money borrowed into existence, the possibility of any solution benefiting both producers and consumers is mathematically impossible. Debt-money, with accruing interest, must be factored into production costs, producing a price structure beyond the reach of available purchasing power. Either producers must sell below cost of production, or consumers must go without, or borrow to make up the purchasing power shortfall. The most powerful compulsion inevitably fails to bridge this gap. It was this factor which produced the "food-mountains" of the seventies and eighties. So-called 'surpluses' were simply beyond the reach of otherwise potential consumers. Surpluses are now disappearing at a rate roughly coinciding with the elimination of smaller producers. Farmers round the world are being decimated, as are the smaller manufacturers. The next development is likely to be world-wide shortages.

The Common Fund idea to finance buffer stocks, to iron out see-sawing price fluctuations, emerged from the Fourth UN Conference on Trade and Development (UNCTAD) in Nairobi in May 1976. There was an inevitable polarisation between the developed countries, known as Group B, (of which Australia is a member) and the Developing Countries, known as the Group of 77.

The developed countries, notably West Germany, Japan and the U.S. saw the Common Fund as a cartel that threatened to distort the market in raw materials, forcing prices up. They saw the attempt to extend the idea of the Fund to pay for other measures related to commodities - such as disease-control programmes, improvements of storage facilities and marketing methods - as a sign that developing countries, especially poorly governed ones, would turn the Fund into a pork barrel to exploit without regard to cost.

The developing countries, faced with what they saw as recalcitrance, have made the project an article of faith, an ideological commitment. Just after Nairobi, one Australian article said:

"The heaviest artillery in the existing international economic order is aimed at the world's commodity markets. The have-not nations are

shooting for a greater share over commodity pricing, more price stability and higher prices for a number of raw materials . . . With foreign aid in eclipse and increasing doubts about how long commercial banks can continue to finance those deficits, the poor nations argue that higher commodity prices will be necessary to fight the imbalance of international payments . . . " (22)

As we entered the nineties, the IPC was temporarily put on the back-burner. A major report said:

"The United States, grappling to adjust to the dissolution of its post-war economic supremacy, is now resurrecting the idea of an all powerful supranational institution for world trade, a concept it spurned and buried more than 40 years ago.

The idea was originally advocated by John Maynard Keynes at the Bretton Woods conferences during and immediately after World War II. The U.S. rejected it then because it impinged on U.S. sovereignty, but the sheer frustration and narrow focus of present trade negotiations with Japan are reviving support for the old idea among some U.S. policy makers and trade critics.

Articles have appeared in academic journals, including the Harvard Business Review, and the ideas have been discussed by some congressional staff members.

'We need more than short-term bilateral talks on trade,' said Mr Walter Russell Mead, an economist and author of a recently-published study of the post-war international economic system.

'We need a reform of the post-war international economic system so that it recognises how integrated our national economies have become. After World War II, Keynes pushed for creating the World Bank to stimulate global economic growth, and the International Monetary Fund to make short-term, balance -of-payments loans,' Mr Mead said. 'As well as an international trade organisation to solve long-term trade problems, but it 'died in the cradle'. . . " (23)

NOTES:

- (1) *The Australian*, December 4, 1970.
- (2) *The Daily Telegraph* (Sydney) September 16, 1970.
- (3) *The Sunday Telegraph* March 5, 1970.
- (4) *The Bulletin*, October 9, 1979.
- (5) *The Bulletin*, July 20, 1982.
- (6) *The Guardian*, (UK) November 28, 1982.

- (7) *The Weekend Australian*, September 8-9, 1984.
- (8) *The Herald-Sun*, October 1, 1993.
- (9) *The Bulletin*, October 11, 1993.
- (10) *The Australian Financial Review*, October 1, 1986
- (11) Saul H. Mendlovitz, "On The Creation Of A Just World Order: Preferred Worlds For The 1990s," The Free Press, New York, 1975.
- (12) "Foreign Affairs", April 1974, p.556 ff.
- (13) The Per Jacobsson Foundation lectures are prepared in book form, and are usually available from various Central Banks, including the Reserve Bank of Australia. That, at any rate, is where I obtained mine, compliments of the Reserve Bank. Inquiries can also be addressed to the Secretary, Per Jacobsson Foundation, International Monetary Fund Building, Washington, D.C., 20431
- (14) *The Australian Financial Review*, September 19, 1979.
- (15) *The Australian*, January 12, 1988.
- (16) *The Financial Review* (Aust.) P.P. McGuiness, January 29, 1988.
- (17) Per Jacobsson Foundation Lecture, Tokyo, 1974.
- (18) *The Evening Standard* (UK), Jeremy Campbell, January 19, 1977.
- (19) "A Common Interest In A Common Fund," Dr Helen O'Neill, published by UNCTAD in mid-seventies. (After taking the above notes, the author lent his copy and has lost track of it. The United Nations Association should be able to provide details for inquirers.)
- (20) "Fleeced", Barbara Treloar, Heritage Publications, 145 Russell St. Melbourne, 3000. (See also "The Little White Wool Book, Story of the Nyngan Wool Scheme," Donohoe and Bethel, now out of print.)
- (21) "Merchants of Grain," Dan Morgan, Penguin books, 1980, ISBN 0 14 00.5502 9.
- (22) *Australian Financial Review*, July 30, 1976.
- (23) *Australian Financial Review*, March 23, 1991.

CHAPTER FIVE

TWO RUSSIANS POLES APART

"Mr Gorbachev is a very good Leninist, and has read Lenin's works compulsively, by his own account. What would Lenin have done in the circumstances of post-1987? I suspect, precisely what Gorbachev has done ..."

Norman Stone, Professor of Modern History, Oxford,
February 1990.

As the nineties opened the Unholy Triumvirate was almost in place. The IMF and the World Bank were safely entrenched, bloated icons whose decrees were never questioned, worshipped by politicians in all industrial nations whose lives, one might have supposed, revolved round the slightest praise or censure from these gods on high. The threat of "IMF intervention" in the affairs of any nation whose balance of payments or budget deficit did not meet with approval was received with almost apocryphal horror. Treasurers, one imagined, urged their party faithful to *"Watch the wall, my darlings, when the IMF rides by"*.

Just what would happen if some errant Minister told the IMF to 'get nicked' none ever dared find out. It was almost as though any representative foolish enough to imagine he owed some loyalty to his electors was issued with a list of 'sacred cows' now considered more holy than the democratic process.

It was also clear, however, that a sleeping public which had allowed this transfer of loyalty was beginning to bestir itself. The dismantling of local industries and the consequent loss of jobs gave substance to earlier warnings that had, for a time, been ignored. People were waking up. It was clearly time to replay the 'dialectic' again.

Briefly, the dialectic is a sophisticated version of the old 'divide-and-conquer' ploy. The idea, when the crowd gets restless, is to run two football teams onto the oval. The fact they are both under the same management never dawns on the madding crowd until after the final whistle.

There is enough blood-and-thunder to convince any watchers the contest is real. It seems almost impossible for the human to watch a

keen contest without sub-consciously taking sides. Once, when life was gentler, people tended to support the underdog. In modern times the crowd loves a winner, and sanctions the "winner-takes-all" approach, no matter how dirty he plays, or even the fact that the audience is the final victim.

So the dialectic appeared in the world game, in the form of regionalism. In the short space of five years the Berlin Wall came down, the world was regionalised into three major trading blocs and the World Trade Organisation was in place. All these events were presented as more or less spontaneous developments. In reality, each had been years in the making.

Following the grey and dismal leadership of Brezhnev, former KGB leader Andropov and Chernenko in the first half of the eighties, the world was suddenly stunned by the ascent into the Soviet leadership of Mikhail Gorbachev who, within five years was to end the Cold War and introduce 'guided democracy' into the Soviet Union. Two new 'buzz-words' appeared; *glasnost* and *perestroika*. Undoubtedly, the socialist experiment had failed. Without the economic and financial sustenance of western Europe and the United States, Communism would have collapsed decades earlier.⁽¹⁾

The ancient, creaking, centralised industries had virtually no connection with supply-and-demand. The system verged on collapse. Within months of election, Gorbachev was letting the world know how 'different' a communist he was. On January 15, 1986 the Communist Party of the Soviet Union's Central Committee released a major publicity report world-wide, containing two messages. The first, designed for the West, was a new message for peace and international co-operation. The Cold War was at an end. It called for disarmament, coexistence between the US and the USSR, and a world plan for "an all-embracing system of international economic security".⁽²⁾

The second message was for its own communist colleagues. Gorbachev remained a convinced marxist-leninist, and there would be no deviation. The message for the West was carried in full-page advertisements in the Western media. In Australia's case, the advertisement in *The Australian* was sponsored by Mr E. Samoteikin, the USSR Ambassador in Canberra at that time.

Steadily, a world-wide media orchestration presented Gorbachev as some type of socialist pied piper. In 1989 he visited the United States amidst a publicity build-up which rivalled the Olympic

Games. With his wife Raisa he featured for hours each day in human interest stories. Every nuance of their private lives, from the fashions embraced to their grandchildren was endlessly analysed and dissected before an uncritical television audience. *Time Magazine* proclaimed him the "Man of the Decade". The exercise culminated in the award to Gorbachev of the Nobel Prize for Peace in 1990.

In the Soviet Union, however, where a propaganda-weary population had long ceased to be swayed by the 'official line', no matter how skilfully formatted, there was far more interest in the writings of another Russian, Alexander Solzhenitsyn. After becoming a noted dissident in his own country and the recipient of the Nobel Prize for Literature in 1970, Solzhenitsyn had his citizenship revoked in 1974 and was exiled to the West. Living in semi-seclusion in Vermont, he continued a breathtaking output of literary material, a constant thorn in the Soviet's vulnerable side. His following amongst the Russian people far exceeded that of any official.

In 1990 Solzhenitsyn published for the West "*Rebuilding Russia*", first written as a letter to the Russian people, and published by *Pravda*. This was in itself significant, and probably an unexpected outcome of the liberalisation process. In only one area did there appear any agreement between Gorbachev and Solzhenitsyn; that the viability of Communism, if it had ever existed, was at an end. But whereas Gorbachev was attempting a cosmetic liberalisation as a prelude to merging the Soviet into a new world order, Solzhenitsyn explained truthfully the massive dislocation facing Russians and the way they should attempt to relearn the notions of freedom and the responsibilities of decision-making.

He foresaw the incalculable difficulties of exchanging the conformity of subjection for the risks and rewards of liberty. He emphasised that Russians emerging from the seventy years of dictatorship would have to rediscover, through painful trial and error, how to act for themselves. This could only be done, he suggested, by starting at the most basic level; the family and the local community. He feared greatly that an open-ended invitation to the West to "reconstruct" the Soviet would simply exchange one form of tyranny for another.

With first-hand experience of the West, Solzhenitsyn warned against a number of specific western abuses. He warned about the banks:

"... Banks are necessary as the operational centres of financial activity, but they must not be permitted to become usurious growths and the hidden masters of life. . ."

He warned about the threat to democracy engendered by political parties, and the type of individual produced by the party idea:

"Election campaigns involving large numbers of voters and conducted among an electorate with no direct knowledge of the candidates can be so frivolous and shrill that, given the frequent bias of the media, a large proportion of the voters can turn away in disgust. . . Today "representation" has become a kind of profession, virtually a life-long career. There is a growing class of "professional politicians" for whom politics is an occupation and a means of livelihood. They are ever involved in intricate parliamentary manoeuvres and there is little point in speaking about "the will of the people" in this context. . ."

He was emphatic that the bigger and more centralised the government, the greater corresponding loss of true democracy:

"Without properly-constituted local self-government there can be no stable or prosperous life, and the very concept of civic freedom loses all meaning. . ." (3)

Needing every ally he could get, Gorbachev invited Solzhenitsyn back to a hero's welcome; an invitation Solzhenitsyn, obviously wise to the political reasons for the overture, refused. In 1989 the hated Berlin Wall was breached, and unification between East and West Germany achieved. There followed a period of mounting chaos in the Soviet Union, as the confusion of the market idea began to vie with the seventy-year old socialist inertia. A growing number of old-style communists dug their heels in. In October 1990 they had blocked a 500-day plan aimed at establishing a market economy. In December 1990, Gorbachev's Foreign Minister, Eduard Shevardnadze resigned, warning a dictatorship was on its way.

In June 1991, Prime Minister Valentin Pavlov led an unsuccessful attempt in Parliament to reduce the President's power.

On August 16, Aleksandr Yakovlev, a leading reformer, resigned from the Communist Party, and echoed the warning that a coup was coming. The catalyst for this warning was a proposed Treaty scheduled to be signed four days later, for a Union which would have transferred some powers from the central government to some of the republics. It was at this highly critical point that Mikhail Gorbachev,

with no warning decided, just before the signing was due to take place, to take a vacation in the Crimea.

The attempted coup started on August 18. Almost from the beginning, news services beamed to the West were able to report on Gorbachev's exact location, who was with him, and an hour-by-hour report of events; unlikely indeed in a genuine coup.

By the 21st the so-called coup had collapsed. Some of the organisers had flown to the Crimea to 'bargain' with Gorbachev. The rough, uncouth Boris Yeltsin had, allegedly, annexed the loyalty of the army and, in a dramatic and well-photographed display, defied the coup organisers with the help of the people. On the morning of the 22nd, a dishevelled Gorbachev arrived back in Moscow, where he first gave his support to the very Communist Party which was supposed to have backed the coup. He then did his best to accommodate Yeltsin, finally agreeing to the dissolution of the Communist Party. The whole Gilbertian farce smacked of either incompetence or deceit. Gorbachev's former Foreign Minister, Eduard Shevardnaze obviously believed the second, making the significant allegation that Gorbachev had been personally involved in the coup, although he did not speculate on the motive.

There are several factors which deserve thought. First, it was obvious that the crumbling Soviet Union was in a state of chaos which could potentially become ungovernable. The significant role Gorbachev had played, with the huge backing of a number of western groups, opens the possibility that he deliberately involved himself in a pre-arranged excuse to step aside from the leadership. His subsequent activities tend to confirm that viewpoint.

Secondly, the coup itself gave every appearance of duplicity. To imagine that former communists would plan such a takeover without first assuring the support of the armed forces is inconceivable. And, thirdly, the information provided by a Soviet defector in the 'sixties' showed convincingly that a dramatic change in the Communist position, intended to deceive the West, would be organised as one of the biggest dialectic propaganda initiatives this century.

A background to the whole international Communist programme, from Lenin to the Gorbachev era, is necessary to grasp what the 1990 charade was all about. Now increasingly understood by many, the programme for a single, centralised World Order has been edged into place, piece by piece, both in the Western world and in the

former Soviet bloc. From the October revolution in Russia, the USSR devoted enormous energy and resources to suborning the West's colonial structure in the heavily populated areas of Asia, Africa, the Middle East and Latin America (The Third World).

The First International in March 1919 drew attention to the "Colonial Question" in *"The Platform of the Communist International"*, drafted by Bukharin. By the Second Congress of the Comintern in July 1920, Lenin had himself drafted the *"Theses on the National and Colonial Questions"*, which included these words:

" . . . The Communist International has the duty of supporting the revolutionary movement in the colonies and backward countries only with the object of rallying the constituent elements of the future proletarian parties - which will be truly communist . . . "

He added in his draft notes:

" . . . There is a tendency towards the creation of a single world economy, regulated by the proletariat of all nations as one whole and according to a common plan, which tendency is already quite clearly revealed under capitalism and should certainly be further developed and fully consummated under Socialism. . . " (4)

This was summed up by Stalin in a speech at Sverdlov University in April 1924 thus:

"Leninism . . . recognised the existence of revolutionary capacities in the national liberation movement of the oppressed countries, and the possibility of using them for overthrowing imperialism. . . "

The early Communist leaders kept their eyes firmly fixed on a long-term goal - a single world order with centralised political and economic power. They divided the path to this end into two stages - firstly the fostering of revolutionary national liberation movements wherever possible, aimed at destroying the capitalistic powers; and secondly, a period of peaceful co-existence, aimed at weakening the resolve of free nations, as a prelude to the merging of sovereign powers into a single global system. For this second phase there was a heavy and close Soviet involvement in the United Nations as an instrument that could be successfully used.

The First and Second Communist Internationals, following so quickly after the 1917 Revolution, were followed by the BAKU Conference in 1920, also entitled "The First Congress of the Peoples of the East", and was in turn a forerunner of the Soviet-sponsored Afro-

Asian Solidarity Conferences. A university was also established at Baku in 1921 for the indoctrination of student revolutionaries from the East.

The Third Communist International (Comintern) Conference, in May 1921, established an "Eastern Commission" to formulate policy on the Negro Question. David Jones, founder of the Communist Party of South Africa (CPSA) focussed the Comintern's attention on the role South African Communists could play for the strategic penetration of sub-Saharan Africa. Specific instructions were given to the French Communist Party (CPF) to approach black troops in the French forces, rallying them "to the struggle against the colonial regime, and through them getting into touch with the people of the French colonies".⁽⁵⁾

The Fourth Comintern Congress (Nov-Dec 1922) took the matter even further:

"Every Communist Party of the countries possessing colonies must take over the task of organising systematic moral and material assistance for the proletarian and revolutionary movement in the colonies . . . " (It placed special emphasis on Africa -Ed.) *"The Fourth Congress declares it the special duty of Communists to apply the 'Thesis on the Colonial Question' to the Negro problem also and to support every form of the Negro movement which undermines or weakens capitalism, or hampers its further penetration . . . "*

The establishment of a "Peasant International" (Ho Chi Minh was a member of the Secretariat) was discussed. Three Special Committees - a National, Eastern and Colonial - were formed, and a "Negro Propaganda Commission" which had representatives from the Communist Parties of France, Belgium, Great Britain and the Executive Committee of the Communist International received ten million gold francs from the Kremlin to support revolution in Africa.⁽⁶⁾

The Fifth Plenum of the Executive Committee of the Comintern in March-April 1925, the Sixth Plenum in March 1926, the formation of the "League Against Colonial Oppression" by Willy Munzenberg, head of the German Communist Party in 1926, all led to a "World Anti-Colonial Conference" in Brussels in February 1927. Those attending included Pundit Nehru, Madame Sun Yat Sen, Ho Chi Minh and Lamine Senghor. Out of this, in turn, came "The League Against Imperialism and For Colonial Independence", with headquarters in Berlin, and branches in Latin America, India and North Africa.

The Sixth Comintern Congress (July-Sept. 1928) revealed the link between the anti-colonial campaign and the policy to establish a

single world economic system. One section of its programme, under the heading "The Struggle For The World Proletarian Dictatorship and Colonial Revolutions" stated:

"Colonial revolutions and national liberation movements play an extremely important part in the struggle against imperialism and the conquest of power by the working class. In the transition period colonies are also important because they represent the village on a world scale vis-a-vis the industrial countries, which represent the town in the context of the world economy. . ."

This led to the "Hamburg Conference of Negro Workers" in July 1930, with representatives from America, the West Indies and British and French colonial Africa, which set up the International Trade Union Committee of Negro Workers, whose Secretary, George Padmore, was given an office in the Kremlin. One year later, on September 24, 1931, the Communist Party of Australia's newspaper "The Workers' Weekly", published an article headed "COMMUNIST PARTY'S FIGHT FOR ABORIGINES: Draft Programme of Struggle Against Slavery". It listed 14 points for revolutionary action, concluding with the 14th:

". . . The handing over to the Aborigines of large tracts of watered and fertile country, with towns, seaports, railways, roads etc. to become one or more independent Aboriginal states or republics. The handing back to the Aborigines of all Central, Northern and North-West Australia . . . These Aboriginal republics to be independent of Australian or other foreign powers. To have the right to make treaties with foreign powers, including Australia, establish their own army, governments, industries and in every way to be independent of imperialism . . ." (7)

An enormous amount of spadework had been completed by the Comintern prior to the outbreak of World War II, along the guidelines set out by Lenin. The Lenin School of Political Warfare had been established in Moscow in 1926.

The Second World War did not slacken the revolutionary programme. The Comintern itself was dissolved by Stalin on May 15, 1943 to help the cultivation of his benign "Uncle Joe" image. But its functions were simply transferred to the Foreign Affairs Department of the CPSU. There was a heavy Communist involvement in the formation of the United Nations as the war ended. Through a host of agents, including Alger Hiss, who featured prominently in the drawing up of the Charter of the U.N., and Harry Dexter White, a key figure in the

establishment of the International Monetary Fund, the guiding hand towards the anticipated world order was already operating.

The Communist Information Bureau was established in 1947, with Bureaus for Africa and Asia. This in turn was dissolved in 1956, and replaced with three separate agencies run by the CPSU Central Committee, while a core "International Department" was run by a former Comintern Executive, Boris Ponomarev.

As the war ended, the Communists made strenuous efforts to establish sympathetic movements in the West, to strengthen their strategy on the Third World and Colonial questions. The result was a number of organisations such as The Movement For Colonial Freedom, first sponsored by a former Communist at the London School of Economics, Professor Harold Laski in 1946; the Southern African Freedom Group, formed in 1962, whose sponsors included Fenner Brockway, John Stonehouse, Jeremy Thorpe and Anthony Wedgewood Benn, who was also a founder-member of the Movement For Colonial Freedom.

The national liberation movements, armed and trained in the Soviet Union, China and Cuba, and often funded through anti-colonial movements, some of them communist fronts in the industrial countries, swelled into full-scale guerilla wars. The Korean war was followed by intense guerilla struggles in Malaya, Kenya, the Congo, Biafra, Ethiopia, Zanzibar, Cuba, Chile, Algeria, Rhodesia and Vietnam. Where sound counter-guerilla measures were adopted, such as in Malaya and Kenya, terrorism was defeated. But the colonial retreat had become a rout, in most cases in such circumstances - Angola and Mozambique for example - that not even rudimentary administrations were left in place, nor even measures to protect expatriates.

A great deal of slanted criticism has been thrown at colonial powers such as Britain, France, Holland, Belgium and Portugal for their alleged exploitation of indigenous peoples in their colonies. Whatever else is said, most were self-sufficient in food, and had such basic amenities as roads, railways, hospitals, primary school education etc. The exploitation suffered by emerging Third World countries in the post-colonial era at the hands of banks and multinationals has reduced most to levels of poverty and starvation far worse than anything experienced before.

The second phase of the long-term Communist strategy began at a special Moscow Economic Conference, April 3-11, 1952. Lenin

himself had foreshadowed this change in direction some 30 years earlier in these words:

"The more backward the country . . . the more difficult it is for her to pass from the old capitalist relations to socialist relations. To the tasks of destruction are added new, incredibly difficult tasks, viz organisational tasks . . . the organisation of accounting, of the control of large enterprises, the transformation of the whole of the state economic mechanism into a single huge machine, into an economic organisation that will work in such a way as to enable hundreds of millions of people to be guided by a single plan . . ." ⁽⁸⁾

Following Lenin's overview the Comintern, in 1936, presented a three stage plan for achieving world government:

- (1) Socialise the economies of all nations;
- (2) Bring about regional unions of various groupings of these socialised nations;
- (3) Amalgamate all of these regional groupings into a final world-wide union of socialist states.

It was described in these words, taken directly from the official 1936 Comintern programme:

"Dictatorship can be established only by a victory of socialism in different countries or groups of countries, after which the proletariat republics would unite on federal lines with those already in existence, and this system of federal unions would expand . . . at length forming the World Union of Socialist Soviet Republics . . ."

As a result of this Conference the Soviet delegate to the U.N. Social and Economic Council on July 15, 1953 declared the USSR would assist developing countries by despatching technicians and funds to UN development agencies. It was also the start of Krushev's tactical "peaceful coexistence". At the 20th Party Congress of the CPSU (1956) Krushev emphasised the fact that, under "peaceful coexistence" the ideological struggle continued, understood to encompass international class warfare, propaganda, subversion and "wars of national liberation". This was confirmed with a vengeance 12 years later at the huge Tricontinental Conference in Havana, Cuba, where the Soviet's national liberation programme was stepped up, with the ready compliance of China, in S.E. Asia, Africa and Latin America. Three years earlier, 1965, only a miracle had forestalled a communist takeover of Indonesia in line with plans developed by China and the Indonesian Communist Party under Tan Malaka at the end of the '40s.

The changing of the term "peaceful coexistence" to "detente" by Henry Kissinger in the 'seventies, and to "perestroika" under Gorbachev at the end of the '80s altered nothing.

By the mid-seventies, with the West's colonial retreat all but completed, the USSR was devoting increasing attention to the second phase now focussed in the programme for a New International Economic Order (NIEO). Among a host of Soviet publications two in particular - Professor Ernest Obminsky's "Co-operation" and M.M. Maksimova's "USSR and International Co-operation," printed in Moscow by Novosti in 1978 and 79 respectively - confirmed that NIEO was the materialisation of Lenin's concept. Indeed Obminsky, one of hundreds of Soviet officials working in the U.N., spelled it out clearly:

... The approach to the question of the NIEO should be a strictly historical one ... It is necessary to take into account every aspect of the dialectical interconnection between the underlying tendencies of world development and individual links ... The upsurge of demands for the elimination of the "old" economic order came on the crest of the steady change in the correlation of forces in the world in favour of socialism ... The very nature of the present confrontation, when it all too frequently develops into a struggle against relations of exploitation, against the capitalist order, attests to its qualitatively different content ... the New International Economic Order cannot be anything but a mechanism possessing the ways and means of curbing the negative consequences of the capitalist method of production which is still continuing to function on part of our planet ... Equally obvious is the transitional nature of such an mechanism which can, nonetheless, in Lenin's words, make up an entire "epoch" in the period of transition from capitalism to socialism. Even during the preparations for the Genoa Conference in 1922, Lenin insisted on the maximum democratisation of the international economic order so as to achieve the maximum possible in conditions of the peaceful coexistence of the two world systems ... the question of restructuring international economic relations on a just and equitable basis was originally put on the agenda of international affairs by the first socialist state in the world... "(9)

Obminski's booklet was used widely in the West in the labour and union movements. I obtained my copy from a trade union leader in New Zealand. The same theme was used in Australia. Giving a paper at a Political Economy Conference on August 13 1977, veteran

Communist leader Laurie Carmichael outlined four 'cornerstones' as part of a transitional programme to Socialism. In his own words:

"The fourth foundation stone is the concept of a new world economic order. Based on 'interdependence' and 'non-alignment' . . . demanding relations between countries based on equality and so on. This is an inseparable part of the concept . . ."

Obviously, in the Cold War era, overtures for a new global order from the heartland of Communism could only meet resistance in the West. The Soviets, with an enormous input into the United Nations, had the perfect instrument to disseminate the programme. It was continually presented as a non-aligned one. A world government agenda without the communist label was adopted by all sorts of groups, some consciously knowing its genesis, others naively innocent. The investment the Soviet had made in 'stacking' the U.N. bureaucracy paid handsome dividends.

On April 6, 1978, Arkady Shevchenko, a senior Soviet official working for the United Nations, sprinted across 64th Street in New York, jumped into a CIA car, and became yet one more defector fleeing from Communism.

Shevchenko was a prize defector from what is probably the most powerful position in the U.N., that of Under Secretary-General for Political and Security Council Affairs. With the agreement of the United States, this post has always been held by a Soviet, according to the former Secretary General Trygve Lie. ⁽¹⁰⁾

Since the formation of the United Nations, this vital strategic appointment has been held by the following:

1946-49 . . .	Arkady Sobolev (USSR)
1949-53 . . .	Konstantin Zinchenko (USSR)
1953-54 . . .	Ilya Tch-ernychev (USSR)
1954-57 . . .	Dragoslav Protitch (Yugoslavia)
1958-60 . . .	Anatoly Dobrynin (USSR)
1960-62 . . .	Georgy Arkadev (USSR)
1962-63 . . .	E.D. Kiselev (USSR)
1963-65 . . .	V.P. Suslov (USSR)
1965-68 . . .	Alexei E. Nesterenko (USSR)
1968-73 . . .	Leonid N. Kutakov (USSR)
1973-78 . . .	Arkady N. Shevchenko (USSR)
1978-81 . . .	Mikhail D. Syatenko (USSR)
1981-86 . . .	Viacheslav A. Ustinov (USSR)
1987-92 . . .	Vasiluy S. Safronchuk (USSR)
	(Vladimir Petrovski (Russia,
1992 - . . .	{ former USSR)
	{ James O.C. Jonah (Sierra Leone)

This office is responsible for three main areas of activity:

- Control of all military and police functions of the U.N. peacekeeping forces.
- Supervision of all disarmament moves on the part of member-nations.
- Control of all atomic energy ultimately entrusted to the United Nations for peaceful and 'other' purposes.

Arkady Shevchenko's subsequent evidence was sensational. He pointed out that at the New York headquarters of the U.N. about 700 Soviet officials were employed, 200 of whom were members of either the K.G.B. or the G.R.U. which was concerned with military intelligence. In the Paris division of the United Nations, which houses UNESCO, there were 21 Soviets as permanent officials and a further 69 who worked for UNESCO as international civil servants, 30 percent of whom were agents. In Vienna, where the International Atomic Energy Agency and the International Development Organisation are based, there were 110 Russians, of whom about 40 were either full members of the K.G.B. or officials co-opted to help the spies. Shevchenko was adamant the United Nations was Communism's highest spy-tower in the world.

Even more profound information came from an earlier defector - Anatoly Golitsyn, a major in the KGB who had escaped to the West in 1961. While in the K.G.B. Golitsyn was an expert in counter-intelligence, working primarily against the United States and NATO. From 1955-59 he was assigned to a Soviet think-tank, the K.G.B. Institute, where he was privy to the inner workings of the K.G.B. and intelligence operations related to overall Soviet strategy. From 1959 to 1960 he was senior analyst in the NATO section of the K.G.B.'s Information Department.

In 1984 - long before 'glasnost' and 'perestroika' - Golitsyn published his book "New Lies For Old". He made the incredible prediction that the following steps would be taken by Brezhnev's successor, who ultimately turned out to be Gorbachev:

1. The condemnation of the invasion of Afghanistan and Brezhnev's harsh treatment of dissidents.
2. Economic reforms to bring Soviet practice more into line with Yugoslav or even, seemingly, with western socialist models.
3. Decentralisation of economic control.
4. Creation of individual self-managing firms.

5. Increase of material incentives.
6. Apparent diminishment of the party's control over the economy.
7. Spectacular and impressive "liberalisation" and "democratisation" including formal pronouncements about a reduction in the Communist Party's role; an ostensible separation of powers between the legislative, executive and judiciary; separation of the posts of President of the Soviet Union and First Secretary of the Party; "reform" of the K.G.B.
8. Amnesty for dissidents.
9. Inclusion of Andrei Sakharov in the government in some capacity.
10. More independence given to writers, artists and scientists.
11. Alternative political parties formed by leading dissidents.
12. Relaxation of censorship, publication of controversial books.
13. Greater freedom of travel given to Soviet citizens.

Golitsyn went on to say that "liberalisation" in Eastern Europe would probably involve the return to power in Czechoslovakia of Dubcek and his associates. If it should be extended to East Germany, demolition of the Berlin Wall might even be contemplated. He warned that this "liberalisation" had been planned for tactical reasons, and would represent one of the most comprehensive disinformation programmes possible to conceive. The concept had been regularly discussed just prior to his defection (remember, this was only a short time after the 1952 Moscow Economic Conference, at which the 'second phase' of the communist programme was commenced). The chief purpose was to lull the West into a false sense of security. He wrote:

"... Certainly, the next five years will be a period of intensive struggle. It will be marked by a major co-ordinated communist offensive intended to exploit the success of the strategic disinformation program over the past 20 years and to take advantage of the crisis and mistakes it has engendered in Western policies toward the communist bloc. The overall aim will be to bring about a major and irreversible shift in the balance of world power in favour of the bloc as a preliminary to the final ideological objective of establishing a world-wide federation of communist states." (11)

Such dialectical strategic long-term thinking is a complete mystery to most western politicians. Political parties have so perverted the democratic system as to reduce considerations down to a 'miniature' war extending no further than head-counting and the next election. The unsavoury nature of this preoccupation has, as

Solzhenitsyn explained in his letter to the Russian people, weeded out the best representatives, leaving the field vacant for a second-rate candidate who knows little of world events and even the constitutional make-up of his own country. He is usually the equivalent of a political robot, programmed only to vote at the behest of the Party whip. Soviet thinking, in contrast, has always taken a long-term view, in which an ultimate vision prevailed over short-term considerations. One of Lenin's colleagues, Dmitri Manuilsky, lecturing at the Lenin School of Political Warfare in 1931, said:

"War to the hilt between Communism and Capitalism is inevitable. Today, of course, we are not strong enough to attack. Our time will come in 20 or 30 years. To win we shall need the element of surprise. The bourgeoisie will have to be put to sleep, so we shall begin by launching the most spectacular peace movement on record. There will be electrifying overtures and unheard of concessions. The capitalist countries, stupid and decadent, will rejoice in their own destruction. They will leap at another chance to be friends. As soon as their guard is down, we shall smash them with our clenched fist . . ."

This background places the clumsy 'coup' of 1990, and Gorbachev's almost instant transference to a leadership role in the global programme in the West in an entirely different context. Just before his change of position, Gorbachev asked the United Nations to take up the general programme he had outlined in the Australian advertisement three years earlier:

"The Soviet Union has outlined a set of proposals that are intended to give the United Nations a greater role in preventing greater conflicts, including the creation of a chain of "war-risk reduction centres" round the world. The Soviet proposals were sent to the U.N Secretary-General, Mr Javier Perez de Cuellar, and presented at a news conference by the Deputy Foreign Minister, Mr Vladimir F. Petrovsky . . . Mr Petrovski, making his proposals as the debate in the General Assembly continued for the eighth day, said the ideas were based on the ideas for strengthening the U.N. put forward last year by the Soviet President, Mr Gorbachev . . . He also called for a revival of the long-dormant Military Staff Committee, which was set up to command the peace-enforcing army provided for by the U.N. Charter. The army was never created".⁽¹²⁾

Coinciding with the strange 'coup' in the USSR which ousted Gorbachev, came the sudden outbreak of the Gulf War. This was also notable for three things.

Firstly, the 'peace-enforcing' army called for by Gorbachev emerged under the guiding hand of President Bush, imperiously manipulating a compliant U.N. Security Council. The fact, as revealed by the U.S. Ambassador to Iraq, April Glaspie, that Saddam Hussein had been explicitly told the U.S. would not interfere in a war with Kuwait, was kept off the world's headlines.

Secondly, President Bush made it crystal-clear he saw the Gulf War as a decisive factor in the moves for a New World Order. The military effort, distinct from previous temporary peace-keeping missions, was the start of a permanent U.N. army. The crumbling USSR, incidentally, contributed neither money nor military personnel.

Obviously, the emergence of the "New World Order Army" needed a spectacular launch. In the 43 days of hostilities Iraq was bombarded with half as many bombs again as during the eight years of the Vietnam war. Casualties, both of troops and civilians numbered in the hundreds of thousands. The direct cost of the war, without including the appalling environmental damage, was over \$US800 billion and, with environmental rehabilitation included, over \$1 trillion; about \$165 for every living person on earth, \$20 billion an hour for the duration of the actual hostilities.

Gorbachev was thus adequately assured the general programme originally designed by Lenin was safe in the hands of the United Nations, and that he was assured of a key role in its further development, whatever happened in the mess he was leaving behind in the disintegrating USSR. Even before he left Moscow, the International Monetary Fund and the World Bank were safely entrenched, setting the terms for the credits needed to stave off complete anarchy:

"The International Monetary Fund is considering a plan to reorganise Soviet financial controls which, if approved in Washington, is likely to provoke hostile reaction inside the Soviet Government. The IMF proposals aim to dismantle the fiscal controls exercised by the State Planning Committee (GOSPLAN) and re-establish them in the hands of an expanded, all-powerful Ministry of Finance. If implemented in its present form, the plan would block attempts by leaders of the republics and economic advisers to the President, Mr Gorbachev, to decentralise economic decision-making. An IMF task force has been analysing the

Soviet economy since mid-Summer, following the Houston summit at which US, Japanese and European leaders ordered the study as a condition of aid to Moscow. Many Soviet officials have been reluctant to agree to an I.M.F. role in economic reform. But the importance that Mr Gorbachev and his economic advisers, Mr Stanislas Shatalin and Mr Nikolai Petrakov place on securing the aid has brought them into line. . .

. . . " (13)

For a while Gorbachev attempted to co-operate in power with Boris Yeltsin. But the pressure to devolve power back to the republics that constituted the USSR forced a final split. On Christmas Day 1991, after 7 years in power, Gorbachev announced his resignation, saying the old system had collapsed before the new one had started working. He did not let the grass grow under his feet. On January 14, 1992 he began work as chairman of the International Foundation for Social, Economic and Political Research, a Moscow-based 'think-tank'.⁽¹⁴⁾ By May he was on the lecture circuit in the US. On May 7 he made a specific call for a World Government:

"Speaking from the same lectern at which Winston Churchill made his famous Iron Curtain speech 46 years ago, Mikhail Gorbachev yesterday proclaimed the dawn of a new era and forecast a possible global Government . . . Gorbachev told a crowd of thousands sprawled in the streets and on nearby lawns that an awareness "of the need for some type of global Government is gaining ground". . . " (15)

By September 1995, Gorbachev was the focal point of one of the biggest international gatherings ever held, at San Francisco's famous Fairmont Hotel, from September 27 to October 1st. Termed "The State of The World Forum", the event was sponsored by the Gorbachev Foundation. The attendance fee of \$5,000 did not deter hundreds of noted leaders attending from all over the world. The theme of the Forum was "Towards a New Civilisation: Launching a Global Initiative."

The guest list included nearly all the most prominent bankers in the world, as well as The Trilateral Commission, the World Economic Forum, the Council on Foreign Relations, the Club of Rome, the Bilderbergers, the Russian Politburo, the Commission on Global Governance, the World Future Society and others. Former U.S. Secretaries of State James Baker and George Shultz attended, as did George Bush and Margaret Thatcher. Former Canadian Prime Minister Brian Mulroney was there, along with many other political leaders,

including South African vice-President Thabo Mbeki, Nelson Mandela's heir-apparent. Hardly surprisingly, the world's biggest media mogul, Rupert Murdoch, also attended. The guest-list numbered more than 400. Thabo Mbeki was, in fact, co-chairman of the opening session with Gorbachev; probably a fitting liaison for two 'comrades'. Mbeki has a long record as a top marxist theoretician for the South African Communist Party, and was a roving ambassador and fund-raiser for the African National Congress. A frequent guest of the Council on Foreign Relations, Mbeki has a special regard for David Rockefeller, declaring at a dinner the latter had hosted on July 5, 1993 that Rockefeller "has backed the A.N.C. financially for more than a decade."

In his opening address to the Forum Gorbachev said:

"From the outset I would like to suggest that we consider the establishment of a Global Brain Trust to focus on the present and future of our children . . . because the main reason why we are lagging behind events, why we are mostly improvising and vacillating in the face of new developments, is that we are lagging behind in the thinking and re-thinking of this new world. Of course, this idea of a Brain Trust can only succeed if endorsed and actively pursued by people who are widely respected as world leaders and global citizens. . . ."

Gorbachev advocated the development "of a global consciousness", embracing the task of spiritual renewal and "launching the next phase of human development". He proposed "the setting up of a kind of United Nations Council of Elders". With this suggestion in mind it was not surprising that, alongside the political and financial leaders, Gorbachev had invited a number of New Age gurus such as Deepak Chopra and John Denver. His remarks must be put in context with his own previously-stated position. It was the same Gorbachev who, in November 1987 told his colleagues:

"In October 1917 we parted from the Old World, rejecting it once and for all. We are moving towards a new world, the world of Communism. We shall never turn off that road. In 1989 he emphasised, "I am a Communist, a convinced Communist. For some that may be fantasy. But for me it is my main goal."

In his book "Perestroika" he added,

"We are not going to change Soviet power, of course, or abandon its fundamental principles, but we acknowledge the need for change that will strengthen Socialism . . . According to Lenin, Socialism and Democracy

are indivisible . . . The essence of perestroika lies in the fact that it unites socialism with democracy and revives the Leninist conception of socialist construction both in theory and in practice . . . "

The dramatic events surrounding Gorbachev's shift from the crumbling USSR to the Gorbachev Foundation and the State of the World Forum indicates not the collapse of Communism so much as a convergence of a number of groups in both capitalist and communist spheres who share a common belief that problems can be solved by the centralisation of all power. There may be a difference of opinion about outcomes. There may be different ideas about names. But the centralisation of power is one basic idea, whatever the colour of its uniform. It is satanic in concept and diabolical in method. It does not recognise the sanctity of individual human personality, but only an abstract "common good" which is mathematical in concept, pictured only in numbers and statistics.

Financial and political control in Russia has now entered a new and intensified struggle with the emergence of an immensely powerful banking cartel, with mafia connections, working hand-in-glove with the multinationals traversing the creaking, disintegrating soviet machine:

"Russia faces a growing threat from a new alliance of the communist and nationalist opposition with financiers disenfranchised by the Government's new policy of ensuring privatisation deals are open and competitive, the First Deputy Prime Minister, Mr. Boris Nemstov, has said. . . "

"I foresee that now that the Government has gone from words to deeds, having stated that there will be no more 'rule of the seven bankers', now that the Government has imposed fair and open rules for everyone, we will be fought fiercely," Mr. Nemstov said. "In this situation, the interests of some financial-media groups could merge with those of the communists and fascists."

The phrase "the rule of the seven bankers" appeared last year after financier Mr. Boris Berezovsky said in an interview that seven leading bankers, who had bankrolled President Boris Yeltsin's re-election campaign, controlled more than half of Russia's economy. . . " (16)

NOTES:

- (1) *"Wall Street and the Bolshevik Revolution"*, Anthony C. Sutton, Veritas Publishing Co, W.A. 1981, ISBN 0-
- (2) *The Australian*, March 18, 1986.

- (3) *"Rebuilding Russia"*, Alexander Solzhenitsyn, Harper-Collins, 1990, ISBN 0-00-272149-X.
- (4) *"Draft Theses on National and Colonial Questions"*, V.I. Lenin, Selected Works, Vol. 2, Part 2, Foreign Languages Publishing House, Moscow, 1952, pp. 463-466.
- (5) *The Communist International, 1919-1943*, J. Degras, Oxford University Press.
- (6) *Russia and Black Africa Before World War II*, Edward T. Wilson, Holmes and Meier, N.Y. 1974.
- (7) *"Red Over Black"*, Geoff McDonald, Veritas Publishing Co. W.A. 1982, ISBN 0 949 667 50 1.
- (8) N. Lenin, Selected Works, vol. 7, pp 285-287
- (9) *"Co-operation"*, Ernest Obminski, Novosti Publishing House, Moscow, 1978
- (10) *"In The Cause of Peace"*, Trygve Lie, MacMillan, N.Y. 1954, pp 45, 46.
- (11) *"New Lies For Old"*, Anatoly Golitsyn, Dodd, Meade & Co, N.Y. 1984, ISBN 0-396-08194-0.
- (12) *Australian Financial Review*, October 6, 1969.
- (13) *Australian Financial Review*, November 1, 1991.
- (14) *World Almanac*, 1993, p.47.
- (15) *The Chronicle*, Toowoomba, Queensland, May 8, 1992. (The same Reuters article appeared in dozens of papers in Australia.)
- (16) *Australian Financial Review* July 31, 1997. (For a detailed examination of the present situation in Russia, and the dominance of the seven bankers headed by Boris Berezovsky and Vladimir Gusinsky, see article headed "The Masters of the New Russia" by former U.S. Defence analyst Daniel W. Michaels, reprinted in *The New Times* August 1997, 145 Russell Street, Melbourne 3000.

CHAPTER SIX

BLOC-BUILDING

"... One ring to rule them all, One ring to find them, One ring to bring them all and in the darkness bind them, in the land of Mordor where the Shadows lie ..."

Tolkien, "The Lord of the Rings"

Within eighteen months of Gorbachev's 1992 call for Global Government the world had been formally divided into three trading blocs. The speed was breathtaking. Between October 31 1993 and November 19 of the same year - a time-span of a mere 20 days - the European Maastricht Treaty was formally signed, as was the North-American Free Trade Agreement and the Asia-Pacific Economic Community Agreement.

Once again, the use of the dialectic was evident. There is no conflict between the establishment of regional blocs and the establishment of a global government. Stalin pointed out that one is merely the prelude to the other. As outlined in the last chapter, the 1936 Comintern conference, in its three-point programme, urged the establishment of "regional groupings" of nations prior to their further amalgamation into a one world order. Stalin had given the reason for this, arguing that populations will more readily abandon their national loyalties to a vague regional loyalty than they will for a world authority.⁽¹⁾ The dialectical approach would obviously be to present the regional idea as the antithesis of world control. It was, whether intentionally or not, set out consummately in a feature article in *TIME* on June 15, 1992, headed BEWARE THE THREE-WAY SPLIT. It argued that a system of global free-trade under rules established by the General Agreement on Tariffs and Trade would provide the "right" new world order, and if this was not achieved the danger of trading blocs might eventuate:

"In the New World Order the tension between liberal and protectionist trade policies will matter as much as the struggle between capitalism and communism during the Cold War. That's why GATT is

an acronym worth understanding and a process worth rescuing. The General Agreement on Tariffs and Trade is actually . . . an accretion of rules and deals aimed at chipping away the barriers that impede the worldwide import-export business . . . unfolding since 1947 in "stages" or "rounds". The latest, which began in Uruguay in 1986 has been stalled for a year and a half.

Unless the seven major industrial democracies break the impasse, the Uruguay Round is headed for disaster and GATT itself for collapse. The result would be the wrong kind of new world order. GATT is the imperfect, sputtering but indispensable engine of globalisation . . ."

The article went on to warn of the danger of a world split into trading blocs as opposed to a single world order, finishing with this incredible paragraph:

" . . . The danger will be especially great if there are three blocs. By its nature a tripolar world would be less stable than the bipolar one that existed when the U.S. and the Soviet Union were squared off against each other. In geopolitics, three is an awkward number; it encourages two to gang up on the third, or one to play the other two off against each other. In "1984", George Orwell imagined a global rivalry among three superstates, Eurasia, Eastasia and Oceania. Postdate the title 20 or 30 years, and the novel is a cautionary tale with a contemporary ring . . ."

The author of this dialectical gem was Strobe Talbott, *TIME's* Editor at Large, a Director of the Council on Foreign Relations and a member of the Rockefeller-sponsored Trilateral Commission. (See Chapter Seven)

The first of these blocs had originally been initiated with the signing of the "Treaty of Rome" on March 25, 1957. Although continuous and strenuous efforts were made to present this to the British and other European peoples as no more than a voluntary economic trading agreement, the wording of the Treaty contradicted this in almost every part, clearly defining an ultimate aim of a political as well as an economic union. It is astounding that Europeans could ever have fallen for so obvious a deception so soon after World War II. The scars of conflict were still evident. Not a family in Britain had escaped some of the ravages of war. Yet the same concept for a centralised Europe had been put forward by every aspiring dictator over the previous half-century. At the time Trotsky was a trusted

colleague of Lenin in 1918, and Commissioner of War in the first Communist Government he wrote:

"... The task of the proletariat is to create a far more powerful fatherland, with a greater power of resistance - the republican United States of Europe, as the foundation of the United States of the World ..."

He argued further that:

"... The only way in which the proletariat can meet the imperialistic perplexity of capitalism is by opposing to it as a practical programme of the day the Socialist organisation of world economy."

In 1942 Hitler's Nazi regime produced a blue-print to bring his dream of a post-war European federation to fruition. The name chosen was identical - the "European Economic Community". Rodney Atkinson and Norris McWhirter, in their "Treason At Maastricht", said:

"There is scarcely a pillar of the present "European" Union which does not have its origins in the blueprint for Europe outlined by Hitler's Nazi regime - with which the French and Italian war time governments were pleased to co-operate . . . Hitler's plans were collectivist, statist, meticulous and all embracing. We are grateful to Christopher Story, the expert on security and foreign affairs, for printing his translation of the 1942 report of the Nazi "Europäische Wirtschaftsgemeinschaft" (European Economic Community) prepared by the Reich's Economics Minister and President of the Central Bank, Herr Funk and various industrialists, academics and civil servants.⁽²⁾

The Reichsmark was to be the leading currency in a German economic area and, after the Dollar the world's second pivotal currency. In July 1940 plans had been drawn up for a "Europabank" through which all European countries controlled by the Nazis would settle payments and which would be the centre of the "closed economic settlement" in Europe. The Nazis not only planned a common agricultural policy (directed from Berlin rather than from Brussels but with the same principles as today) but also a common monetary policy, a common transport policy ("trans European networks") a common trade policy (i.e. a Single Market) and - more overt and honestly expressed than today - the direction of labour and state economic control. . . "⁽³⁾

It was understood by advocates and opponents of the E.E.C. that the proposal was for an abandonment of national sovereignty in favour of a centralised European Parliament. But this fact was consciously withheld from the ordinary people. Time and again British

politicians professed outrage at the suggestion they would diminish British sovereignty. It was simply a "free trade agreement", they insisted. Yet they only had to read the Treaty to know the truth. Article 189 of the Treaty of Rome (1957) reads:

"For the achievement of their aims and under the right conditions provided for in this Treaty, the Council and the Commission shall adopt regulations and directives, make decisions and formulate recommendations or opinions. Regulations shall have a general application. They shall be binding in every respect and directly applicable in each Member State. Directives shall bind any Member State to which they are addressed, as to the result to be achieved, while leaving to domestic agencies a competence as to form and means.

Decisions shall be binding in every respect for the addresses named therein. Recommendations and opinions shall have no binding force."

Article 48 provided for the complete freedom of movement of all workers throughout the Common Market area, and their freedom to live wherever they worked, or had worked previously.

By 1986, just prior to the passing of the Single European Act, designed to further entrench the move towards a European Union, Britain's former Master of the Rolls, and a distinguished High Court Judge, Lord Denning issued a drastic warning:

"The sovereignty of the courts and Parliament was being threatened by provisions of Common Market legislation being rushed through Parliament without proper consideration," Lord Denning . . . said yesterday . . . His main concern was that the sovereignty of the Queen and the sovereignty of Parliament were not diminished . . . The Single European Act would be interpreted solely by the European Court in Luxembourg comprised of dedicated Europeans who were devoted to the task of giving community law supremacy over the national law of member states. The purpose of the Act was to "transform Europe into a single nation with its own Parliament and its own legislation making its own law called community law," claimed Lord Denning. In the long run Parliament would be nothing more than a subordinate body whose laws would be invalid if they were in conflict with, or inconsistent with community law . . ." (4)

Extraordinarily, despite Lord Denning's warning, the Single European Act was introduced into the British Parliament by the then Prime Minister, Margaret Thatcher, and duly passed. For whatever

reasons - most probably that she herself had not foreseen the final implications - Margaret Thatcher had second thoughts. Within two years she was lambasting the consequences of her own Bill. Australian press reports described her dramatic turnaround. She had chosen her ground carefully, and delivered her rebuttal at the heart of the European axis. The NEWSWEEK section of Australia's weekly, "The Bulletin" headed its article 'GENGHIS KHAN' IN BELGIUM:

"... In a caustic, sometimes brilliant and occasionally venomous address at the College of Europe in Bruges, Belgium, she lambasted the notion of European federalism. With undisguised contempt, she rejected any effort to "suppress nationhood and concentrate power at the centre of a European conglomerate." Along the way, she dealt a bruising blow to the widespread hope that a politically united Europe will emerge by the end of the century... Her whole argument flies in the face of everything that the Community's executive commission, headed by Jacques Delors of France, has been saying for the past two or three years. The commission has drawn up a complicated package of 260 separate regulations, which it contends are necessary to make the single market work. All tend towards fewer frontier formalities, more and more economic integration and an increasing sharing of power for the commission. Last June Delors sent Thatcher into a sputtering frenzy when he said that, by the mid-1990s, "80 percent of European economic decisions will be made in Brussels. . ."

(5)

Margaret Thatcher's forceful denunciation of the transfer of British sovereignty, reinforced numerous times in speeches to her home constituency, has done much to awaken a lethargic British public. But it also sealed her fate as Prime Minister. Rodney Atkinson and Norris McWhirter, in the second edition of "Treason At Maastricht", have provided detailed evidence of the part played by the secretive Bilderberg movement (see Chapter Seven). They record:

"... Perhaps the Bilderbergers' greatest coup was the removal from office of Margaret Thatcher in November 1990, which had been planned at a meeting on the island of La Toja off the Atlantic Coast of Spain on the weekend of 11th May 1989. The American newspaper The Spotlight, published in Washington DC quoted a source at the meeting that the Bilderbergers - '... emphasised the need to bring down Mrs Thatcher because of her refusal to yield British sovereignty to the European superstate that is to emerge in 1992. Mrs Thatcher

was denounced for 'provincialism' and 'nationalism' . . . Political leaders in Britain who participated were instructed to attack Mrs Thatcher . . . to force her to yield her nation's sovereignty to save her own government' . . . "⁽⁶⁾

Some will recall the squalid campaign from within her own party to undermine Prime Minister Thatcher, led by such people as Michael Heseltine and John Major, leading to her forced resignation. Mrs Thatcher, one of the longest-serving Conservative leaders, never lost an election. Those events, however, fanned a growing opposition to the European Union, now spearheaded by the courageous magazine "*This England*". Polls show increasing opposition. The emergence of Sir James Goldsmith, who sponsored Referendum candidates in 600 electorates in the May 1977 General Election, forced both major parties to promise a national referendum on monetary union in Europe.

Goldsmith made the mistake of forming a new, single-issue party, which drastically reduced his effectiveness. He succeeded, however, in forcing the issue of national sovereignty and the responsibility of governments to their own electors as a matter of priority onto the political agenda.

The second Battle of Britain is not yet over.

Within three weeks of the signing of the Maastricht treaty, October 31, 1993, the North American Free Trade Agreement had also been formally completed. Another Prime Minister was toppled during the process - Brian Mulroney of Canada, this time for clearly discounting the feelings of Canadian voters on the proposal. NAFTA had been put together by President Bush, proposing an integrated bloc comprising Canada, the United States and Mexico. Canada was a major obstacle.

Canadians have always lived under the US economic shadow and are strongly opposed to any suggestion of integration. But Mulroney, one of a string of internationalist leaders who have appeared in all Canadian political parties, was happy to ratify the NAFTA agreement. Unlike the British, Canadians were much more aware of what was involved and there was a wave of anger and resentment at Mulroney's actions; so much so that, with a General election due in 1993, the Conservative Party forced Mulroney to step out of the leadership. The party was in danger of a massive defeat if he remained in public view. A Cabinet colleague, Kim Campbell replaced Mulroney, with six months before the election to rebuild support. It was a forlorn

hope. The Conservative Party went into the elections with 127 seats and a parliamentary majority. It was annihilated, and lost all but two seats, including that of the temporary Prime Minister.

Mexico was a different case altogether. Already punch-drunk from a period of exploitation by multinationals and international banks as bad as anything that has been seen over the last 30 years, Mexico had nothing to lose. Dr Susan George gave this description:

"... Of general significance but of special concern to Americans is the debt connection linking Mexico with the United States. Mexico is the world's second largest debtor and earned the dubious honour of precipitating what came to be called the international debt crisis when, in August 1982, the government announced that it could no longer meet its payments. However, crisis or no crisis, between 1982 and 1988 Mexico somehow managed to scrape together and pay its creditors more than \$100 billion in debt service - an amount exceeding the total debt it owed in 1982!

The cost for the majority of the Mexican people was enormous... massive unemployment, hunger, deep cuts in social services - the usual sequence of events under IMF-sponsored structural adjustment. Mexico's reward for these massive efforts was to be 18 percent more in debt than at the beginning of the decade, owing not \$95 billion as it had in 1982 but a total of \$112 billion... Interest payments averaging a billion dollars a month can still be expected to fall due regularly..."

(This was before the most recent Mexican crisis in 1995, where it has been forced to forfeit control of major industries such as the oil industry).

Susan George continued:

"... Like many other debtors, Mexico... has also made a great effort to encourage export manufactures and has given every incentive to entice foreign firms to set up shop within its borders... today, just across the border from the United States, nearly 1,800 factories employing half a million workers have been built. Most are North American, but the Germans and the Japanese have begun to install plants as well... This is the 'maquiladora' zone... The 'maquiladora' area is now such an ecological disaster zone that the US embassy in Mexico has estimated it would cost \$9 billion to clean up the border environment... The International Monetary Fund, following the dictates of the export-led growth model, and on the grounds of making Mexican exports more competitive, has demanded so many devaluations of the

Mexican peso that workers are now paid below-subsistence wages. For example, in February 1990, a 48-hour week at the La Reynosa Zenith television plant netted workers the equivalent of \$US26.16 . . . just under 55 cents an hour . . . " (7)

With Canada and Mexico in the bag, President Clinton still had a major problem. There was widespread opposition to the NAFTA inside the U.S. People were conscious not only of the export of jobs and industries into the 'maquiladora' badlands, but also of the increasing volume of slave-labour manufactured goods pouring northwards from the same area; spare parts, agricultural equipment, white goods, computers, silicon chips etc. A host of small manufacturing industries in the U.S. paying decent living wages and benefits, were feeling the pressure. There was a groundswell of concern about NAFTA in middle America, reaching Congressmen.

A head-count showed Clinton had not got the numbers. But he had a propaganda machine; and he used it. The vote in Congress was due on November 18, 1993.

An Australian press report on the 10th was headed CLINTON USES FEAR OF JAPAN TO SELL NAFTA:

"Gearing up for the final weeks of an uphill battle to win congressional support for the North-American Free Trade Agreement, President Clinton has settled on a provocative strategy that treats Japan, not Mexico, as the most severe threat to American jobs. The new approach emerged on Wednesday at the White House, where Mr Clinton was joined by Mr Lee Iacocca, the retired chairman of the Chrysler Corp. Both men predicted that if the trade agreement failed, Japan would make its own deal with Mexico to flood the United States with goods that undercut American products.

"What would we do in America if we turn away from this? What will happen to our job-base?" Mr Clinton said . . . " (8)

President Clinton should have known that there were a number of Japanese and German firms already established in the "Maquiladora".

He still did not have the numbers in Congress. Further press reports told how Clinton won his way. *The Australian* of November 18 had a front-page headline, SWEETHEART DEALS TIPPED TO DELIVER NAFTA VICTORY .

Clearly, Clinton was going to buy the votes he needed. Next morning's *Australian* (November 19) carried the headline **NAFTA REMAKES WORLD TRADE**, and explained how it had been done:

" . . . It was one of the most acrimonious days seen on the floor of Congress, a 13 hour marathon as Democrats attacked Democrats and Republicans turned against Republicans before the vote of 234 to 200 . . . "

Some Democrats bitterly attacked the last-minute flurry of deals to win votes. The White House is believed to have spent up to \$US20 billion (\$A30 billion) in private deals . . . "

Within hours of the vote President Clinton announced his aim to enlarge NAFTA by bringing in the Mercosur group (Brazil, Paraguay, Uruguay and Chile) plus other Latin American countries in the future.

One day later - November 19, 1993 - members of the Asia-Pacific Economic Community (APEC) met in Seattle under the chairmanship of the triumphant President Clinton to formalise the third regional trading bloc.

Although presented as a young cab off the ranks, the APEC idea has been a long time in the making, as this statement makes clear:

" . . . In 1967 the Pacific Basin Economic Council (PBEC) was formed by corporate executives from the USA, Japan, Australia, Canada and New Zealand, followed in 1968 by the proposal of a formal Pacific Basin Organisation. In July 1973 David Rockefeller, Chairman of Chase Manhattan Bank, formed the Trilateral Commission 'to bring together the best brains in the world . . . to foster closer cooperation among private citizens of Western Europe, Japan and North America'. These 'three sides' developed plans for capitalism in the Asia-Pacific region - known as the Pacific Rim Strategy - at a meeting in Kyoto, Japan in May 1975".

Four tiers were envisaged:

- 1. Japan and the USA would supply the capital and the technology for the region, as well as sophisticated producer and consumer goods, and would act as economic managers and coordinators.*
- 2. The second tier comprised Canada, Australia and New Zealand, whose major function was seen as producers of minerals, energy and foodstuffs.*
- 3. The third tier comprised the former colonial areas of South-East Asia and some Latin American countries, which were to continue to be providers of cheap resources and labour, especially in the form of labour-intensive exports of manufactured and agricultural products.*

4. *The fourth tier was to consist of socialist countries of the region, especially China, as markets and suppliers of cheap labour to foreign corporations.*

In 1978 Japan's Prime Minister Chira proposed the Pacific Basin Cooperation Concept and established a study group which reported in 1980, stressing free trade and free capital flows for restructuring the economy of the Pacific Basin . . . " (9)

Prime Minister Chira's Pacific Report in 1988 was immediately taken up by Australian corporate leaders and politicians as though it were their own. The original 'Closer Economic Relations' (CER) free-trade agreement between Australia and New Zealand - which was in conflict with the Constitution in several areas - was already in place. On June 1st, 1988, the media reported a call to enlarge CER to include other Pacific nations:

"The CER agreement with New Zealand should be extended to form a South Pacific economic community . . . The Australian Chamber of Commerce Report says more needs to be done to extend the CER agreement with New Zealand and to include other Pacific nations . . ."

The report called for tax harmonisation, comparable labour standards, alignment of trade practices, an economic and Customs union, joint marketing arrangements for Australian and New Zealand products. The statement concluded:

"The ACC Report argues CER could be extended . . . to incorporate other Western nations or groups of nations, such as the US, Canada and the European Community. . . " (10)

It wasn't long before the then Prime Minister, Bob Hawke, was in on the act. To begin with he followed the 'dialectic' line which the Trilateralist Strobe Talbott was still pursuing four years later:

"Australia might be forced to join Japan and other Pacific nations to form a trading bloc to rival Europe and North America, the Prime Minister, Mr Hawke, warned yesterday. But Mr Hawke said the formation of such an Asian trading bloc would be considered only if efforts failed to free world trade through the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). . . " In the worst-case scenario, if the Uruguay Round didn't work and didn't produce the optimum results that we want, then we would have to look at the possibility of some association with others, including Japan," Mr Hawke said . . . Despite Mr Hawke's assessment that an Asian bloc would be a last resort, others disagree.

The Opposition, the National Farmers' Federation and leading Japanese industrialist, Mr Koichiro Ejiri, head of Mitsuui and Co Ltd. have all recently favoured the formation of blocs involving the Asian region." (11)

Australia's Opposition, at that time led by Andrew Peacock, tumbled over themselves to climb on the bandwagon. By February 1989 they had formally endorsed the creation of an Asia-Pacific trading bloc⁽¹²⁾.

By June, Mr. Peacock was surging to the tape ahead of the Prime Minister. An article headed PEACOCK PLANS PACIFIC TRADE BLOC reported:

"The Leader of the Opposition, Mr Peacock, if he wins government, will launch a key initiative towards a Pacific trading bloc that reflects his pessimism about the multilateral trading system and his belief that Australia must change policy. . . "I've got to look at the world as it is today. What's the world my country is participating in today? It's a world of greater trading groupings," he said . . . While keen to secure America's participation in his economic grouping, Mr Peacock attacked the double standards now adopted by the U.S. "I disagree with the Americans. How can the Americans say to us you must not participate in some trade arrangements in the Pacific when they've just executed a North American Free Trade Agreement?" he said. Mr Peacock's line is based on the proposition that since other nations are working towards regional trade groupings, then Australia must adopt a similar tactic . . . "(13)

Thus is history made!

By the nineties all pretence that the trade bloc idea was at variance with a world order was dropped. With the replacement of Prime Minister Hawke by Paul Keating APEC predominated over all other international questions. In September 1992 Foreign Minister Gareth Evans was canvassing the possibility of a European Community-type bloc.⁽¹⁴⁾ By January 1993 this vision was relayed to Australians:

"This country is poised to become the hub of corporate mergers and acquisition activity in the Pacific Rim . . . Mr Ferris (chief mergers and acquisition partner, Ernst & Young) said the Government's pending privatisation program would provide investment opportunities for foreign companies . . . " They (foreign players) will be active in Australia as opportunities arise. If they see an economic opportunity they will come

in," he said. Among government-owned enterprises of interest to foreign investors were tele-communications, power and utilities and, to some degree, transport". . . " (15)

By May Prime Minister Keating was openly touting an E.C.-type Pacific Agreement,

" . . . but warned that the region must integrate economically before it commits itself to such an ambitious plan . . . " (16)

All that remains beyond economic integration is political integration! Thus, into the murky light from its maraudy Leninist origins emerged the concept of a regionalised world, as a prelude to a single global order. On November 19, 1993 Asian leaders - with the exception of Malaysia's Prime Minister Mahathir - converged on Seattle, where President Clinton had organised for the 'rubber-stamp' on the deal.

No ancient barbarian ever dispossessed another nation with less effort than did those who had engineered the regionalisation of the world under centralised rules. Never was the democratic process more easily circumvented.

Australians are only just discovering how they have been robbed of the heritage fought for by the Diggers. Unlike Britain and America, not one politician from an Australian political party has spoken out against this betrayal. Small business organisations, destroyed by multinationals, have had no say about their demise. Neither have the 200,000 farmers forced off the land.

The so-called voice of the workers, the ACTU, has only occasionally murmured about the export of jobs resulting from the closure of Australia's industries. The price future Australians will pay is a heavy one indeed.

NOTES:

- (1) "Marxism and the National Question", Joseph Stalin, International Publishers, New York, 1942.
- (2) International Currency Review, Occasional Paper 4, World Reports Ltd, 108 Horseferry Rd. Westminster, London SW1, UK.
- (3) 'Treason At Maastricht - The Destruction Of A Nation State', Rodney Atkinson and Norris McWhirter, Compuprint Publishing, Newcastle, UK, 1995 ISBN 0 9509353 9 5

(Note: Rodney Atkinson has published a second book dealing in greater detail with the Nazi origins of the current European idea, "Europe's Full Circle". At the time of writing the author has only read a

review of this book in the UK magazine "This England", P.O.Box 52, Cheltenham, Glos, GL50 1YQ, from whom the book is obtainable.)

- (4) *The Daily Telegraph*, (UK) October 8, 1986.
- (5) *The Bulletin*, Australia. (Newsweek section, page 73) No date recorded, but somewhere in 1988.
- (6) Number 3. Ibid.
- (7) "*The Debt Boomerang*," Dr Susan George, Pluto Press, 345 Archway Rd. London, N6 5AA, UK, 1992, ISBN 0 7453 0594 6
- (8) *Australian Financial Review*, October 22, 1993.
- (9) "*The Third Wave*," Abe David and Ted Wheelwright, Left Book Club Co-operative Ltd. P.O.Box 282, Sutherland 2232, 1989, ISBN 1 875285 00 8.
- (10) *The Australian*, June 1, 1988.
- (11) *The Australian*, October 6, 1988.
- (12) *The Australian Financial Review*, February 3, 1989.
- (13) *Weekend Australian*, June 17, 18, 1989.
- (14) *The Australian Financial Review*, September 14, 1992.
- (15) *The Australian*, April 23, 1993.
- (16) *The Australian Financial Review*, May 24, 1993.

CHAPTER SEVEN

THE GLOBAL NAVIGATORS.

" . . . With every multilateral treaty or bargain; every adhesion to bodies such as the United Nations or General Agreement on Tariffs and Trade; every agreement on the international trading regime, on international co-ordination and standards on human rights and the environment, or the rights of indigenous peoples, or racial, sexual, or other discrimination; on international property rights or cultural co-operation; with every convention of the International Labour Organisation signed - there has been not only the creation of new heads of power for the Commonwealth, but a cession of power to interfere in and legislate for Australia to the various international communities of signatories and organisations . . . "

P.P. McGuiness, *The Australian*, March 22, 1994.

The obvious question rises: How does a supposedly-antagonistic western world find itself on such an analogous course to that of Lenin, Stalin, Gorbachev and the Comintern? The answer is that elected western governments and leaders, in turn, have their policy directions marked out for them in advance, from a source unknown to the majority of their electors. To suggest such a thing is to be accused of conspiratorialism. The allegation, however, comes either from those who have not considered the evidence, or from those who know what is going on and like it that way.

The world order programme was never, at any period, confined to the communist world. It was unfolding long before the start of the 20th century. When the Sixth Special Session of the United Nations General Assembly in 1974 called for the establishment of a "New International Economic Order", it was simply responding to stimuli designed decades before. John Maynard Keynes' plan for the international control of commodities, after all, had been written in 1942 - long before the Third World debt crisis, the U.N. and some of the nations voting in the General Assembly even existed. The same year - 1942 - the Federal Council of Churches in the U.S. set up a "Commission to Study the Basis for a Just and Durable Peace". The chairman was the

distinguished John Foster Dulles. *TIME* reported the Commission's conclusions:

"... Individual nations, it declared, must give up their armed forces 'except for preservation of domestic order' and allow the world to be policed by an international army and navy. . . The ultimate goal: a duly-constituted world court with adequate jurisdiction, international administrative bodies with necessary powers, and adequate international peace forces and provision for enforcing its worldwide economic authority." (1)

The same issue of *TIME* added that the Commission recommended a universal system of money, world-wide freedom of immigration, progressive elimination of all tariff and quota restrictions on world trade and a democratically-controlled world bank.

THE COUNCIL ON FOREIGN RELATIONS.

Dulles was a founding member of the Council on Foreign Relations, established 20 years earlier, in 1921. The CFR never really flowered until about 1927, when it became the recipient of large sums of money from the Rockefeller family, through its various trusts and foundations. Something of its influence can be seen in this description by American author Dan Smoot:

"Since 1944, all candidates for President, both Republican and Democrat, have been CFR members . . . Every Secretary of State since Cordell Hull (except James Byrnes) has been a CFR member. Over 40 CFR members comprised the American delegation to the U.N.-organising conference in San Francisco, including Alger Hiss, Nelson Rockefeller, Adlai Stevenson, Ralph Bunche, John Foster Dulles and the Secretary of State Edward Stettinius. CFR affiliates have controlled an unusual number of cabinet posts and top Presidential advisory positions . . ." (2)

Consider the case of the late Alger Hiss. A key U.S. establishment figure, confidante to Presidents and world leaders, he was proved to have been a Soviet agent. Yet he was also a member of the Council on Foreign Relations, whose objectives matched detail for detail those of the Communist International. Were his fellow members any less guilty? Smoot wrote in his foreword:

"I am convinced that the Council on Foreign Relations, together with a great number of other associated tax-exempt organisations, constitutes the invisible government which sets the major policies of the federal

government; exercising controlling influence on government officials who implement the policies; and through massive and skilful propaganda, influences Congress and the public to support the policies. I am convinced that the objective of this invisible government is to convert America into a socialist state and then make it a unit in a one-world socialist system ..."

(3)

This view would seem to be confirmed by the CFR's own objective, published in its "Study No. 7" on November 25, 1959, advocating the ...

"... building of a new international order (which) must be responsive to world aspirations of peace, for social and economic change ... an international order ... including states labelling themselves socialist. ..."

(4)

The CFR's beautifully-produced journal "Foreign Affairs", published five times a year, often running to 200 pages, can be found in board-rooms, think-tanks and universities round the world. It has been both the guide and repository of international programming for well over half a century. *TIME* has called "Foreign Affairs" "the most influential periodical in print". (5)

While Americans, like Australians, tend to believe their nation's policy is determined by their representatives, and transferred to the State Department for implementation, the truth is somewhat different. Consider this description:

"... The policy-formation process begins in corporate board rooms and executive suites. It ends in the innermost offices of the government in Washington, where reporters and sociologists never tread. In between the beginning and the end there are a handful of huge foundations that provide the experts with money for research, as well as blue-ribbon presidential commissions which legitimate the policies to the general public and present them formally to the President. Research institutes and think tanks also are to be found in the inner circles of the network, and influential newspapers and magazines are important in bringing the views of the policy groups to the attention of government personnel. However, the central units in the policy network are such official-sounding organisations as the Council on Foreign Relations, the Committee for Economic Development, the Business Council and the American Assembly, which are best categorised as the policy-planning and consensus-seeking organisations of the power elite. They are also the

training grounds in which new leaders for government service are informally selected . . . " (6)

Membership of the CFR is by invitation only, and the 2,500 members - or thereabouts - read like a "Who's Who" in the United States; top leaders in finance, banking, law, academia, the mass media, the corporate world, government and the military. Its meetings are held behind closed doors.

UNITED WORLD FEDERALISTS AND PARLIAMENTARIANS GLOBAL ACTION.

In February 1947, an organisation known as United World Federalists was formed at Ashville, North Carolina by two CFR members, Norman Cousins and James P. Warburg of the Warburg banking firm. It was the same James Warburg who gave evidence before a U.S. Senate Foreign Subcommittee three years later, stating:

" . . . We shall have world government whether or not we like it. The question is only whether world government will be achieved by consent or by conquest . . . " (7)

Warburg was entirely consistent with the "Beliefs, purposes and Policies" of the United World Federalists, which were quite specific:

"To create a world federal government with authority to enact, interpret and enforce world law adequate to maintain peace."

The world federal government, it added would be:

"based upon the following principles and include the following powers . . .

Membership open to all nations without the right of secession . . .

World law should be enforceable directly upon individuals . . . The world government should have direct taxing power independent of national taxation . . . "

The United World Federalists' 'modus operandi' was also explained:

"By making use of the amendment process of the United Nations to transform it into such a world federal government; by participating in world constituent assemblies, whether of private individuals, parliamentary or other groups seeking to produce draft constitutions for consideration and possible adoption by the United Nations or by national governments . . . "

It was for this body that former Federal Minister Doug Everingham was speaking in his letter quoted earlier. United World

Federalists, based in the U.S., in turn created "The World Association for World Federation", which now has members in thirty countries, with national organisations in twenty. It has consultative status at the U.N. and an international secretariat in Amsterdam. Its Statement of Purpose, adopted in August 1987, states:

"Our objective is a World Order, in which the legitimate rights of nations to self determination are balanced by and consistent with the collective rights of the global community to protect and advance the common good of humanity . . ."

The old "motherhood-and-apple-pie" script writers never did it half so well!

The World Association of World Federalist newsletter of May 1st 1989 claimed:

"Ten years ago World Federalists founded and funded Parliamentarians for World Order, now Parliamentarians for Global Action. Its founders met, in fact, at a WAWF Congress in Paris."

The organisation "Parliamentarians For World Order" was formed in 1981. Its introductory brochure claimed:

"PWO is a newly-formed network of 550 legislators in 18 countries, working in national parliaments and at the United Nations to help build a more just and secure international system . . . The purpose of PWO, as stated in its Constitution is 'to promote the cause of world institutions and enforceable world law for the peoples of the world as a single community, through parliamentary action'. Believing that a U.N. Parliamentary body could play an important role in strengthening world institutions, PWO is organising a U.N. parliamentary Forum to meet at each General Assembly . . . During 1980 PWO linked up six existing parliamentary groups for world law in Japan, Britain, Canada, India, France and Norway, and quickly expanded its membership to other countries in Africa, Asia, Europe and the Pacific. In September 1980 a meeting of legislators from 15 countries was organised at the U.N. General Assembly to introduce the proposal for a U.N. Parliamentary forum. In December 1980 the PWO Council announced its support for the recommendations of the Brandt Report . . . In March 1981 a PWO office was opened at the United Nations . . ."

In May 1982 a PWO delegation flew to Moscow to make an appeal, in its own words,

"For urgent action to ensure the survival of the human race . . ."

Over three days (May 3 to 6) the delegation had formal meetings with Vasilii Kuznetsov, Vice President of the USSR, and members of the Politburo; Aleksei Shitikov, Chairman of the Council of the Supreme Soviet; Vladimir Petrovskii, head of the Department of International Organisations in the Soviet Foreign Ministry; Anatolii Chernyayev, Deputy Chief, International Department of the Communist Party Central Committee; Oleg Bykov, Deputy Director of the Institute for the World Economy and International Relations; Georgi Zhukov, member of the Supreme Soviet and Chairman of the Soviet Peace Committee; Vitali Zhurkin, Deputy Director of the Institute of U.S. and Canada Studies; and Zinaida Kruglova, member of the Supreme Soviet and of the Party Central Committee. ⁽⁸⁾

The delegation flew from Moscow straight to Washington, meeting a powerful State Department group headed by Frank Carlucci, Deputy Secretary of Defence, where they presented the same paper. ⁽⁹⁾

While these meetings were taking place PWO had drawn up and circulated to parliamentarians throughout the world a "Call For Global Survival". Among its demands were "negotiations on comprehensive disarmament under enforceable world law . . ."

The organisation hit on a novel, if deceitfully inaccurate argument. In its own words:

"The Call was drawn up to be signed by members of parliament on behalf of their constituents, on the grounds that an individual elector has a mandate of any national government . . ."

The fact that none of these parliamentarians had ever sought a mandate by placing the issue of "world law" before their constituencies at any election, nor had the backing of any majority in any legislature, made such a claim autocratic, to put it mildly! PWO's brochure went on:

"When participants arrived for the PWO Forum on disarmament at the United Nations in early June 1982, nearly 500 signatures had been collected. The Japanese delegation alone brought copies of "The Call" signed by 93 parliamentarians. Sean McBride, the former Foreign Minister of Ireland, told the Forum that at least 50 signatures were on their way from the Irish Parliament. (Note by author: Sean McBride was a recipient of the Order of Lenin.) In the space of 24 hours, it had been signed by 121 members of the European Parliament, including former Chancellor of West Germany, Willy Brandt.

... The signatories represented more than 50 million constituents from all regions of the globe. By the end of the U.N. Special Session on Disarmament, the number of signatories stood at 610, and PWO had received a special grant to send "The Call" to every one of the world's 31,000 members of Parliament." (10)

By 1986, according to a Parliamentarians - Global Action pamphlet, over 1,000 parliamentarians from 55 legislatures had signed "The Call".

If you're confused, there was a name change. In 1983 information on PWO attracted the attention of considerable numbers of Canadians. Mr Doug Roche, Member for Edmonton in Alberta, and a prominent PWO participant, found it difficult to explain to his constituents how, having been elected to the Canadian Parliament, and taken an oath of loyalty, he could belong to an international body with objectives to supersede Canada's sovereignty.

The same criticism faced a New Zealand MP, Mr Richard Prebble, Member for Auckland Central. When challenged in the media he refused to reveal the names of 29 other New Zealand MPs, which leaked out later. That it was these embarrassments that led to a name change seems likely.

"Parliamentarians For World Order" is nothing if not explicit.

So are such phrases as "enforceable world law". They don't fit the 'image' so many world bodies try to create, portraying lofty, disinterested moderation. Be that as it may, somewhere between May and December 1986, PWO became PGA - so much more 'moderate', don't you think? The objectives were demonstrably the same. . .

On December 10, 1986, current New Zealand Labour leader Helen Clarke, acting in her capacity as Convenor for Parliamentarians Global Action, invited parliamentary colleagues to meet Mr Nick Dunlop, the organisation's Secretary General in the Parliament Buildings in Wellington. One of those who attended out of interest, Mr Graeme Lee MP, subsequently issued a Press Release, ignored by every national paper which received it! Headed PARLIAMENTARIANS FOR GLOBAL ACTION A SELL-OUT OF OUR SOVEREIGNTY, it said:

"If Parliamentarians who are members of Parliamentarians For Global Action (formerly Parliamentarians For World Order) feel that this group has something to offer, then they should be quite open about its activities and be prepared to discuss publicly what it is about", says the Member for Hauraki, Graeme Lee.

At the present time the organisation acts in a largely secretive manner. However, that is understandable since its members, in subscribing to its objectives, have to be prepared to 'sell-out' the sovereignty of their own nation in favour of other global activities. This is not only outrageously wrong, but strikes at the very heart of the commitment that a Parliamentarian takes on assuming office . . ." (11)

Mr Lee's concerns were justified by the wording of "The Call For Global Survival" circulated to parliamentarians throughout the world as mentioned earlier. It had been signed, according to PGA by over 1,000 Parliamentarians in more than 55 National Legislatures.

It called for:

- * A World Peace Force able to enforce disarmament and prevent international aggression.
- * An effective system of World Courts and Arbitration Tribunals.
- * A World Development Fund through which a fixed proportion of their resources made available through disarmament will be devoted to development in the poorest nations.

Politicians signing this "Call For Global Survival" put their signatures on a document which read:

"We commit ourselves to this task:

"We recognise that the chief obstacle to disarmament and development is not a technical difficulty but a lack of political will. ON BEHALF OF THE MILLIONS WE REPRESENT, WE AFFIRM OUR POLITICAL WILL. WE MAKE THIS APPEAL ON BEHALF OF OUR CONSTITUENTS who, whatever their culture, whatever their ideology, whatever their nationality, share one desire: the desire for life."

The dogged inquiries of Mr Denis McKenna of New Zealand, including significant correspondence with N.Z. parliamentarians, elicited the fact that by January 1992 there were 22 N.Z. members, including former Prime Ministers David Lange and Mike Moore, Richard Prebble, Jim Anderton and three National Party members.

As we moved into the 'nineties, PGA material set out the claimed membership in its Annual Report. By country it read:

Argentina	...	11 members	Netherlands	...	7 members
Australia	...	30 members	New Zealand	...	17 members
Brazil	...	40 members	Norway	...	6 members
Canada	...	97 members	Pakistan	...	5 members
Chile	...	4 members	Paraguay	...	1 member
Costa Rica	...	6 members	Peru	...	41 members
Denmark	...	24 members	Philippines	...	5 members
Egypt	...	1 member	Poland	...	3 members
Europe (EC)	...	6 members	Portugal	...	5 members
Gambia	...	2 members	Sri Lanka	...	1 member
Germany	...	4 members	Swaziland	...	3 members
Iceland	...	1 member	Sweden	...	6 members
India	...	30 members	Switzerland	...	6 members
Indonesia	...	1 member	Tanzania	...	7 members
Ireland	...	13 members	U. K.	...	50 members
Italy	...	16 members	U.S.A.	...	38 members
Japan	...	3 members	U.S.S.R.	...	80 members
Madagascar	...	1 member	Venezuela	...	12 members
Malaysia	...	3 members	Yugoslavia	...	11 members
Mexico	...	7 members	Zambia	...	1 member
Namibia	...	1 member	Zimbabwe	...	5 members

In its early days "Parliamentarians For World order" had only a small Australian participation. Latterly, however, the Australian Parliamentary Disarmament Group, with a membership of between 40 and 50, has formally affiliated with "Parliamentarians Global Action". All members are Federal MPs, as membership of PGA is limited to Members of National Parliaments. John Langmore, Labour member for the A.C.T. until the end of 1996 has been the most prominent member, being both a PGA Councillor and chairman of the PGA's "Financial Debt and Financial Reform" Steering Committee. The financial debt and reform project began in 1988. In November of that year the PGA

Forum at the U.N. spent some time on the issue, publishing a statement which read:

"A group of scholars, bankers and senior politicians with particular expertise in the subject are being invited to join an Advisory Board . . . at the grassroots level . . . many experts, churches, non-government development organisations, business groups, unions, academic institutions and others are working on these issues and would be more than willing to assist a network of parliamentarians that can provide a political outlet for their work . . . Global Action has already initiated contact with many of these organisations . . . The media plays an important role in politics - and politicians have excellent access to the media. Global Action has already arranged television and print coverage using legislators as spokespeople on these issues . . . The campaign will involve legislators as spokespeople on these issues . . . The campaign will involve legislators, prominent personalities and experts, who will hold press conferences and regular meetings to brief the media . . ."

At the end of 1996 John Langmore resigned his Federal seat in Australia to take up a 1997 posting at the United Nations. Currently the details of this post are not known. It is a safe assumption that John Langmore's involvement with "Parliamentarians Global Action" will increase. With its disarmament programme on track, the PGA was, by 1991, ready to concentrate on an alternative - world government and a world peace-keeping force. On April 22 of that year a major PGA conference began in Stockholm, Sweden, called "The Stockholm Initiative On Global Security and Governance."

A host of prominent world identities were invited, including the late Willy Brandt, whose Brandt Commission Report so closely paralleled PGA; former British Prime Minister Edward Heath; Ingvar Carlsson, Prime Minister of Sweden; Gro Harlem Brundtland of Norway; Julius Nyerere of Tanzania; Vaclav Havel, Prime Minister of Czechoslovakia; Eduard Shevardnaze, at that time Gorbachev's Foreign Minister; and Shridath Ramphal, former Chairman of the Commonwealth Secretariat.

The outcome of this Conference was the issuing of "The Stockholm Initiative", a 40-page document on "Global Governance and International Institutions." It was summarised in the PGA's newsletter, June 1991:

GLOBAL GOVERNANCE AND INTERNATIONAL INSTITUTIONS.

Excerpts from the Stockholm Initiative Memorandum.

While history calls us back to old nationalisms and unreconstructed sovereignty, the present reality is that the world is becoming one human neighbourhood. There are no sanctuaries to insulate countries and regions from military disaster, economic crisis, poverty-driven migration or environmental collapse. Furthermore, the speed with which events today take place has fundamentally changed the time-frame within which human beings act and societies are affected. We urgently need a strengthened system of global governance. The present institutional set-up is not adequate to enable the nations of the world to deal effectively with the global issues, to set new rules and to enforce them.

Co-operation on issues that require countries to act in accordance not only with national interest but also according to global norms will demand a system that more clearly defines rights and obligations that must be respected. . . Norms must gradually acquire the status of law.

The world therefore also needs a system of sanctions to deal with those situations when a country, for whatever reasons, chooses not to comply with the order it has agreed upon. Clearly, this will require a new concept of sovereignty. Given the interdependence of today, the scope of sovereignty is in reality much more limited than either politicians or the public want to admit. For most nations this will be a difficult political transition - for the major powers as well as for many countries where nationhood is barely a generation old.

The fragility of these opportunities was made obvious by the conflict in the Gulf. Practically every aspect of interdependence was exposed by the repercussions of that conflict - peace and security, economy and environment, democracy and human rights. However, if political leadership can grow to meet the challenge, the lessons to be drawn from that conflict will be a part of the process of establishing a new order of global security and co-operation.

What is clear is that the process itself cannot be deferred. The old order is passing and a new world order must be established. Either we allow that new order to be determined by the fortunes of power, or we help to shape it in a conscious way responsive to human needs.

(We must) return to San Francisco - not to the drawing board but to the process of designing for survival. The intellectual work of appraisal and reform has actually begun . . . The effort now needs to be more structured, and a pathway to decision to be developed.

The United Nations needs to be modernised, and its organisations updated. We welcome the initiatives in this direction that have already been taken. This crucial time of opportunities in the world must be used to secure a process of reform by the 50th anniversary of the United Nations in 1995."

Parliamentarians Global Action, well funded by a number of foundations, now has a large and increasing input in United Nations and other Forums, on a range of issues from the environment to unemployment. In every case it seizes issues to justify some type of global control. Its participants and advisers come from a particular quarter of the political spectrum - those committed to world government and globalism. Its official advisers have included such people as Maurice Strong, the New Age chairman of the Rio summit, John Kenneth Galbraith, the patrician economist who conceded participation in "The Report from Iron Mountain" project, Dr Karen Khachaturov of the former USSR's Novosti Press Agency and David McTaggart, International Director, Greenpeace.

It was only a few months after the Stockholm conference that the revolutionary events which ousted Gorbachev took place in the Soviet Union. This may only have been a temporary setback to PGA. Its March 1994 newsletter welcomed four "new" countries into the fold - Cambodia, the Czech Republic, Nepal and Niger.

The organisation had also made the decision, at its February Executive Committee meeting in New York, to start recruiting membership from the Russian Parliament. In one of its glossy brochures PGA revealed the sources of some of its finances (Income in 1990 was almost \$US 1 million). The bulk came from tax-exempt foundations in the U.S. - Alton Jones Foundation, Bloch Foundation, Bydale Foundation, Careth Foundation, Carnegie Foundation, Ford Foundation, MacArthur Foundation, Joyce Mertz-Gilmore Foundation, Ruth Mott Fund, Ploughshares Foundation, Rockefeller Foundation, Rockefeller Family Associates, Scherman Foundation, Spanel Foundation, Streisand Foundation, Tides Foundation, Wallach Philanthropic Fund and Winston Foundation. ⁽¹²⁾

In this regard the findings of a Committee Report tabled by a Congressional Committee in the U.S. on December 16, 1954 are pertinent. The Reece Committee examined the impact and role of foundations, coming to the following conclusion:

"In the international field, foundations, and an interlock among some of them and certain intermediary organisations, have exercised a strong effect upon our foreign policy and upon public education in things international. This has been accomplished by vast propaganda, by supplying executives and advisers to government and by controlling much research in this area through the power of the purse. The net result of these combined efforts has been to promote 'internationalism' in a particular sense, a form directed towards world government . . . foundations have supported a conscious distortion of history, propagandised blindly for the United Nations as the hope of the world, supported that organisation's agencies to an extent beyond general public acceptance . . . "

THE BILDERBERGERS AND BANKING.

Parliamentarians Global Action is a Johnny-come-lately in the world government movement, obviously designed to invest the idea with an impression that it has the approval of elected politicians round the world, and even that it has been initiated by them. But other older and more powerful bodies with an even more secretive approach have been working consistently on the programme. In 1954 an organisation known as the Bilderbergers was established. The Hotel de Bilderberg in the small Dutch town of Oosterbeek on the last three days of May of that year gave the organisation its name. Over 80 high-powered international figures attended - political leaders, bankers, media executives and bureaucrats - including George Ball and David Rockefeller from the U.S., Hugh Gaitskell and Denis Healey from the U.K. and Prince Bernhard of the Netherlands, who was the first chairman. According to its strictly-confidential minutes the gathering decided that :

"insufficient attention has so far been paid to long-term planning, and to evolving an international order which would look beyond the present day crisis. When the time is ripe our present concepts of world affairs should be extended to the whole world . . . "⁽¹³⁾

Congressman John Rarick of Louisiana, speaking in the U.S. House of Representatives on September 15 1971, included these comments on the regular Bilderberger get-together:

". . . The best represented industry at Bilderberg is banking. The presidents of the Chase Manhattan Bank, David Rockefeller and the Manufacturers Hanover Trust Company, Gabriel Hauge are both Steering

Committee members. Walter B. Writson, President of the First National City Bank (James Rockefeller is chairman) has been a Bilderberg participant; three directors of the Morgan Guarantee Trust Co. have been participants at Bilderberg and one of them, Robert D. Murphy, chairman of Corning Glass International, is on the Steering Committee.

Although a traditional rival of the Rockefeller Banks, the Du Pont-Roosevelt founded Chemical Bank, New York Trust Company has had one of its Directors participate in the four Bilderberg meetings . . . the present Secretary of the Treasury and former chairman of the Board of the Continental Illinois Bank and Trust Company of Chicago, David Kennedy, appeared at a recent meeting. A disproportionate share of the participants at the Bilderberg meeting in Mont Tremblant, Canada, were international bankers. The list included: Wilfred S. Baumgartner, honorary governor, Banque de France; Louis Camu, President, Banque de Bruxelles; C. Douglas Dillon, President of Dillon Read and Co. and former Secretary of the Treasury; Allan T. Lambert, chairman and president, the Toronto Dominion Bank; Robert MacNamara, President of the World Bank; Louis Rasminsky, governor, The Bank of Canada; Baron Edmond de Rothschild of the House of Rothschild; and Marcus Wallenberg, vice chairman, Stockholme Enskilda Bank and a member of the Bilderberg Steering Committee . . ."

It did not take long for the Bilderbergers to start shifting world events. The U.S. Ambassador to West Germany, who attended the third Bilderberg Conference at Garmisch-Partenkirchen, is on record as saying:

"The Treaty of Rome, which brought the Common Market into being, was nurtured at Bilderberger meetings."

Since then the Bilderberg organisation has increased in size and scope. Despite its obsession with secrecy, it issues the occasional bland press statement to selected journalists. But woe betide any who instigate their own independent investigations.

The case of the famous British journalist C. Gordon Tether, the *Financial Times* analyst famed for his "Lombard" column, is a case in point. He dared to expose the impropriety of world political and banking leaders deciding global policy behind closed doors. Tether had a large and significant readership. His analysis, gleaned from continuous research of stock markets and gold prices, was revered. This did not deter his Editor, Mr M.H. Fisher, from abruptly sacking

him, when Tether refused to remain silent in his columns on what he saw as some unsavoury aspects of the Bilderbergers.

Tether knew nothing of the organisation until he stumbled on news of the April 1974 meeting at Megeve, France, in the Hotel Mont d'Arbois, owned by Baron Edmond de Rothschild. There had been no information of any kind in the media about this, the 23rd Conference. Tether had obtained his information from the newsletter of a Montreal stock-exchange firm. He believed the information should be publicly known, and refused to remain silent. His career was ended as a result.

(14)

Every year, with the exception of 1976, the Bilderberg meetings have been held behind closed doors at exclusive hotels and resorts in Europe or America. There is always extensive security and surveillance. For example, the 1974 Megeve meeting was surrounded by close on 1,000 security police. Great efforts are made to keep the identities attending and the topics secret. But with the huge administration involved, and the nature of the conferences, there has been a steady and increasing trickle of information, which has forced more official disclosures as a form of protection.

The 1991 Bilderberg meeting, held in Baden-Baden, Germany, (June 6-9) naturally concentrated heavily on the exploding events under Gorbachev in the U.S.S.R. Under the chairmanship of former British Foreign Secretary Lord Carrington, the guest-list looked like a global "Who's Who". Apart from Canada and America, attendees came from Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and Turkey. Central and private bankers mingled with presidents, prime ministers, military personnel, mayors and media tycoons. Conrad Black was there, as was Andrew Knight representing Rupert Murdoch's News Ltd. Aspiring president Bill Clinton, Henry Kissinger, current World Bank President Jim Wolfenson and David Rockefeller shared with trade union leaders and members of the European Parliament. The Gulf war and the financing of Gorbachev's programme received close attention.

By the time of the 1992 Bilderberg meeting, in Evian, France in May, Gorbachev had resigned from the Soviet leadership. His strenuous efforts to maintain centralised control of the old Red Empire had failed. A new Commonwealth of so-called independent republics was in the making, partly by design and partly by necessity. The IMF

and the World Bank were trying to ensure that the new breakaways all maintained debt-dependency. The same old faces were again at Bilderberg - Carrington, Kissinger, David Rockefeller, George Ball, Paul Volcker, Agnelli et al. There were also one or two interesting newcomers. Robert Strauss, the U.S. Ambassador to a new Russian Federation which had not even been delivered was in evidence. So was a Board member from Fiat in Italy, Renato Ruggiero, who within three years was to head the third world government instrument, the World Trade Organisation.

In 1993 - the year that saw the dramatic emergence of three global trading blocs in the space of three weeks - the Bilderberg conference was held at Vouliagmeni in Greece between April 22 and 25. A new British 'first-timer' was there, Tony Blair who had replaced John Smith as Labour leader. Smith had been at the 1991 Baden-Baden conference. Kenneth Clarke, Britain's Chancellor of the Exchequer was also there, as were Conrad Black of the Hollinger group, and Andrew Knight for News Ltd. Rodric Braithwaite, British Prime Minister John Major's Foreign Policy Adviser, also attended.

Many of the developments mapped out and implemented through the Council on Foreign Relations, the Bilderbergers and the Trilateral Commission had been forecast by Carroll Quigley in "Tragedy and Hope":

"... The EEC Treaty, with 572 articles over almost 400 pages . . . looked forward to eventual political union in Europe, and sought economic integration as an essential step on the way . . . this whole process was to be achieved by stages over many years . . ." (15)

THE TRILATERAL COMMISSION.

On July 23 and 24, 1972, the first official meeting of another world government body was held at Pocantico Hills, New York. Formed at the instigation of David Rockefeller, it was to be called the Trilateral Commission. The concept was born in the mind of Zbigniew ('Ziggy') Brzezinski, whose studies were financed by the Brookings Institution. The term 'Trilateral' referred to a planning troika consisting of Japan, the U.S. and Western Europe. In a speech given in Kyoto, Japan on May 31, 1975, entitled "Trilateral Relations in a Global Context", Brzezinski outlined the concept of a New World Order, and added:

"... In this connection, let me say a word or two about the role of the communist states in this process. I think it is essential that they be engaged. We have to seek co-operation with the communist states, pointing eventually to a political and ultimately even a philosophical accommodation with them..."

Former Republican presidential candidate Senator Barry Goldwater was under no illusions about the organisation:

"In my view the Trilateral Commission represents a skilful, co-ordinated effort to seize control and consolidate the four centres of power - political, monetary, intellectual and ecclesiastical... Freedom - spiritual, political, economic - is denied any importance in the Trilateral construction of the next century... What the Trilaterals truly intend is the creation of a worldwide economic power superior to the political governments of the nation-states involved... As managers and creators of the system they will rule the future..."⁽¹⁶⁾

Just as the Bilderberg Organisation has concentrated mainly on events in Europe, including the former U.S.S.R., the Trilateral Commission has fostered the division of the world trilaterally, obviously now seen in the three blocs that have emerged. This was revealed in a statement by Robert R. Bowie, a Trilateral member in 1973 (20 years before the blocs were formalised):

"Trilateral co-operation is a necessary precondition for moving toward any solid structure of global order and peace. While the aim is to foster co-operation among three advanced regions (the U.S., Japan and Western Europe) it is recognised that they cannot cope with many of the problems alone. They will have to take into account the interests of other nations and regions and often will have to work within wider international agencies, such as the GATT (now the World Trade Organisation - author) the International Monetary Fund, the World Bank and its affiliates, etc..."⁽¹⁷⁾

"Ziggy" Brzezinski, speaking in Kyoto, Japan, May 31 1975, in a speech entitled "Trilateral Relations in a Global Context", clarified it further:

"I would hope to see the emergence of new political caucuses spanning our trilateral regions in some existing international institutions. But I would argue that the focus of much of this must be on the fashioning of a more just and equitable world order... Today the challenge which we ought to welcome is to shape a system which embraces the entire global community, and our

trilateral regions can find a special opportunity in moving towards that end. . .
"(18)

Lenin and Stalin, with their emphasis on regionalism as a transitional step to globalism, would have tended to agree!

The Trilateral Commission held its 15th plenary meeting in Tokyo, April 9 to 11, 1988. This was only six months after the 1987 stockmarket crash. Japan's Prime Minister and Deputy Prime Minister both spoke to the gathering, and a concluding reception was held at the Prime Minister's residence. Like the Bilderbergers, bankers and government officials gathered from round the world.

David Rockefeller, a past chairman of the Council on Foreign Relations, and on the Steering Committee of the Bilderbergers, was a co-chairman of the 1988 Tokyo gathering. This was natural enough, since it was through his initiative and patronage that the Trilateral Commission had been formed. There was a faint air of anxiety in some of the speeches. Senator John Rockefeller, former Governor of West Virginia, lamented:

" . . . The U.S. cannot keep its place in the world without a strong economy . . . America can no longer buy without selling; consume without producing; borrow without saving . . . It is not the fault of the Japanese if we have a massive budget deficit and a microscopic savings rate. It is not the fault of the Koreans if we have let our education system slip . . . "

A similar sentiment from the European viewpoint by Piero Bassetti, an Italian politician who also headed Italy's Chambers of Commerce, led to his conviction that an enlarged, unified Europe would solve their problems. The growth of a number of European multinationals, he claimed, was helping the process considerably.

One after another, American, European, Chinese, Korean and Japanese speakers re-dedicated themselves to trilateral regionalism, with global control as the final end. (19)

Ironically, Strobe Talbott, the Bilderberger whose hegelian article on the dangers of regional blocs we quoted earlier - which was to appear in *TIME* four years later - was also a speaker! In April 1991 Australia's then Foreign Minister, Senator Gareth Evans addressed the Trilateral Commission - again, in Tokyo. His address was a litany of assurances that Australia was doing its level best to comply with the Trilateral requirements. He described the old Australia as "something of a European outpost or, as I have said elsewhere, a cultural misfit trapped by

geography . . . " (How the ANZACS who had died defending a great nation would have cringed at his remarks.)

Senator Evans went on:

" . . . The task we have set ourselves in recent years is nothing less than to turn that perception on its head. . . In the first place, since the early 1970s we have practised a wholly non-discriminatory immigration policy, and the proportion of Asian members of the Australian community is steadily growing . . .

Secondly, throughout the 1980s we have been reshaping our economy, breaking down protectionist barriers, and deregulating, loosening and opening up the economy . . .

Thirdly, since the mid-1980s we have . . . now built our defence philosophy and force structure around the concept of defence self-reliance - developing the capability to handle all but the most extreme contingencies with our own resources. I should say in this respect that we are entirely comfortable with the "cooperative-vigilance" approach to Asia Pacific security recently enunciated by the Pentagon, which implies a sharing of security responsibility by both senior and junior alliance partners . . . And, finally, through most of the 1980s . . . we have been conducting an energetic foreign policy in the region - built around, but not confined to, some high-profile initiatives like Asia-Pacific Economic Co-operation . . .

One way of capturing the flavour of this expanded new internationalist agenda is to say that it is about good international citizenship . . . " (20)

Both Bilderbergers and Trilateralists depend on the financial contributions of multinational, banking and foundation donors, as the parent body - the Council on Foreign Relations - did before them. A comprehensive analysis of the Bilderberg meetings, compiled by the Centre For Global Studies contained this description:

" . . . The conference operates on a low budget with a small secretariat office in the Hague and everybody paying his way, except for the occasional valued but impoverished intellectual. Its basic operating expenses are readily covered by contributions from either the wealthy individuals who participate, or by their companies; to name a few of the latter: Fiat, Ford, Unilever, Courtaulds, Imperial Chemicals, Kleinwort Benson, Alean, Lehman Brothers, Dunlop Rubber, Exxon, August-Thyssen Huttel, Tube Investments, Shell and General Electric. With friends like these, money is not a problem . . . " (21)

Between 1976 and 1979 the Trilateral Commission (North America) listed the following among its financial sponsors: The Ford Foundation, Lilly Endowment Inc. Rockefeller Brothers Fund, Charles F. Kettering Foundation, Fritz Thyssen Foundation, Andrew W. Mellon Foundation, German Marshall Fund, Volkswagenwerk Foundation, William H. Donner Foundation, Sumitomo Fund, General Motors Corporation, Sears, Roebuck & Co. Coca Cola Company, Time Incorporated, Caterpillar Tractor Co. Deere & Co. Wells Fargo Bank, Exxon Corporation, Columbia Broadcasting System Inc. Texas Instruments Inc., Honeywell, Cargill Inc., Cummings Engine, Weyerhæuser Co. Apart from these, a number of private individuals, including David Rockefeller, also contributed. (22)

It seems clear that these organisations are not averse to seizing genuine issues to use as fulcrums for centralising power. Increasingly through the eighties and into the nineties the environment has provided such a fulcrum. This is made easier because there IS a genuine environmental crisis. It is largely the product of a world debt-crisis which has FORCED soil-degradation, pollution, chemical destruction, enormous waste and built-in obsolescence.

The bankers pushing for world power, and the multinationals seeking dominance over production and distribution, are the main creators of the crisis they now claim the right to solve. They have coerced considerable numbers of environmentalists into the idea that world control will solve environmental degradation and create sustainability.

A classic example is the programme fostered by such people as the Trilateralist Maurice Strong, a multi-millionaire whose main fortune was made, like the Rockefellers, in the oil industry.

In June 1972 the first United Nations environmental conference was held in Stockholm, Sweden. The outcome was the formation of the U.N. Environmental Programme (UNEP). The first Executive Director was the Canadian, Maurice Strong.

In early 1981 the author was engaged in a lecture tour of Canada. Canada's Prime Minister at the time was a revolutionary socialist, Pierre Elliot Trudeau. A former Communist, Trudeau had led a Canadian delegation to the 1952 Moscow Summit which began the second phase of the long-term Comintern programme (see Chapter Five). The following is a report the author wrote at that time:

"Last July (1980) Toronto was the venue for the First Global Conference of the Future, sponsored by the World Future Society. This unlikely-sounding assembly was attended by over 5,000 from many parts of the world. Among speakers was Aurelio Peccei, leader of the nefarious Club of Rome, and Orville Freeman, the U.S. Council on Foreign Relations member who is chairman of the board of governors of the United Nations Association, U.S.A. Canada's contribution to the panel was one Maurice Strong, who ran the Canadian International Development Agency (C.I.D.A.) for four years. He is currently chairman of PetroCanada, the state-controlled company now being used to nationalise energy in Canada.

Strong told the Conference: "An international system of government is not an option; it is a necessity. It has just got to be put into place. . ."

Maurice Strong also happens to be a member of the Trilateral Commission! ⁽²³⁾

Early in 1981, Petro-Canada, a state-owned petrol company from whose chairmanship Maurice Strong had just resigned, took over the private company Petrofina Canada Inc. Canadian press articles on April 16 of that year reported that:

"a Swiss company - of which former PetroCanada chairman Maurice Strong is a vice-president - was paid 'close to' \$950,000 to handle the takeover of Petrofina Canada Inc."

Press reports on April 23 noted that Petrofina's shares had been listed at \$87.50 on January 29, but that PetroCanada was planning to pay \$120.00 per share in the takeover. Trading in the shares was suspended on April 24. The press reported that Petrofina officers and directors made a big clean-up on the deal.

By May 1983 Maurice Strong had been appointed to head the Canadian Development Investment Corporation, a government body created to take over another scandal-ridden government agency, the Canadian Development Agency, which had squandered hundreds of millions of tax-dollars in schemes reminiscent of South Australia's banking scandals and W.A. Inc. The legislation ensured the new body was immune from public audit, despite having a budget of \$3 billion!⁽²⁴⁾

Nine years later Strong was the Secretary-General of the United Nations Conference for the Environment and Development (UNCED), the official name of the now-famous 1992 Rio de Janeiro Earth Summit. This was but a small part of his interests. At the same time he was president of the World Federation of United Nations Associations, co-chairman of the World Economic Forum, member of the Club of Rome,

trustee of the Aspen Institute for Humanistic Studies, a director of the World Future Society, Director of Finance of the Lindisfarne Association (an off-shoot of Findhorn), and organiser of the International Business Council for Sustainable Development. He was also convener of the Fourth World Wilderness Congress, held in Colorado, at which bankers David Rockefeller, Edmond de Rothschild and Michael Sweatman put forward the idea of a world environmental bank whose purpose would be to offer indebted nations financial relief in exchange for control of their wilderness areas - in other words, "debt-for-equity-swaps".

In 1991, just prior to the Rio Earth Summit, Maurice Strong joined forces with David Rockefeller in writing the 'foreword' to a Trilateral Commission publication *"Beyond Interdependence: The Meshing of the World's Economy and the Earth's Ecology"*, written by Canada's Jim MacNeill, the man who put together the "Bruntland Report" with former Norwegian Prime Minister Gro Harland Bruntland, a member of the Socialist International and former chairman of the World Commission on Environment and Development. The whole emphasis behind these activities is to link environmental and population control into the final 'global governance' structure.

Despite the huge expenditure on such programmes, aimed at safeguarding the world by central compulsion, far more has been achieved by quiet volunteers like Bill Mollison and the Permaculture movement; the late P.A. Yeomans and the Keyline concept; and other practical leaders in the organic movement who were teaching long before the shrill world government advocates came along.

THE CLUB OF ROME.

In mid-1974, about the time the United Nations General Assembly made an official Declaration for the introduction of a New International Economic Order, exploratory discussions were held between Italian industrialist and banker Aurelio Peccei and Alexander King, which led to the establishment of the Club of Rome - ostensibly an international body of scientists, industrialists and academics concerned at the plight of the world. Its first report, directed by Dennis Meadows, "The Limits To Growth" attracted world-wide attention, and was obviously correct in pointing to the enormous waste, duplication and the needless squandering of natural resources involved in the implicit premise behind conventional economic beliefs. It challenged

the notion that 'growth' is the sole criterion of human satisfaction. But its analysis of the causes was, to say the least, dubious. There was no attempt to deal with the politics of finance.

The second report, published in March 1975, "*Mankind At The Turning Point*", came out heavily in favour of central planning to counter world crisis. It advocated the division of the world into ten regions, ultimately to be absorbed into a world federation. There was an uncomfortable similarity to the concepts of Lenin and the Comintern already discussed.

Two further reports followed close together in 1977. The third Club of Rome Report, "*Reshaping the International Order*" (RIO) confirmed the worst fears of many, that this was simply another packaged world government initiative. It advocated:

- (a) *The gradual introduction of a system of international taxation which should be handled by a World Treasury...*
- (b) *The creation of an international reserve currency by an international authority, such as an international Central Bank...*
- (c) *A number of measures have been proposed which should bring greater planning and coordination in the field of domestic food production and international supplies of food... In the last analysis, it may require the setting up of a world food Authority to supervise this vital area of human activity and survival.*

The achievement of this global planning and management system calls for the conscious transfer of power - a gradual transfer to be sure - from the nation-state to the world organisation... "

"Many in the RIO group believe this equitable social order could best be described as 'humanistic socialism' since it would aim at equalising opportunities within and among nations and be founded on universal values... (p.63) and "... This implies a voluntary surrender of national sovereignty as conceived today..." (p.82)

"Goals For Mankind" was an examination of all the disparate societies, nations, religions and ideologies out of which a centrally-regulated system of universal values had to be fashioned.

Coinciding with these two reports, the President of the Club of Rome, Dr Aurelio Peccei, visited Australia in 1977. The headline in *The Australian* read:

U.S. MUST TAKE LEAD IN GLOBAL PLANS FOR THE BRAVE NEW WORLD:

"The economic and social future of the world is too serious a problem to be left to politicians, according to Dr Aurelio Peccei. Dr Peccei is President of the Club of Rome, a loose gathering of about 100 distinguished academics, businessmen and statesmen, which initiates occasional studies of international problems . . . The Club of Rome concerns itself with "the present and future predicament of man" - particularly the disparity between the fortunes of the industrialised rich countries and the underdeveloped poor nations.

"We are in a state of crisis," Dr Peccei said in an interview. "Politicians are not the answer. New ways of solidarity will not be prepared by our leaders but by what I call 'antibodies' - the non-government bodies like the womens' liberation movements, environmental pressure groups, academicians and so on. Global planning needs a period longer than four years. Politicians are in a cage that separates them from the rest of the world . . ."

The Club of Rome is involved in several projects aimed at offering solutions. The projects emerged from the proposals contained in a U.N. Charter of the Economic Rights and Duties of States, and the resolutions adopted by the sixth special session of the U.N. General Assembly in 1974 . . ." (i.e. NIEO) (25)

There was no response from any parliamentarian, pointing out that Australia already had an enlightened decision-making process to resolve its own problems; that it did not seek to superimpose any particular model on the Australian people, preferring instead to serve them through a democratic process within the paradigms of a citizen-controlled constitution. Nobody pointed out to Dr Peccei that, paramount to the Australian system is the belief that the considered judgement of Australians is required about their own future and their relations with other nations; and that this process is neither expendable nor transferable. Nor did any leader question the fact that the Club of Rome tacitly avoided any mention of the single most compulsive goad driving mankind towards unsustainability - a financial system which accounted for all human action and interaction in terms of unrepayable, compounding debt, which, until changed, distorts all genuine progress into a parody of itself, replacing harmony with friction, joy with despair and peace with war. Whether this omission is due to the fact that the Club of Rome depends for its 'raison d'etre' and its continued

sustenance on those who control the financial system is a pertinent question.

THE SOCIALIST-INTERNATIONAL BRIDGE.

Until the appearance of Mikhail Gorbachev in 1985 the Cold-War gulf between East and West was publicly portrayed as all-embracing. Leaders stood before an impenetrable Berlin Wall decrying tyranny. The tyranny was real enough. Communism behind the Iron and Bamboo curtains had murdered or starved to death hundreds of millions of people. Religious faith had been driven underground - except for the sanitised 'show' churches still needed for propaganda purposes. KGB operatives in ecclesiastical garb had insinuated themselves into the World Council of Churches which, from 1960 onwards, changed from a religious to a revolutionary role.

Few noticed there were a number of people who were "*persona grata*" on both sides of the divide, a situation which had prevailed since 1917. Men like the ubiquitous Armand Hammer and his family, Former U.S. Secretary of State Henry Kissinger, the diamond king Harry Oppenheimer, the Rockefellers and the executives of a number of commercial companies had 'carte blanche' on either side of the Iron Curtain. Dr Anthony Sutton, former Research Fellow at the Hoover Institute, writing of the early days after the Bolshevik revolution concluded:

"... A syndicate of Wall Street financiers enlarged their monopoly ambitions and broadened horizons on a global scale. The gigantic Russian market was to be converted into a captive market and a technical colony to be exploited by a few high-powered American financiers and the corporations under their control..." (26)

Another breed of idealistic dreamers was also welcomed to the Soviet utopia. Sydney and Beatrice Webb and George Bernard Shaw, early founders of the Fabian Society, Hewlett Johnson, the 'Red' Dean of Canterbury came back from Lenin's soviet extolling a new socialist nirvana. One of those who saw through this cant was Malcolm Muggeridge, who had been sent to Russia by *The Guardian* to spin enchanting articles on this new hope for mankind. They refused to accept his first-hand articles on the grim reality he encountered.

Thus, there has always been a sort of theosophical 'Bloomsbury Group' wandering in and out of the socialist maze in western countries, perching in the Fabian Society and the Socialist International. They are

often well-meaning, muddle-headed and an easy prey for the hard-nosed revolutionaries who make use of them. Lenin termed them "useful idiots".

Historically, the Socialist International had its origins in the work of Karl Marx, being formally established in 1864. It can best be described as an international umbrella for socialist political parties and organisations round the world, existing to co-ordinate policies on the international scene, and to stimulate socialism within national borders. Rose Martin's heavily documented "*Fabian Freeway*" said (p.378):

"Under the impact of World War II the Second International, whose bureau was in Zurich, once more fell apart. During the War Years . . . the Fabian International Bureau served as a host in London to a number of the Socialist International's exiled leaders. In 1946 the old International was formally dissolved at a conference of delegates from nineteen countries held at Clacton-On-Sea and Bournemouth, England, and an International Socialist Bureau was set up in London. At a congress held in Zurich on June 7, 1947, a resolution was passed stating the time was ripe to consider re-establishing the Socialist International.

Meanwhile, affairs of the International were handled by the Committee of the International Socialist Conference, known as COMISCO, which held its first session in London during March 1948. Under the chairmanship of the veteran British Fabian Socialist Morgan Phillips, COMISCO took an active hand in setting up the labour arm of the Socialist International, the Confederation of Free Trade Unions. COMISCO likewise undertook to revitalise the more overt affiliates of the Socialist International, among others the International Organisation of Socialist Youth. (Other integrated affiliates of the Socialist International are: the Asian Socialist Conference; the International Council of Social Democratic Women; the Socialist Union of Central-Eastern Europe; and the International Union of Social Democratic Teachers). . . "

Mrs. Martin's *Fabian Freeway* went on:

"Through socialists of many nationalities accredited to the United Nations, COMISCO aided the International Organisation of Socialist Youth in obtaining consultative status on various inter-governmental bodies.

These included UNESCO and the United Nations Economic Commission for Europe, represented by Gunnar Myrdal and Walt Whitman Rostow. (Other inter-governmental organisations in which the

International Organisation of Socialist Youth enjoys consultative status are: The U.N. Economic and Social Council (ECOSOC); the U.N. Economic Commission for Asia and the Far East; the U.N. Economic Commission for Latin America; the U.N. Food and Agricultural Organisation; the World Health Organisation; High Commissioner for Refugees; the Council of Europe; Council of Consultative Non-Government Organisations; the World Federation of United Nations Associations; the International Student Movement for the United Nations; Co-ordinating Secretariat of the National Unions of Students; European Youth Council. Documentation - Yearbook of the International Socialist Movement, 1956-57 (p. 100). Young socialists, who were not always in their first youth, were pledged to work for a new world order "to replace capitalism by a system in which the public interest takes precedence over the precedence of private profit . . ." (27)

Formal rebirth of the Socialist International occurred at the Frankfurt Congress of 1951, after which a permanent headquarters was established in London. At a second Congress that same year - October 17-21 in Milan - the Socialist International issued "A Socialist Policy for the Under-developed Territories - A Declaration issued by the Second Congress of the Socialist International". Its tenets have since been woven into many U.N. projects.

The Declaration said, *inter alia*:

"It is the primary task of Socialists to create a public opinion favourable to active participation in a programme of assistance to underdeveloped countries, even if this effort should entail sacrifices from the peoples of the more advanced countries . . ."

The terrible effects of this type of thinking by theorists with no practical understanding of reality can be seen in the Lima Declaration and its aftermath.

From its modest beginnings in 1951 the Socialist International gained strength in leaps and bounds. Writing in "Socialist International Information" on August 24, 1963, Britain's Labour leader Hugh Gaitskell said:

"The British Labour movement, dedicated to equality and the ending of divisions between the haves and the have-nots in these islands, recognises a socialism which stops at our own shores as a hypocrisy; that the co-existence of the privileged and the under-privileged is as indefensible between nations as it is within nations . . ." (28)

Unfortunately, many who would have agreed with helping under-privileged nations were unaware of the price to be paid. The Socialist International, at its 1962 Oslo Conference, was quite specific:

"The ultimate objective of the parties of the Socialist International is nothing less than world government . . . Membership of the United Nations must be made universal, so that all nations, including China, may be represented by their governments in power . . ."⁽²⁹⁾

By 1964 the British Labour Party, which had become the government under Harold Wilson, carried the same objective.

"The New Britain; the Labour Party's Manifesto for the 1964 General Election" stated clearly:

" . . . For us World Government is the final objective . . ."

The Wilson government contained 57 members of the Fabian Society, only three members of the Ministry not being listed as Fabians.

In each industrial country the socialist vision was expanded. The National Democratic Party (NDP) in Canada for instance, at its 1969 Winnipeg Conference, saw the introduction of the "Waffle Manifesto" - a hard-line marxist document envisaging total State control of the whole of Canada, and a re-alignment of its international position. The Waffle wing of the NDP - dominated mainly by Trotskyists - enlarged this further at the Ottawa Conference in 1971, with a blueprint for an independent socialist Canada. It was stressed that militancy outside parliament was more important than the parliamentary process itself.

The Australian Labor Party (ALP) was preparing for its own succession to power in 1972, and a host of Fabian essays, collected in the book *"Towards a New Australia"* made it clear that socialist concepts would be imposed on Australia through international treaty obligations and the dismantling of traditional constitutional safeguards.⁽³⁰⁾

The 1984 Centenary publication, *"100 Years of Fabian Socialism, 1894-1994"* contained a chapter on the Australian Fabians, including these remarks:

" . . . A Fabian Society of New South Wales was formed in 1948 by the economists Heinz Arndt, Noel Butlin and Kingsley Laffer, together with the N.S.W. Attorney-General Clarrie Martin, and revived later with Gough Whitlam as its patron and the future Whitlam Principal Private Secretaries, John Mant and Jim Spigelman, as Chairman and Secretary. A further revival took place in 1983 on the initiative of a future N.S.W. Government Minister, Bob Carr, and a future Assistant Secretary of the

N.S.W. Trades and Labour Council, Michael Easson, with the N.S.W. Premier, Neville Wran as Patron.

A Canberra Fabian Society was established in the late 'sixties by Bob Whan from the Bureau of Agricultural Economics, along with the future national President of the Administrative and Clerical Officers' Association Ann Forward and her mathematics lecturer husband Kevin Forward. It was revived in 1984 by Robert Cooksey, then a senior lecturer in Political Science at the Australian National University now a Ministerial Consultant to the Minister for Defence; Ken Bennett, the Assistant Federal Secretary of the A.L.P.; and a treasury economist, Alan Burnett . . . The Victorian Fabian Society gradually moved to fill the gap by operating nationally, with members in every State and Territory. In 1984 it merged with the Fabian Society of N.S.W., the Canberra Fabian Society and the Queensland Fabian Society to form the Australian Fabian Society, which is the largest Fabian Society ever to exist outside Britain itself . . . Gough Whitlam adopted the Fabian approach from the day he entered Parliament in 1952, and the seminal 1972 Whitlam policy speech was a drawing together of the threads of 20 years of systematic Fabian research and planning ... The tradition of Labor leaders being Fabians endures currently in the present Prime Minister, Bob Hawke, and the Premiers John Bannon, John Cain and Neville Wran. . . " (31)

Bob Hawke's address to the Australian Fabian Society Centenary Dinner in Melbourne, May 18, 1984 was added confirmation: ". . . I gladly acknowledge the debt of my own government to Fabianism .." (32)

The Queensland Fabian Society, incidentally, received a grant of \$1,000 from the Department of Home Affairs and the Environment, under its Minister Barry Cohen, according to a ministerial letter dated April 5, 1984. Without evidence, one can only assume other branches received some tax assistance as well. The grant was specifically for the centenary celebrations.

The 1982 Platform, Constitution and Rules of the A.L.P., put together under the guiding hands of Neville Wran and Bob McMullan just prior to Bob Hawke's ascent to the prime ministership, listed the following basic objective:

"Commitment to and participation in the international democratic socialist movement as represented by the Socialist International. . . "

The tragedy is that so few Labor voters understand how their traditional aspirations have been replaced. This was particularly apparent in the A.L.P.'s reaction at the time of the Gulf War. Paul Kelly's article in *The Australian* summed it up neatly, headed:

WHY LABOR WOULD GO TO WAR FOR THE NEW WORLD ORDER:

"This week the Labor Party's left wing, renowned for decades for being anti-American, isolationist and pacifist, gave its authorisation to a war, if necessary, spearheaded by the United States . . . Such a move, just six months ago, would have been inconceivable. . . During the left-wing's soul-searching . . . the best speech came from Victorian back-bencher Andrew Theophanous. . . " A new world order is emerging, as is shown by the unprecedented resolution 678 of the United Nations Security Council . . .

When a situation arises in which the U.N. has gained a tremendous boost in its power, in its prestige, in its authority, and is able to carry resolutions and concrete actions as a result of those resolutions, then people who describe themselves as leftist or socialist should not be concerned about it, but should welcome such developments because the increase in the powers of the U.N. is a very significant development.

It is something which the A.L.P. has been committed to for many, many years - ever since the time of Dr. Evatt. . . " (33)

It is clear there was a close and extensive co-operation between the Socialist International and the international Communist movement. The bridge between these two strangely compatible bodies was the so-called 'non-aligned' Yugoslavia. From 1960 onwards the Communist government under Tito published the "Review of International Affairs" in English for world-wide distribution.

Its December 1980 issue made it abundantly clear that the Club of Rome material synthesised a communist/capitalist rapprochement in the New International Economic Order:

" . . . The appearance of "The Limits To Growth", the first report of the Club of Rome, sent a shock through the prevailing concepts of development . . . "Mankind At the Turning Point". The second report of the Club of Rome, launches the concept of the world economy's "organic growth". It calls for redefining the notion of growth, redirecting economic and technical progress, global balance, and narrowing the gap between man and nature and between North and South. These different approaches . . .

have all found their expression in the concept of the NIEO. All later efforts to fix the direction, contents and strategy of international development have been based on this concept, in an attempt to interpret, develop or revise it as best as possible . . . The third "RIO" report of the Club of Rome appeals for universal prosperity, equality, freedom, democracy, participation, cultural diversity, protection of the environment, a fairer international economic and international social order, more rational use of resources, and optimal international division of labour. The unpublished IV preliminary version of the report envisages the future world order as "global order of humanistic socialism . . ."

The article, authored by Jelica Minic of the Institute for International Politics and Economics, went on to point out that such international conferences and declarations as the 1975 Third World Forum in Mexico, the UNIDO Conference in Peru which produced the "Lima Declaration", the Tripartite Conference of the International Labour Organisation in Geneva in 1976, and several non-aligned conferences since that date, all based their findings and intentions on the Club of Rome material. The article continued:

" . . . It should be noted that this Report (i.e. RIO by the Club of Rome - author) for the first time gives detailed consideration to the concept of humanity's common heritage, to the "world state" (decentralised planetary sovereignty with the network of powerful institutions of world money, as the specific elements and organisational basis of the new international order) . . . "

THE SOCIALIST INTERNATIONAL AND BRANDT.

In 1978 the Socialist International met in Vancouver, Canada. The meeting was attended by the Canadian Prime Minister at that time, Pierre Elliot Trudeau.

Once again, the Yugoslav publication, *Review of International Affairs* (June 20, 1980) in an article by Borut Zupan, explained the outcome:

" . . . At the XIII Congress of the Socialist International in Geneva, 1976, it was perceptible for the first time that it was moving away from Euro-centrism and that, under the leadership of Willy Brandt, as the architect of the political offensive in the developing countries, it seeks to assert itself as a global alternative path to the New International Economic Order . . . Recently, and especially since the XIV Congress in Vancouver in 1978, the

Socialist International has been stepping up its activity in international and political affairs . . .

Adherence to the conception of new world economic order was affirmed at the Vancouver Congress . . . Amongst the theoretical works and deliberations on the problem of transcending existing international economic relations, the work by the Dutch social-democrat, Tinbergen, "Re-Shaping the International Order", published by the Club of Rome in 1976, has come to occupy an outstanding place. As a reflection of the Socialist International's heightened concern for global international economic negotiations, an Independent Committee for International Development Issues (ICIDI, or the Brandt Committee) has been formed, which apart from Western politicians and economists of a social democratic and reformist bent (O. Palme, E. Heath etc.) is mainly composed of specialists for development problems in the developing countries . . . The delegates to the Vancouver Congress espoused liberalisation of commodity trading . . . The documents of the XIII Congress of the Socialist International expressed a willingness to broach the question of technology and to raise the volume of assistance to the developing countries to 0.7% of the gross national product of the developed countries . . . The Vancouver Congress showed that the Socialist International and the International Confederation of Free Trade Unions (ICFTU) are co-operating closely on propagating the influence of the reformist doctrine in the developing countries . . . the ICFTU has regional organisations in Asia, Africa and Latin America. The deliberations and conclusions on the New International Economic Order at last year's XII Congress of the ICFTU in Madrid had emphases similar to those in the charter "Towards a New Economic and Social Order" is the Confederation's basic political document on the trade union aspects of building a New International Economic Order, which Vancouver documents. The ICFTU's development has now been extended further by the Brandt Commission Report . . . "

The importance of this cannot be overstressed. In the formulation of the Brandt Commission as a specific initiative of the Socialist International, all the threads of the supposedly-disparate world government agencies were drawn together - the Council on Foreign Relations, the banking interests referred to by Carroll Quigley, the Bilderbergers, the Trilateral Commission, the Fabian Society, traditional marxist-leninist Communism, the United Nations and its

agencies, the World Council of Churches (WCC) and the Socialist International.

There was, and is, only one spinner of the global web. Every aspect of the coordinated programme is amply funded. A supposedly-free but abject media knows its place. Censorship by omission is endemic. The story of the moves for global control, and its interlocking associations and institutions is simply missing from the current affairs programmes and the front pages of the world's media. The current carnage and destruction in the world, largely created by this programme, is portrayed day after day in all its sickening detail. If it is proffered in any sort of political or economic context, it is usually in a way which justifies global management and control.

Who, then, was the late Willy Brandt, the former chairman of the Socialist International and the Commission which holds his name?

Born Karl Herbert Frahm in Lubeck, he joined the Socialist Youth Movement in 1929, the Social Democratic Party (SDP) a year later, and finally the Communist Party in 1931. He fled Germany in 1933, and began a long period in Scandinavia, returning to his homeland in 1945. By 1969 he was leader of the SCP and Chancellor of West Germany. His departure from national politics was an ignominious one. Gunter Guillaume, a colonel in communist East Germany's army, was a 'mole' who worked his way onto Brandt's personal staff in the early 'seventies. At Guillaume's trial in 1975, testimony was given that Brandt trusted him so completely that he was allowed to carry top de-coded NATO security documents to and from Norway, where the Chancellor spent his holidays. Even when 'tipped off' as to Guillaume's real identity, Brandt refused to take action until it was impossible to hush up the facts any longer. He was forced to resign in 1974. None of which, apparently, tarnished his image one whit among the new world order team-mates. In fact, it was probably enhanced. Loyalty to one's country is regarded as 'passe' among internationalists.

Willy Brandt, 'commissioned' by the Socialist International Vancouver Conference, commissioned in turn the structure his project required. Three 'ex-officio' members established the machinery; a former Netherlands MP, Jan Pronk, who had been research assistant to Jan Tinbergen, producer of the Club of Rome RIO report, was appointed Treasurer, and the ideal Treasurer he proved to be, financing the report himself. He subsequently became deputy Secretary-General

for UNCTAD (United Nations Conference on Trade and Development). Mr Goran Ohlin was appointed Secretary. The Director of the Secretariat was a Communist official from Belgrade, Mr Dragoslav Avramovich, who had previously been attached to the World Bank. His was the key position. His Secretariat, which commenced work in January 1978, was to draft proposals and prepare the documentation to be considered by the Commission.

Including the three ex-officio members, the Brandt Commission numbered 20 people, 9 of whom had associations with banking. Other members included Katherine Graham, publisher of the "Washington Post" and a member of the CFR. Peter G. Petersen, Chairman of the bankers Lehman Bros. Kuhn Loeb and a member of the Trilateral Commission; former UK Prime Minister Edward Heath, Director of the bankers Brown, Shipley and Co. and a Bilderberger; and the late Olaf Palme, former Swedish Prime Minister and a Bilderberger.

Once the Commission was established and a Secretariat formed, a list of "Eminent Persons" was drawn up to present evidence. The 25 selected included the following: Guido Carli, Italian banker and Trilateralist; Harland Cleveland, member of both the CFR and a Trilateralist; Mahbub al Haq, a member of the Club of Rome RIO group; Henry Kissinger, former U.S. Secretary of State, a Bilderberger and official of the CFR; Donald McDonald, former Canadian Minister for Finance, Bilderberger and Trilateralist; Maurice Strong, former Chairman, Petro-Canada, Trilateralist; Inga Thorssen, from the Club of Rome RIO group; Jan Tinbergen, convenor, RIO; Barbara Ward, (Lady Jackson, Fabian veteran, since deceased); and Takeshi Wantanabe, Japanese chairman of the Trilateralists.

It is hardly surprising that the Brandt Report adhered so precisely to the ideologies and prescriptions of its mentors. It advocated a World Central Bank; international control of a new reserve currency built out of SDRs; global supply-management of foodstuffs, fibres and minerals through the Integrated Programme for Commodities; a transfer of industrial resources to the Third World, along lines established in the Lima Declaration (in essence, the closure of large sectors of western industry, transferring them to under-developed nations); and the introduction of international income tax as an aid mechanism - all making up the "humanistic socialism" described more plainly by the Club of Rome. (34)

One looked in vain for a challenge to the reasons for a bankrupt world; the nature of debt-creation and its effects on human consumption. Neither was there any explanation that the Brandt Report was a Socialist International project. The result was the creation of a globalist 'milieu' which invaded almost all previous establishments. Socialists, environmentalists, liberals and many conservatives now became globalists, the majority without the faintest idea of the origins of the programme, or of its final destination. They adapted, like frogs in warming water.

Occasionally, a less compliant inquirer than the rest drew attention to the mysterious origins of the Brandt Report. In October 1980 the *Third World Quarterly* devoted its publication to Brandt. One article, by Dudley Seers of the University of Sussex, asked the obvious question:

"... Let us start with the origins of the Commission. We at once notice a curious lack of information. Willy Brandt tells us, in his rambling introduction, that he received 'the invitation to form the Commission.'

But who issued it? And what were their aims? The idea of the Commission originated we are told with Robert McNamara, but the World Bank is conspicuously not among the long list of institutions which provided money or hospitality. I cannot remember any 'Commission' that had nobody to report to! . . . " (35)

It is in answer to such an obvious question that this detailed explanation has been given.

NOTES:

- (1) *TIME*, March 16, 1942.
- (2) *"The Invisible Government"*, Dan Smoot, Western Islands, 1965.
- (3) *Ibid.*
- (4) *"None Dare Call It Treason"*, Gary Allen, Concord Press, P.O.Box 2686, Seal Beach, California 90740, 1972. (Note: with a first print run in February 1972 of 350,000, by April of the same year the print-run had exceeded 5 million.)
- (5) Quoted in a 'stitch-in' subscription card in *"Foreign Affairs"*, Summer, 1986.
- (6) *"The Powers That Be: Processes of Ruling-Class Domination in America"*, Professor G. William Domhoff, 1978, University of California.
- (7) Senate Report (Senate Foreign Relations Committee) *"Revision of the United Nations Charter; Hearings before a Subcommittee of the*

- Committee on Foreign Relations", (Washington; United States Government Printing Office, 1950) p.494.
- (8) **Parliamentarians For World Order** pamphlet, "Politicians For Peace" July 1982.
 - (9) *Ibid.*
 - (10) *Ibid.*
 - (11) "*National Sovereignty or World Government?*" Denis McKenna, Castle Print, Onehunga, Auckland N.Z. 1992.
 - (12) Quotes are from a mass of material produced by **Parliamentarians For World Order**, and later **Parliamentarians Global Action**. Inquiries should be made to **Parliamentarians For Global Action**, 211 East 43rd Street, Suite 1604, New York 10017, U.S.
 - (13) "*The Global Manipulators*", Robert Eringer, Pentacle Books, Bristol, U.K. 1980. (Quoted in "Treason At Maastricht", by Atkinson and McWhirter.)
 - (14) "*A Time To Speak.*" Ivor Benson, Australian League of Rights, Box 1052J, Melbourne, ISBN 0-920416-02-0.
 - (15) "*Tragedy and Hope*", Carroll Quigley, 1966, MacMillan Co. New York. ISBN: 0913022-14-4.
 - (16) "*With No Apologies*", Barry M. Goldwater, 1979, William Morrow & Co. N.Y.
 - (17) Robert R. Bowie, "*Christian Science Monitor*", October 31, 1973.
 - (18) *Dialogue* (official Trilateral journal), Summer 1975, no. 7, pp 12-13.
 - (19) *Dialogue* 40, Trilateral Commission, 345 East 46th St, New York, 10017.
 - (20) Address on 20 April 1991 by the Minister for Foreign Affairs and Trade, Senator Gareth Evans, to the Trilateral Commission, Tokyo. "*Australian Foreign Affairs and Trade*", Number 4. Volume 62.
 - (21) *Bilderberg Meetings*, *Freeman Digest*, Centre For Global Studies, P.O.Box 116, Utah, U.S. 84601
 - (22) *The Trilateral Commission*, *Freeman Digest*, Centre For Global Studies, P.O.Box 116, Utah, U.S. 84601.
 - (23) "*On Target*" (Canada) A weekly review of News highlights, background information and comment, March 23, 1981. (C.I. Publications, 55 Eighth Ave S.E. High River, Alberta, T1V 1E8, Canada.)
 - (24) *Toronto Sun*, (Canada) May 30, 1983.
 - (25) *The Australian*, May 17, 1977.
 - (26) "*Wall Street and the Bolshevik Revolution*", Anthony C. Sutton, 1981, Veritas Publishing Co, Cranbrook, West Australia, ISBN 0-9594631.
 - (27) "*Fabian Freeway*", Rose Martin, 1966, Fidelis Publishers Inc. P.O.Box 1338, Santa Monica, California 90406, U.S.
 - (28) *Ibid.*
 - (29) *Ibid.*
 - (30) "*Towards a New Australia*", published by Cheshire for the Victorian Fabian Society, 1972, SBN 7015 1555 4.

- (31) *"100 Years of Fabian Socialism"*, The Fabian Society, 11 Dartmouth St, London SW1H 9BN, U.K. ISBN 0 7163 4012 7.
- (32) *"Principles In Practice"*, R.J. Hawke, Australian Fabian Society, GPO Box 2707X, Melbourne, 3001, Australia. ISBN 0 909953 228.
- (33) *"Why Labor Would Go To War For The New World Order"*, Paul Kelly, *The Weekend Australian*, December 8-9, 1990.
- (34) *"North-South; A Programme for Survival"*, (The Brandt Commission Report) Pan Books, London, 1980, ISBN 0 330 26140 1.
- (35) *Third World Quarterly*, October 1980, Third World Foundation, New Zealand House, 80 Haymarket, London, SW1Y 4TS.

PART TWO

CHAPTER EIGHT

THE RAPE OF AUSTRALIA

"A sick man received a visit from his doctor, who asked him how he was.

"Fairly well, doctor," said he, "but I find I sweat a good deal."

"Ah," said the doctor, "that's a good sign."

On his next visit he asked the same question, and his patient replied, "I'm much as usual, but I've taken to having shivering fits, which leave me cold all over."

"Ah," said the doctor, "that's a good sign too."

When he came the third time and inquired as before about his patient's health, the sick man said he felt very feverish.

"A very good sign," said the doctor; "you are doing very nicely indeed." Afterwards a friend came to see the invalid, and on asking him how he did received this reply:

"My dear friend, I'm dying of good signs."

Aesop's Fables.

The great mass of people have modest desires. A chance for material security is a common ambition. Food, clothing and shelter are first essentials in all ages and in every community. If and when these are achieved, a variety of other desires become affordable - education, travel, art, sport, and cultural development in a multitude of forms.

None of these spring from collective imagination. It is always in the mind of a single individual that innovation is seen. Others may lend their efforts once new innovation is defined. But 'committees' are, in themselves, non-creative.

A great deal of harm is unleashed when 'leaders' surrender to the belief that they are the expressions of a collective will in the field of innovation. Consciously or unconsciously, they become convinced they are far-sighted enough to know what is best for others, and take on

themselves the duty of ensuring their own enlightened concepts prevail.

Dictatorships are born out of this misconception about human relationships. There is a close link between the 'do-gooder' and the dictator. Rather than allowing their fellows to reach their own fulfilment, the 'do-gooder' dictator wants to do it for them. The tendency is increased in those whose jobs are non-creative. The personal creative impulse, which is God-given, expresses its frustration at one level by seeking an outlet in another - the ambition to attach itself to the creative impulse of another and even, if possible, control and direct it.

Lord Acton's statement that all power corrupts applies not so much to personal inadequacies as to this idea: that an individual or an elite are justified in a 'takeover' of the choice and creativity of others.

It was the teaching by Christ, that the growth of personality for each individual transcends the collective objectives of the group, which sparked the great advance in human affairs once known as "Christendom". The sad and sorry state of the Christian church at the moment is largely because, in the name of Christianity, the collective idea has re-imposed itself over its own gospel. The most neutral group in the face of advancing evil is the church. Thankfully, its self-righteous veneer is cracking, and the first refugees from collective neutrality are swarming through. There is now a widespread realisation that "Peace on Earth" and "Goodwill" between human beings are not going to be delivered by an elite with a static, humanistic blue-print for a new world order. This is not to decry the need to share knowledge at a global level; nor to seek common goals. But voluntary participation with the right to contract out is the only legitimate way this can be done.

In Australia's case, there was a particularly servile and pathetic appeal in the speech made by its then Foreign Minister, Senator Gareth Evans, to the Trilateral Commission on April 20, 1991. If ever there was a 'do-gooder' it is Gareth Evans. Scathing about any spiritual aspect to man's life, he was at one stage president of the Humanist Association; chosen as the 'humanist-of-the-year'. As a Fabian, and a protege of Lionel Murphy, his opinion of Christianity is filled with contempt.

There he was, eager to gain the approval of David Rockefeller and his trilateralist colleagues, with a graphic description of the new Australia he and his fellow socialists had shaped for its future role.

There was probably no doubt in his mind that the Australia of 1991 was far more enlightened and happier than it had been forty years earlier. It did not matter to him that large numbers of Australians strongly disagreed with this view. Only enlightened leaders could really understand these things. True, there were still many problems. But global harmonisation and regulation would erase these, given sufficient control.

The first two steps Gareth Evans claimed had been applied to "turn Australia on its head" and to make it more acceptable for the trilateral programme were:

- * Changing Australia from a homogenous to a multicultural society; and
- * De-regulating and internationalising the economy.

He did not go so far as to say this had been done with the considered approval of the Australian people. Had he been challenged he may well have pointed to the electoral process as the 'mandate' for these changes. It would have been a thoroughly dishonest argument. The 'package-deal' and the emergence of 'bi-partisan' collusion between the major parties has successfully forestalled any expression of popular opinion on one thing at a time. The only expression of what ordinary people think appears in "opinion-polls" which, when occasionally put to the test, have proved erratic and unreliable, if not worse. Occasionally, they get it right.

Let's examine Evans' claims before the Trilateral Commission in detail.

First, if there has been one constant in opinion-polls it has been the fact that, over many years, the majority of Australians prefer homogeneity to multiculturalism and a large intake of Asian immigrants. At no stage has either of the major parties ceded to the popular will.

The reason was made clear by a former Prime Minister, Bob Hawke, in 1993. *The Australian*, under a heading PACT WITH LIBS DICTATED POLICY, SAYS HAWKE, said:

"The Hawke government had limited its attack on Liberal leaders who had questioned its immigration policies in the 1980s because of the need to protect an 'implicit pact' for a non-discriminatory immigration policy, former prime minister Mr Bob Hawke said yesterday.

Mr Hawke, who was in Brisbane to launch a book, The Politics of Australian Immigration, at a Bureau of Immigration Research conference,

said he found it "difficult to resist" the basic thrust of a hypothesis put forward by one of the book's author, Professor Ian McAllister.

Professor McAllister, the Professor of Politics at the University Defence Force Academy, University of NSW, says there has been an implicit pact between the main parties to implement broad policies on immigration they know are not generally endorsed by the electorate. This has been achieved, he says, by keeping the subject off the political agenda.

Mr Hawke said . . . the pact between the parties had been "quite unique in Australian political experience".

"There are no other issues on which the major political parties have been prepared to act in this way . . . to advance the national interest ahead of where they believed the electorate to be," he said. . . ⁽¹⁾

Collusion between the major parties notwithstanding, the immigration issue, bottled up for so long, has burst into the open with a vengeance. It was opened up by two courageous Independents, Mr Graeme Campbell, Federal Member for Kalgoorlie, and the Member for Oxley, Pauline Hanson. The actions of these two immediately revealed how the debate had hitherto been managed and stifled. Both were viciously accused of "racism" which, as a result of the imposition of United Nations law in Australia, is a punishable crime. Any argument counter to a "non-discriminatory" immigration programme, and a multi-cultural society is explicitly assumed to be racist.

Thus, without any attempt to decry other races, those who argue for a homogenous society are intimidated. This was well described by one of the speakers at the Immigration Research Conference referred to:

" . . . The chairwoman of sociology at Swinburne University of Technology in Melbourne, Dr Katherine Betts, . . . claimed it was difficult to question immigration in Australia because of the "new-class ideology that links such questions with racism" . . . Radical questions about the purpose of immigration had been repressed and the personal costs of attempting to raise them had been demonstrated once again . . . " Dr Betts said two main immigration support groups had emerged in Australia since the 1980s: that which defined it as an economic policy that promoted national wealth and that which saw it as an international altruism.

Both groups wore "the new-class badge of belonging" of "being ideologically sound on immigration". They supported substantial

immigration and condemned racism but differed on the composition of the intake.

Dr Betts said much of the public debate on the subject was between these groups, even though immigration was not popular with the public at large. New-class immigration advocates quickly put all critics in the "same outsider category".

"People wear the badge when they demonstrate they know that criticism of immigration is racist and that multiculturalism is the best feature of an otherwise rather third-rate country," Dr Betts said.⁽²⁾

The attempt to stifle the right of Australians to debate the make-up of their nation is an example of the worst type of intolerance and misplaced pride.

Multiculturalism and immigration are now explosive issues throughout the world. The idea that there are no cultural or racial differences mitigating against multiculturalism is only held by those with no first-hand experience of the difficulties involved. Time after time successful societies have been destroyed by this unworkable ideal. Yet it does not deter ideologists from arguing that "it ought to work". The carnage in Africa, the race-riots in Britain and America, the growing racial friction across Europe all give the lie to the argument. This is not to argue superiority or inferiority among races.

In the name of tolerance, the strongest advocates of multiculturalism reveal a particular aptitude for intolerance. They hate those they unjustly accuse of being haters. The gentle and compassionate Geoffrey Blainey, one of Australia's best historians, was savaged for daring to speak on the issue. His most vicious opponents came from the academic world, the "new-class" referred to by Dr Betts. Indiscriminate immigration may well bite the hand that has fed it for so long.

In the meantime it has seriously compromised the cohesion Australia once had, and so badly needs now. Political leaders, faced with this palpable attempt to "educate" Australia into tolerating the views of a small minority of 'change-agents', followed the line of least resistance. Contrast the change in the National Party over a time span of 25 years. The Queensland State President of the Party, Sir Robert Sparkes, was reported as follows at the Party's July 1972 Conference:

"The Australian Country Party must reaffirm its support for its restrictive immigration policy, Mr R.L. Sparkes said at the party's conference yesterday. Mr Sparkes . . . said he was deeply concerned at

evidence of the watering down of this policy in official statistics which showed that, between 1966 and 1971 a total of 104,387 immigrants of non-European origin entered Australia. Mr Sparkes said this was a potentially disastrous tendency. Australia was blessed with freedom from racial problems and it would be insane to invite these difficulties by accepting the A.L.P's irresponsible approach. He said the A.L.P. had decided virtually to abandon this restrictive immigration policy and open the floodgates to coloured immigrants . . . " (3)

By 1996, however, the Queensland Premier, National R. Borbidge, was strongly criticising Pauline Hanson for saying exactly the same thing!

Gareth Evans' second offering to the Trilateral Commission is reminiscent of Orwell's "Animal Farm". In that satire, the worse conditions became, the more frequently did Squealer the pig produce the "latest set of statistics" about "the light at the end of the tunnel".

With regard to the second of Gareth Evan's claims - those of economic de-regulation and competition - his argument bears no scrutiny at all. It is outrageous!

In 1946 Australia was just emerging from a seventeen-year period of dislocation and hardship. As recorded earlier, the Great Depression had taken a heavy toll. From 1939 to the end of the war, 735,781 out of a population of about 7 million had enlisted in the military forces - about one-in-seven of the adult population. Despite the enormous hardships and poverty in much of this period, Australia's population increase through its own birthrate over the period exceeded 900,000. In 1946 101,718 Australians were born - higher than the immigration rate in 1996. During the same period, total immigration was approximately 40,000. The overwhelming percentage of the increase in population was Australian-born.

In 1996 we have reversed that situation. The Australian birth-rate is falling, and the population increase is due solely to immigration. (4)

With our productive system paralysed during the Depression, and diverted during the War, what was the overseas debt and how were we trading by 1947? The total cost of the war is recorded as \$2,464,000,000 (\$2.4 billion), a huge sum in those days.

These are the figures recorded in the Year Book for 1947:

TOTAL OVERSEAS DEBT.

1939	...	\$198 million
1944	...	\$194 million
1945	...	\$194 million
1946	...	\$170 million
1947	...	\$170 million ⁽⁴⁾

IMPORTS AND EXPORTS

Year	Imports	Exports
1939	\$248 million	\$286 million
1944	\$466 million	\$294 million
1945	\$450 million	\$324 million
1946	\$386 million	\$580 million
1947	\$532 million	\$598 million
	<hr/>	<hr/>
	\$2082 million	\$2082 million ⁽⁵⁾

In other words, over the war years, with 700,000 Australians 'otherwise engaged', Australia had a perfectly level balance of trade, and an Overseas Debt that was falling!

Australia was largely self-sufficient, mistress of her own home, and still the envy of the world!

Precisely 50 years later, with no comparable disasters to match the Depression and World War II, we have the biggest per capita overseas debt in the world, and a trade deficit which has increased at an average \$2 million PER HOUR for 19 years. Our industries and assets are largely foreign-owned, and 2 million Australians live below the poverty line. Our Constitution is being changed beyond recognition by an influx of foreign law without any consultation with the Australian people. Our young people have been deprived of a long-term future, and are, in many cases, suicidal. We are de-populating our rural areas, and are one of the most urbanised and centralised communities on earth. We have wreaked enormous damage on our environment, in some cases to the point of collapsing eco-systems, like the Murray River. We are viewed with contempt by those who see Australia as one of the last pawns to be swept into the new world order.

None of this was outlined by our Foreign Minister Gareth Evans in 1991, as he sought the plaudits of the Trilateral Commission. Andrew Fisher, Billy Hughes, John Curtin, Arthur Calwell and Bob Menzies would have told the Trilaterals where to jump. But Gareth Evans assured David Rockefeller and his colleagues:

"One way of capturing the flavour of this expanded new internationalist agenda is to say that it is about good international citizenship . . ."

Just what does such a patronising statement mean? That the old Australians were "bad international citizens"? Evans might think so. If he does, he is speaking more for himself than the ordinary Australians now being dispossessed.

There was a period of inevitable dislocation as over half a million Australians re-entered the workforce at the end of the war. A number of Depression scars re-surfaced, chiefly the Communist movement that had burgeoned in the pre-war austerity. The Labor Party was in disarray, as the traditional working mens' ethos vied with emerging international-fabian 'permeation', personified by Dr Evatt. Evatt was quick to grasp the significance of the fledgling United Nations and, even more, the part international treaties could play in the emasculation of the Australian Constitution. In fact, he became the first Acting President of the U.N. Riven internally, the A.L.P. finally split, producing "the Movement" and the Democratic Labor Party. The Menzies-Fadden Coalition took over the Treasury benches in 1949 - the start of 23 years in Opposition for the Labor Party.

Despite the difficulties of this post-war period, Australia was in the box-seat. There had been little of the mass destruction inflicted on European economies. It had no common border with any other country. It was supremely rich in natural resources, and had an adequate infrastructure to take full advantage - ports, harbours, railways, communications, a large measure of self-sufficiency, primary industries already significant by world standards, and an energetic and expanding manufacturing base. The figures show Australia's debt and trade position as quite viable. There was no need to seek foreign investment for domestic expansion. Nor was there any need to launch a programme of overseas borrowing. There was ample space for those wishing to invest in Australia to do so, provided they committed themselves wholly to Australia's future, seeking citizenship and permanent residency by way of commitment.

How all this was to be financed was a key question. There were any number of international banks and corporations willing to lend. But the activities of Sir Denison Miller and the Commonwealth Bank in the ten-year period 1914 to 1924 showed beyond any doubt Australia had no need to borrow overseas. Had there been enough understanding and resolution in the Federal Governments that followed World War II, Australia's future was almost limitless.

It should be added that foreign borrowing is not the only pitfall involved in national finance. A nation which creates its own money requirement, and then introduces it into circulation solely through a lending mechanism, creates for itself an artificial cost-structure capable of enormous dislocation. Japan is a classic example. With a huge balance of payments surplus, Japan's internal debt system is prohibitive. In the last few years a large number of banks have collapsed, and the total of "bad-debts" in early 1997, in U.S.-dollar terms, exceeds \$1.3 trillion.

Borrowed money, whether in the public or private sectors, must ultimately be costed into the price-structure, together with interest. The resulting accountancy reveals an expanding discrepancy between prices and purchasing power. Once accepted, it must force perpetual tax-increases in the public sector to cover debt-repayment, and an inflationary spiral in the private sector. Caught in the grip of the cost-price squeeze there is an ever-intensifying battle between workers and employers, and producers and consumers. The reality of abundance is masked by a scarcity of purchasing power. An escape from this dilemma is seemingly offered by the slogan "export or perish". It is the slogan of all economies, each seeking increased exports to make up for a purchasing power shortfall. Trade wars intensify into military conflict.

A growing economy requires an equivalent growth in its money-supply, which can only be achieved through money-creation. If this money-growth is loaned into existence, there can be no true accountancy. If the same increase were to be CREDITED to the people, either by tax-reductions or a straight-out dividend as in Alaska, a reduction in the cost-structure of enormous significance could be achieved. This in turn would be reflected in a total change in the social environment, organically healing many divisions and much distress.

Another look at the findings of the 1937 Royal Commission into banking, quoted in Chapter Two, may assist to reinforce the point. It

was from this issue over money creation the Australian Government flinched. It was obviously a decisive one. Had it grasped the nettle, Australia could have dictated all its own domestic terms, would now be debt free, with the most competitive industries in the world, and ample opportunities for all who needed work. Many now forced into the workforce - mothers with children, for example - would have the choice to remain at home if they preferred. Young people would be dazzled by the array of worthwhile choices before them. It becomes exhilarating to imagine the creative options for Australians now blocked by the debt system.

It is also safe to say that there would have been massive international pressure to forestall any such action by Australia. It was apprehension about this possibility which cowed all party politicians into acquiescing in the subsequent sellout. There was a post-war boom which lasted about six years, as the shortages in peace-time production were addressed. A large number of returned servicemen went onto the land, through 'soldier-settler' schemes. The wool boom in the early fifties added to the feeling of general prosperity. The slow resumption of inflation and progressive taxation seemed a minor problem.

On November 26, 1953 the Income Tax (International Agreements) Bill came before the House of Representatives. The Bill proposed to allow any foreign corporation that established or acquired an industry in Australia to repatriate its profits without incurring the company tax Australian enterprises had to pay.

The argument of its sponsors was that Australia could only expand by attracting foreign companies to invest; and that they would not do so if required to pay tax.

The assumption was false. The Menzies government had only to look back on what Australians had achieved without such a measure to concede it could be done in future. Sir Denison Miller had been adamant about this point. All that was required was to re-establish the commonsense Miller had employed. The Labor Member Mr Clyde Cameron spoke strongly against the Bill:

" . . . Obviously this bill will have the effect, not of attracting capital to Australia and, which is more important, keeping it here, but of making it more attractive for American companies to return their Australian profits to the United States of America. That is one of the reasons for my objection to this bill. It will not achieve the result that the Government

expects because the amount of capital that will be attracted to Australia will be more than counteracted by the amount of profits that will be sent back to the United States of America . . . I do not believe that Australia is incapable of developing more rapidly than it is without the aid of foreign capital. Australia has plenty of capital available to finance the development of its resources, provided that we are not shackled by the big financial institutions. We appear to be suffering from a shortage of capital only because of the activities of those organisations. The shortage is entirely artificial. Proof of that can be found in the fact that Australia has never been short of capital in wartime. We were able to expend hundreds of millions of pounds upon national defence in World War II. If we could do it then, we can do it now . . . " (6)

Clyde Cameron was right. The Commonwealth Year Book No 37 (1946-47) showed a massive expansion of credit between 1939 and 1947. Commonwealth and State Public Debt increased from \$2,430,597,504 in 1939 to \$5,534,247,652. The average rate of interest on public debt raised in Australia was 2 $\frac{3}{4}$ percent.

The Year Book recorded:

"During the eight years 1939-40 to 1946-47 new public loans raised in Australia totalled \$2,483,844,000. Of this, \$2,231,192,000 was raised for Defence, War and Rehabilitation purposes, \$25,620,000 for purposes of the Commonwealth-States Housing Agreement, \$14,636,000 for public works and other purposes of the Commonwealth, \$116,360,000 for public works and other purposes of the States, and \$86,036,000 for funding short-term debt on account of States' revenue deficits. Except for \$24,000,000 borrowed from the United Kingdom Government in 1940-41 and redeemed in 1943-44, no new loans were raised in London or New York during this period".

Something of the magnitude of money-expansion for war-time purposes can be seen in the figures for the expansion of Legal Tender (i.e. notes and coins). This was a period when credit cards had not been dreamed of, and the great majority received their wages and salaries in cash. In 1939 the total volume of Legal Tender was \$115,276,000. In 1944 it was \$425,690,000 - a fourfold increase in 4 years!⁽⁷⁾ (For clarity, original pound figures have been re-defined in dollar terms.)

The only vital difference between this situation and that of World War 1 was that the monetary-expansion was created by both the Commonwealth and private Trading Banks. No longer could the Commonwealth Bank offer credit at a half-percent interest rate! Nevertheless, the private Trading Banks were Australian in make-up and sentiment - a far cry from the nineties.

Ironically, it took a World War to show that the draconian restriction of credit in the Depression had been needless and harmful. In a perverted way, Keynes and the "New Deal" in America had shown this to be true. The "pump-priming" concept whereby government increased its own debt-levels to stimulate expanded capital works was seized on by capitalist and communist nations alike. The next step - to stimulate consumption without the ensuing cost-impact of expanded debt - was ignored or attacked. Expanding debt as postulated by Keynes inevitably left higher taxes in its wake, enshrining the "boom-bust" cycle of the post-war years.

This was illustrated in Australia's wartime price-structure. The diversion of productive power from peace to war led inevitably to shortages. Shortages of consumer goods coupled with a large monetary expansion held all the dangers of rising prices and inflation. Australia, under wartime emergency powers, introduced price and wage control in 1939. But this failed to contain costs. The Government, then, in 1943, took steps to counter this development. The Year Book records:

"Generally, the price level was divorced from the cost structure. Government policy provided that, in future, necessary relief from increased costs could be met either by price adjustment or payment of price stabilisation subsidy." (8)

In that short statement lay a world of financial innovation. Part of Australia's monetary expansion during the war years was diverted into price stabilisation and reduction. The result, without any credit squeeze, and at a time of genuine shortages in domestic production in many areas, was a stable price-level which actually fell slightly in the latter years of the war. The equivalent at that time of today's Consumer Price Level was known as the "C" Index Series. The Year Book showed the position:

ALL ITEMS ("C" SERIES)
 RETAIL PRICE INDEX NUMBERS
 (Weighted Average of Six Capital Cities.
 Base: 1923-27 = 1,000)

1914, November	...	687	(Beginning of World War 1)
1918, November	...	995	(End of World War 1)
1920, November	...	1,166	(Post War peak)
1922, Year	...	975	(Post War trough)
1929, Year	...	1,033	(Pre-Depression peak)
1933, Year	...	804	(Depression trough)
1939, September Quarter	...	916	(Pre-War II)
1943, March Quarter	...	1,123	(Pre-Price Stabilisation)
1943, June Quarter	...	1,143	(World War II peak)
1945, September Quarter	...	1,126	(End of World War II)
1945, December Quarter	...	1,129	
1946, December Quarter	...	1,156	⁽⁹⁾

These figures show that Australia's price-levels in 1946, after six years of war, with virtually no exports and imports, and no foreign borrowing during the war, were LOWER than those of 1920. In addition, without any recession, there were four years (1943 to 1946 inclusive) when the price-level was static! The same techniques were used in New Zealand, Canada and Britain, resulting in a long period of price stability on basic essentials. These were dismantled in the post-war years at the strident insistence of the International Monetary Fund. The Menzies/Fadden campaign prior to the 1949 election, built round the slogan "We'll put the shillings back into the pound", advocated a return to the war-time policy of price-stabilisation which both leaders insisted could be applied without wage and price control.

By the mid-sixties the first signs of crisis were evident. A massive drought in the Eastern States starting in 1965, followed by a collapse in wool prices as we entered the 'seventies created severe hardship in the rural sector. About 40,000 farmers left the land, and others were in deep trouble.

Compounding debt diminished the possibilities of sweating it out until better seasons returned. The Country Party, as the Nationals then called themselves, did little to help. Its platform was realistic, seeking long-term minimal interest for farmers, tied into a stable cost-structure. Secondary industry was reasonably protected by tariffs and quotas, a fact resented by farmers who believed cheaper imports would

in turn reduce their machinery costs. As rural industry was at that time the main export earner it was easy to justify this argument. But the progressive elimination of tariffs has done nothing for Australia's farmers, or rural Australia generally.

The reason is simple. A tariff is a tax. Eliminating tariffs under present financial debt-policies forces governments to compensate with equivalent tax increases elsewhere. Taxes, always inflationary, are simply passed on from the stronger to the weaker. The idea sold to the public that taxes are a means of re-distributing income, never delivers in practice. To suggest that tariff-reduction would give farmers a lower cost-structure was always nonsense. Being at the end of the line, they simply got handed the "tariff-replacement taxes" in a different guise.

The Country Party preferred the plums of office to an insistence on its own policies. Its leader Mr Doug Anthony opted for an alternative which was to have disastrous consequences. It had been expressed by an agricultural economist, Professor Tribe, in an address to the National Farmers' Union in Hobart in 1968. The *Queensland Countryman*, the Country Party paper, quoted the Professor as follows:

"This problem of clearing the country of clodhoppers and hayseeds is a human problem. We're caught in forces which are international and enormous - if we stand up and try to stop them they will overwhelm us, we have to soften the blow in economic and human terms. The people who remain on the farms are also going to be syndicated, corporations, companies etc. What has happened to the broiler industry is setting the pattern for other industries . . ."⁽¹⁰⁾

A Country Party faced with this sort of thinking should have come out fighting. Mr Anthony simply repeated the same philosophy. Speaking at Warragul in Victoria about the same time, he told his audience:

"It hurts me to have to say that farms should get bigger if our farmers are to make a decent living in today's situation". In a statement issued on November 6, 1968, he added it was "inevitable" that "the size of farms would tend to increase. Farming would become more mechanised, would require more capital, and demand a higher degree of skill in management. This may lead to an increase in the number of company-owned farms . . ."

There was an angry reaction in many rural areas of Australia. The accusation that the Country Party was selling out its rural base was expressed at many meetings. The unrest finally forced the hand of the Queensland President of the Party, Sir Robert Sparkes. On October 14

and 21, 1971 he published two full-page articles in *The Queensland Country Life*. There was little of substance in what he had to say. It was mainly an appeal for "loyalty" to the Party, a plea which was unlikely to appease those who argued the Party itself had been disloyal to its base. But he was forced to restate a policy which the Party had abandoned:

" . . . As a result of the investigation of the Management Committee, the Country Party has formulated a set of proposals designed to curb inflation and assist the rural community . . . That the Government consider reducing Sales Tax on those items that directly affect the cost of production . . . 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% to individual primary producers adversely affected by drought, low prices and rising costs . . . "

There was only one way this could ever be achieved. The Country Party had to put its head on the block, staking its own survival along with the survival of its rural base. Either this policy had to be implemented, or the Country Party would leave the Coalition. Had it done so, it would have doubled its base, recapturing not only rural Australia but a considerable part of the city vote as well. Sadly, it had neither the calibre nor the courage to do so. It has slipped ever since, a name-change notwithstanding.

Doug Anthony himself coined the infamous phrase that has echoed ever since - "Get Big Or Get Out." The original argument was that about 10 percent of farmers were "unviable", and should be assisted off the land. The future for the remainder, once this was done, would be stable prosperity. The fallacy in the argument is that, in an economy with an ever-increasing cost-structure, the size of a viable farm - or business - must change from year to year, expanding under remorseless pressure until individuals or families can no longer survive and are taken over by bigger units. These in turn are taken over as the pressure continues. The attrition is self-perpetuating and needless. "Get Big Or Get Out" is not a solution; it is an acknowledgment of defeat, and a description of a prolonged, intensifying process of destruction.

This was grasped by the Labor Party that was gathering itself for the 1972 federal election. The Coalition was jaded, in turn apologetic and venomous to any who mentioned its impotence. In May 1971 the shadow Minister for Primary Industry, Dr Rex Patterson,

published "Labor's Federal Rural Policies." A Fulbright scholar and a farmer, Rex Patterson was one of the few "traditional Labor" men. The policy went right to the heart of the rural crisis, articulating the factors so embarrassing to the Country Party. Labor's Policy read:

"There is ample proof to show that high interest rates are imposing severe burdens on export rural industries, just as they are on other sections of the community such as young home owners. A Labor Government would investigate the overall application of interest rates as they affect primary production and productivity, with the objective of providing low and reasonable interest rates to those soundly based rural industries on which the economic health of the nation greatly depends.

. . . Labor believes that the staggering increase in rural debts has now reached such serious proportions that federal action must be taken to stop the widespread collapse of many rural centres. In the last five years the indebtedness of the rural sector has increased by over 500%. Net rural debts have risen from the relatively low figure of \$120 million five years ago, to over \$1,250 million in 1970. In drought devastated Western Queensland towns are dying, the drift to the city now includes experienced property owners and their families. The feeling of hopeless despair is spreading with alarming rapidity. . .

Labor's debt alleviation policies would take the form of making available to potentially viable properties long-term, low-interest loans to pay off immediately the crippling high-interest short-term loans, which many producers have been forced to accept from financial institutions and hire purchase companies. At the same time a Labor Government will allow a holiday period of up to five years for potentially viable farmers as regards the repayment of principal and interest in order to allow farmers to strengthen their financial position. . . " (11)

In the election campaign the Country Party did not dare to claim that "Labor had stolen its policies", although this was partly true. The Country Party did not even dare campaign on its own policies. It had become an abject caricature of itself, with nothing to offer, living simply off a diminishing residue of goodwill from the "good ol' days". It tried to strengthen its fading image with moleskins, elastic-sided boots, and above all, as wide a brimmed Akubra as it could find. It preferred its media interviews - in which it had nothing of substance to say - over a farm gate, or with one foot on a plough. Its various conferences were notorious for the stifling of debate and dissent, and

the denigration of those who spoke out on the issues. Its seats were filled with inarticulate 'representatives': for the most part struggling farmers who saw a term in Parliament as no more than an opportunity for off-farm income, to be extended as long as possible by any means.

There is only one genuine epitaph to the Country-cum-National Party of this 35-year period - the stark toll of farm loss, on a plinth of a ravaged rural Australia. This was brought home with terrible clarity in a media interview with Mr John Anderson, the 1996 National Minister for Primary Industry in the Howard Government. He reiterated, word for word, the statement by Doug Anthony 28 years earlier, that farmers "must be helped to leave the land with dignity". In the intervening period some 200,000 had left, many in appalling circumstances, at an average rate of 13 a day. The interview must have induced a feeling of nausea among those who saw it.

Dr Patterson's Labor Policy in 1971 was quite specific about how his policies would be financed:

"Long term finance at low rates of interest is the backbone of Labor's rural reconstruction and rehabilitation policies. Such financing is fundamental to Labor's policies on housing, education, essential services, and the development of the nation's natural resources for the benefit of the Australian people.

Labor's long-term development policies and reconstruction policies will be financed through the Commonwealth Bank under the best possible terms and conditions which the nation can afford. Labor is not tied, nor has it any allegiance to the private banking sector and hire purchase institutions, whose operations are based on the normal business objective of maximising profits and returns to shareholders.

Labor believes that a lowering of the rate of interest for funds used for the efficient production of commodities, particularly for the earning of export income, will assist increased productivity. This in turn is necessary to counter the forces of inflation associated with full employment and growth . . . "⁽¹²⁾

It was the last occasion on which the A.L.P. ever returned to its original position under Andrew Fisher. In retrospect, Dr Patterson never had a hope that his policy would be adopted. He never even made it to the Primary Industry portfolio, following the 1972 Whitlam victory. His place was taken by a Tasmanian, Senator Wreidt. The position of rural industry worsened.

The mid-eighties saw massive rural rallies in capital cities. Briefly, one man emerged who looked capable of providing some leadership. In 1985 Mr Ian McLachlan, from an old pastoral family in South Australia, and a former State cricketer who hovered on the edge of Test selection, had become president of the recently-founded National Farmers' Federation. Many producers, disgusted with the National Party's ineptitude, were flocking to his leadership.

Invited by a desperate National Party Federal Council to address it in October 1985, McLachlan minced no words. Telling them bluntly they had a credibility problem, he added:

" . . . There is great dissatisfaction with your performance in the bush. Your credibility has been diminished because your policy research has been inadequate to date. You have not provided directions, but have relied on the same tired rhetoric we have all heard thousands of times before . . . "

The Editorial in *The Australian* describing McLachlan's role at the time said:

" . . . Mr McLachlan, who says he owes allegiance to no political party, is one of the best things to have happened to rural Australia for years. For the past year or so Mr McLachlan and the NFF have been making most of the running in rural politics - leaving Mr Sinclair and the federal National Party floundering blindly in their dust . . . " (13)

The mood was such that McLachlan had the ball at his feet. His strength, which was to exist only briefly, was that, as the *Australian* pointed out, he was not a party hack.

Cashing in on the crisis during 1986 the NFF, under McLachlan's leadership, appealed for a fighting fund which delivered between \$13 and \$15 million. Farmers gave sacrificially. Some even borrowed to contribute. The Fund outmatched all the political parties put together. Had McLachlan launched a non-party campaign on some basics which affected everyone - lower interest rates, fixed-contract loans, tax simplification and reduction, a drop in fuel prices, emergency relief for enterprises which would have been viable had it not been for outrageous and usurious increases in loan and mortgage charges etc. - he would have had not just primary producers but the nation behind him.

But McLachlan was also on the Board of a company which had multinational status, and had set its sights on the agribusiness area - regarded by many as inimical to the concept of Australian-owned family farms. The National Farmers' Federation invested most of the

fighting fund in a trust managed by one of Australia's most prominent bankers. It took a regular "tithe" from a multitude of State bodies. Some idea of its financial position can be gleaned from these figures, published by the *Financial Review*, May 29, 1991:

MAIN STATE FARMER ORGANISATIONS

Organisation	Members	Av M'ship Fee	Budget (\$million)	Contrib to NFF
VFF	20,000	\$158	\$6	\$300,000
NSWFA	16,000	\$130	\$4.5	\$792,000
UFSSA	9,500	\$250(flat)	\$3.0	\$510,000
WAFF	9,000	\$350	\$2.5	\$350,000
PGA	1,400	\$700	\$1	\$150,000
UGA	3,000	\$500-\$600	\$1	\$250,000
CU	3,800	\$210	\$1	\$165,000
QGGA	4,200	\$200	\$1.2	\$232,000
TFGA	n/a	n/a	n/a	n/a
TOTAL	66,900		\$20.2 mill.	\$2.7 mill.

You can almost guess the rest! A comfortable NFF headquarters was set up in Canberra. A permanent bureaucracy was established whose main interest was in security-of-tenure. And, apart from one or two skirmishes against the Unions, the NFF retired from the fight and became part of the establishment.

By 1987, under the heading "RURAL LEADER ATTACKS FAMILY FARM CONCEPT", the media reported Ian McLachlan as saying Australia could not afford the luxury of preserving the family farm as a sacred institution.⁽¹³⁾ Soon after, he left the NFF for the Liberal Party, becoming a Federal Member and Cabinet Minister in the Howard Government. A successor as President, Mr Winston Crane, has also stepped from the NFF into Federal politics. Another President, Graham Blight, went straight from the NFF to the international arena. His chief claim to fame - apart from bursting into tears at the time of President George Bush's visit to this country - was a fanatical advocacy of globalism and the level playing field, coupled with a statement to desperate farmers that it was NFF policy not to disclose or account for the size and expenditure of the Fighting Fund!

The NFF became a hard-nosed advocate for Keating's deregulation, and the elimination of protection for Australia's

industries. Apart from a more realistic stand on the Wik decision and pastoral leases, the NFF has been an expensive albatross round rural Australia's neck. It has betrayed family farmers much as the A.C.T.U. has sold out working families, and the Business Council of Australia has sold out Australian-owned businesses. Each in turn has made its peace with globalisation and the world order scenario. Just as Hawke, Simon Crean and Martin Ferguson moved from the A.C.T.U. to the Labor Party, so has the NFF offered the Coalition its share of candidates.

By 1996, with a pitifully-small number of 100,000 primary producers left, Australia's rural areas showed all the features of devastation. Services, schools, small towns, medical services were retracting across the nation. The Trading Banks were closing down their branches in many areas. While the drought obviously played a part in this disaster, it was not the main factor. A vicious financial assault on farmers and rural businesses, which had intensified to a quite murderous pitch in the early nineties under interest rates that climbed at times to 30 percent, tipped rural Australia over the rapids. The spirit of farm families was broken. The suicide rate climbed steadily, offering government marvellous opportunities to set up surveys on the reasons for all this. The 'counselling' industry burgeoned.

Out went teams of salaried social workers to 'counsel' men and women with twice their age and experience who were being financially raped. At a "rural summit" in Toowoomba, instigated by rural wives who banded together on the grounds that a human catastrophe had developed which was forcing many into a suicidal state of despair, the latest figures for the pitiful remainder of family farmers were given:

"At the Rural Summit in July 1966, an ex-banker Chris Shearer produced a paper sponsored by the Australian Bankers Association, and based on information supplied by the Australian Bureau of Resource Economics (ABARE) and undoubtedly the best informed set of figures available. He showed that 88% of beef producers were at risk; 76% of sheep producers were at risk; 54% of general farmers and 52% of cotton farmers were at risk. "At risk" means their interest payments were greater than their incomes, and the list proceeded through all primary industry activities. The average of all pursuits was approximately 75% "at risk". . ."⁽¹⁴⁾

The figures tell the story:

Year	No. of Farmers	Net Farm Income	Rural Debt
1970	251,881	\$1.05 billion	2.08 billion
1996	100,000	\$3.00 billion	18.7 billion

(ABARE figures)

How the banks profited from Australia's rural disaster has been well described by Peter Westmore, writing for *News Weekly*:

"The debt crisis, he wrote, ". . . delivered prime real estate into the hands of the banks, which sold it off to the highest bidder, who would often go further into debt, thus repeating the cycle.

In fact, the banks won both ways; first, with high interest charges, and then if a farm were forced into bankruptcy, the banks made a capital gain by selling off the asset.

The same philosophy inevitably caught some of the pastoral houses themselves. Elders, once synonymous with conservative rural Australia, was taken over by one of the largest financial empire builders of the 1980s, John Elliott, and absorbed into Elders-IXL, before being amalgamated with Carlton and United Breweries. The Elliott empire was so debt-ridden that it, in turn, eventually collapsed, and Elders was sold off again to become a pastoral house . . .

The Primary Industry Bank of Australia - once government-owned, but now privatised and a subsidiary of the Dutch Rabobank Nederland - is consciously targeting the top 20 percent of income earners among farmers; they are the ones who are most in debt, and their assets are the most valuable securities the bank can acquire. A PIBA spokesman said that the bank's customers - the top 20 percent of farmers - have what he described as a "highly responsible attitude" "They don't blame misfortune on the Government, the banks, the weather. They don't see debt as an evil. They see it as an input cost."

Meanwhile, the major banks continue a policy of bank closures in smaller rural centres, confirming the widely-held view in rural Australia that the banks are not basically concerned about their customers, but are driven only by their profits . . . " (15)

Whitlam, in 1972 the apotheosis of the Fabian vision, had two tasks; firstly to emasculate the States and concentrate as much power as possible into the hands of the Commonwealth. He resurrected an old policy announced by a British Fabian, G.D.H. Cole, for a regionalised Australia, fashioned out of the amalgamation of local councils and the financial starvation of State governments. Secondly, he had to align

Australia with an increasing stream of international treaties and conventions coming out of the United Nations and its agencies. His most potent weapon was a monopoly of the public purse-strings.

Paul Keating, addressing the Victorian Fabian Society on November 11, 1987, said:

"... Whitlam's achievement in the late 1960s was to take the party by the scruff of the neck and drag it towards contemporary reality and the real interests of the workforce. He made Labor relevant again. His interest in the Constitution was drawn upon to frame a system of Commonwealth payments into areas of government activity which until then were the preserve of the States . . ."

Betrayal has never been more glibly described! A sell-out of the "real interests of the workforce" would have been more apt. Whitlam's Attorney-General, Lionel Murphy, another humanist of atheistic beliefs, spearheaded the attempt to establish a Human Rights Commission in Australia as the "trojan horse" to replace the Constitution with a comprehensive U.N. sea-change. But the Senate, which Whitlam did not control, thwarted his efforts. Whitlam was successful, however, in bringing in easy "no fault" divorce, under a Family Court supervision which has produced a catastrophic divorce rate and a balance of bitterness tipped heavily against fathers and breadwinners. The chief sufferers have been children raised in the burgeoning number of single-parent families.

Whitlam was a man in a hurry. In the 36 months of his administration, total taxation increased from \$8 billion to 17.5 billion. His largesse in tax handouts went to a bevy of off-beat groups, from feminist collectives to Sydney's Gay Mardigras. It was extracted from farmers and manufacturers, who went to the wall in increasing numbers. His scandal-rocked government lurched from crisis to crisis. Whitlam, a man of theatrical ability, bestrode Australia's stage with a train of sycophants behind him. They were largely *avant-garde*, and he seriously overestimated their numbers. He assumed god-like proportions in their eyes, and could do no wrong.

It was during his last year in office that the biggest damage was done, with the adoption of the programme outlined in the Lima Declaration.

The theme of this United Nations Industrial Development Organisation (UNIDO) Declaration was so bizarre that it is doubtful whether its designers really believed it. The suggestion was that the

drastic plight of the Third World was due to the rapacious consumption of the Industrial economies. The only way this could be solved, the argument went, was to coerce the West into transferring industrial resources from its own economies to the Third World and then open its markets to Third World exports. The Third World would then have sufficient income to repay debt.

There was no questioning of the compounding nature of the unpayable debt itself. No-one asked how the Third World would meet the needs of its own consumers if it was exporting to service debt. Nor did anybody consider how the industrial economies would pay for Third World imports if their own productive base were to be eroded.

The period March 12 - 26, 1975 featured the UNIDO General Conference in Lima, Peru. The Lima Declaration provided the blueprint for what subsequently happened to Australia's productive sectors. It is worth setting out in some detail. Among recommendations were the following:

- (35) *That special attention should be given to the least developed countries, which should enjoy a net transfer of resources from the developed countries in the form of technical and financial resources as well as capital goods, to enable the least developed countries, in conformity with the policies and plans for development, to accelerate their industrialisation . . .*
- (41) *That the developed countries should adhere strictly to the principle that the Generalised System of Preferences must not be used as an instrument for economic and political pressure to hamper the activities of those developing countries which produce raw materials . . .*
- (43) *That developing countries should fully and effectively participate in the international decision-making process on international monetary questions in accordance with the existing and evolving rules of the competent bodies and share equitably in the benefits resulting therefrom.*
...
- (52) *That the developing countries should devote particular attention to the development of basic industries such as steel, chemicals, petro-chemicals and engineering, thereby consolidating their economic independence while at the same time assuring an effective form of import-substitution and a greater share of world trade . . .*

To achieve the recommendations the Declaration advocated the following Plan of Action:

- (59) *The developed countries should adopt the following measures:*
- (a) *Progressive elimination or reduction of tariff and non-tariff barriers, and other obstacles of trade, taking into account the special characteristics of the trade of the developing countries, with a view to improving the international framework of the conduct of world trade . . .*
 - (b) *Adoption of trade measures designed to ensure increased exports of manufactured and semi-manufactured products from the developing to the developed countries . . .*
 - (c) *Facilitate development of new and strengthen existing policies, taking into account their economic structure, and economic, social and security objectives, which would encourage their industries which are less competitive internationally to move progressively into more viable lines of production or into other sectors of the economy, thus leading to structural adjustments within the developed countries, and redevelopment of the productive capacities of such industries to developing countries and promotion of a higher degree of utilisation of natural resources and people in the latter . . .*
 - (d) *Consideration by the developed countries of their policies with respect to processed and semi-processed forms of raw materials, taking full account of the interests of the developing countries in increasing their capacities and industrial potentials for processing raw materials which they export . . .*
 - (e) *Increased financial contributions to international organisations and to government or credit institutions in the developing countries in order to facilitate the promotion of financing of industrial development. Such contributions must be completely free of any kind of political conditions and should involve no economic conditions other than those normally imposed on borrowers . . .*⁽¹⁶⁾

It was a recipe for disaster, based on the old socialist fallacy that, by tearing down the strong the weak are automatically lifted. Its real result was simply to reduce industrial countries to Third World levels, transferring ownership of productive resources from domestic communities to transnationals, who could shift their industries across borders to anywhere that increased their advantage.

Australia plunged into this general programme, which appeared in more detailed form in the programmes of GATT,

UNCTAD, UNIDO and the International Monetary Fund. This paved the way for the destruction of secondary industry and the massive unemployment which was to follow.

The Coalition's return to government under Malcolm Fraser at the end of 1975 induced an almost audible sigh of relief. But Fraser, who came in with a massive majority, plunged straight down the road marked out by Whitlam. The lofty criticism aimed at the Labor government in its last year in office was buried with indecent haste. The Human Rights Commission which the Coalition had denied Whitlam in the Senate was installed under Fraser. The Liberals re-submitted the very referendum questions they had resisted when put to the electorate by Labor. Australia again said "No". Fraser's assumption that his party could be trusted with new powers which would not be safe in the A.L.P.'s hands was not shared by the electorate. It says much for the patience of the Australian people that the Fraser period lasted eight years. Fraser himself trod boldly in the footsteps of his predecessor on the international stage. It was not his fault if he lacked the panache of Whitlam. Fraser's Attorney-General Bob Ellicott signed both the World Heritage Act, subsequently used to subvert Section 100 of the Constitution in the Franklin Dam case, and the Convention for the Elimination of Discrimination on the basis of Sex, Marital Status, Race or Religion. Ironically, the same Bob Ellicott appeared before the High Court in 1983 to defend Tasmania against the very Treaty he had signed! Fraser charged from the lists as international champion for the Integrated Programme of Commodities and the Common Fund. At the 1977 Commonwealth Heads of Government Meeting (CHOGM) in London he was instrumental in setting up a "Commonwealth Experts" Committee on the need for a Common Fund for international control of commodities. The Committee reported on October 21 of that year, endorsing all the NIEO proposals.

In May 1979 Fraser spent 5 days at the UNCTAD Conference in Manila. According to press reports in the *Financial Review* at that time, "Mr Fraser criticised a number of powerful nations for their refusal to participate fully in the Common Fund of the U.N. Conference on Trade and Development. He committed Australia to an effective contribution, but did not put a figure on it . . . Mr Fraser was firm in denouncing the rise in protectionism and in new protectionist devices. This was despite Tuesday's strong attack on Australia's "protectionist" international civil

aviation policy led by Singapore, and the ASEAN countries' critical view of Australian import quotas on textiles, clothing and footwear . . . "

As the Fraser period drew to an ignominious close in 1983, manufacturers were looking aghast down the global gun-barrel. Although late in the day, some spoke out forcefully. In 1981 the Australian Industries Development Association (AIDA) warned that lower protection for Australian industries would hand our manufacturing base over to China, Taiwan and Korea. It said:

"Australians should keep their eyes open to the real motives and substance behind much of the rhetoric of the North-South Dialogue." (17)

In the same year the Chairman of ICI, in his annual report, pointed out that preferential treatment to Third World countries would close Australia's manufacturing sector. He was followed almost immediately by Mr Neil Walford, Chairman of REPCO, in a series of forceful advertisements. He warned in unmistakable terms:

". . . Under present policies the basic infrastructure of Australian manufacturing industry will suffer permanent damage . . . There will be no way in which the thousands so caused to be unemployed will ever again get jobs as long as present policies prevail. The dispersal of skills, the financial crippling of corporations, the conviction in the minds of businessmen that never again will they undertake the hazards of manufacture and the long-term dedication it requires, merely to see their life's work overturned; all this means that the damage will be permanent . . . "

Sir Mark Oliphant, noted scientist and at that time Governor of South Australia, added his warning:

". . . Local industries are being closed down in favour of manufactured goods of every kind, mostly surpluses dumped onto the Australian market by the more industrious Japan, Korea, Hong Kong, Taiwan and Singapore.

In short, Australia has resorted to colonial status as a supplier of raw materials for more adventurous and harder-working nations . . . " (18)

With news in mid 1997 of the imminent closure of the Newcastle steel industry, it is worth considering an advertisement run by John Lysaght 13 years previously, under the heading "WE CANNOT SPEAK IN PLAINER WORDS." It concluded:

"Almost every other country with a problem similar to ours has protected its own home market. Those countries exporting sheet steel to Australia allow virtually no competitive imports into their own markets. Among

other steel-making countries, the most open allows no more than 15% of its home market to be taken by imports.

More facts: Between 1980 and 1982, sheet steel grew by about 70%. Australia is therefore continuing to allow others to prosper and profit - at Australia's expense. The people of Australia are, in effect, supporting the steel industries of other countries while our own local industry is being damaged. . . " (19)

John Lysaght did not appear to have the full picture. The policy was deliberate. It had been spelled out in the Lima Declaration eight years earlier.

These were the urgent warnings being given at the time Bob Hawke and the A.L.P. were returned to power in March 1983. Pre-election promises confined themselves to the bread-and-butter issues Australians wanted dealt with.

Hawke promised reduced petrol prices, more jobs and lower taxes. He made a specific commitment to "save the steel industry" in a campaign speech in Wollongong.

His Treasurer-elect, Paul Keating, campaigned hard on the promise that foreign banks would not be permitted in Australia. He explained why:

" . . . As to the argument that foreign bank entry will increasingly link Australia to the general instability in the banking system, and lessen Federal Government's control over domestic monetary policy, there is no doubt that this must be the case . . . " (20)

For whatever reason, Treasurer Keating rapidly changed his mind. He was acclaimed "International Treasurer of the Year" by *Euromoney Magazine* and, in early 1985 had opened the door to 16 foreign banks, which hung up their shingles for the first time in Australia's history.

Far from safeguarding Australia from the "instability of the international banking system", Keating explained his reasoning to the Victorian Fabian Society on November 11, 1987:

" . . . Within my portfolio eventual party support for financial deregulation, the float of the dollar and foreign bank entry stand out as relevant examples . . . They were taken to integrate the Australian economy with the rest of the world . . . "

The Labor victory in March 1983 heralded an escalation of the globalisation programme. Those who wanted a return to sanity had

their hopes dashed. A glance at the A.L.P.'s Platform and Rules - updated in 1982 - showed just what Australia was in for. It included:

- * Commitment to an Australian republic.
- * Commitment to changing the Australian flag.
- * Commitment to the international socialist movement as represented by the Socialist International
- * Commitment to emasculating the Senate.
- * Commitment to reducing any independent power of action by the Governor-General.
- * Commitment to the introduction of a Bill of Rights, based on the U.N. model.
- * Commitment to regionalisation in Australia with the amalgamation of Local Authorities.
- * Commitment to the New International Economic Order. (21)

Here and there a shadow of an older, more Australian Labor Party could be seen. For example (page 44):

" . . . Labor is greatly concerned at the extent to which our industry is foreign controlled, and the likelihood that this foreign control of our economy will increase further unless preventative action is taken.

Labor believes that increasing foreign domination of the Australian economy by foreign-based transnational corporations endangers our national sovereignty and places our resources, technology and the leading role in determining the future pattern of development at the control of corporations whose interests are not necessarily in accord with the best interests of our nation. Furthermore, their international scale and enormous economic power . . . reduce the authority of the elected government over the national economy . . . "

But Bob Hawke was saying one thing to Australians and something entirely different to overseas industrialists. In 1979 Hawke had been a member of the Crawford Committee on structural adjustment, set up by Prime Minister Fraser.

The report, signed by Hawke and three other committee members, concluded:

"Restructuring and improved competitiveness will be necessary in the manufacturing sector. Difficulties will arise. Many firms will have to undertake new pursuits. Some businesses will close. It is possible that in other firms a significant number of employees will lose their jobs. Some will have to move to another place of residence. If the transaction is not

handled well, the attendant risks and uncertainties may appear all but intolerable to those involved." (22)

The same thinking was evident in a speech he made to industrialists in Japan on February 3, 1984, eleven months after gaining office:

"I fully appreciate that men and women faced with the possibility of losing jobs as a result of technological change and structural adjustment look on it with fear and concern. We must ensure that those at the face of change are not asked to bear its costs alone. If change is to be justified in terms of the benefits to the community as a whole, then the community must shoulder the burden, and mechanisms must be developed for distributing the costs and benefits equitably." (23)

Hawke's words were little more than sophistry. In the 12 months before his election 96,000 jobs had been lost in Australia's metal trade industries under the combined pressure of automation and import competition. Much of the cheap steel flooding into Australia was coming from modern mills in Third World countries which had been financed by 'soft loans' from the World Bank's International Development Association (IDA) to which Australia was a contributor. BHP itself began to diversify to a number of developing economies. It now has mining, drilling and manufacturing operations in Asia, Latin America and Canada.

The terrible plight resulting from this 'reconstruction' among workers in Australia's steel and coal industries has been graphically told in Julianne Schultz's "*Steel City Blues*".

The 'level-playing-field' and 'free-trade' ideology which had already caused so much damage was swallowed hook, line and sinker by the Hawke government.

The warnings of experienced industrialists were swept aside arrogantly. Not only was Australia one of the first to dive into the pool of deregulation and reconstruction, but its missionaries swept round the world exhorting and even threatening others who lagged behind. Again, the facts fell on deaf ears.

Tom Curtis, International Trade Manager for Price Waterhouse in Melbourne warned:

". . . While Australia is busy dismantling its protective barriers, the rest of the world seems intent on raising trade walls by way of incentives, tariffs and other non-tariff barriers . . . " (24)

George Innes, former Chief Executive of Bonds Industries, added:

"There is not another developed country, excluding New Zealand, which is dismantling its industry protection arrangements to the extent that we are in Australia. A Financial Times Survey of world textiles published on the day I left London confirmed that TCF quotas operating under the multi-fibre agreement are not likely to be phased out in less than 10 years. We are doing it in two . . ." (25)

Mr John Hooke, chairman of Tubemakers Ltd, in his annual report,

"said it was remarkable that of the 24 OECD countries, 20 had increased protective mechanisms during the past 10 years and only Australia, New Zealand, Turkey and Japan had reduced them . . ." (26)

Mr N.L. Brice, managing director, Brice Engineers Pty. Ltd. in Townsville, told a story heard with increasing frequency in all sectors of the economy:

"B.H.P. is reported to have lost an \$8 million contract to supply 35,500 tonnes of steel to an Indonesian rolling mill at Krakatau, due to waterfront industrial action as a result of the East Timor problems.

This represents a price of \$225 a tonne at a time when steel sections and plate are being sold into the domestic market for \$950-\$1150 a tonne. Australian steel prices are generally \$400-\$500 a tonne dearer than overseas prices: B.H.P.'s monopoly situation permits this state of affairs to exist.

My company was unsuccessful with an order of \$4.5 million to supply steel buildings for a project in Indonesia, the order being placed with a Singapore supplier. Had we been able to purchase our steel for the same price as our overseas competitors, the saving to us would have resulted in us submitting a lower bid and being awarded an order for about \$4 million which would have been manufactured in Australia and exported. In future we will be supplying steel for our overseas work from south-east Asia, not Australia. B.H.P.'s monopoly pricing policies within Australia are resulting in the export of Australian jobs along with their low-priced steel . . . A similar situation exists in the aluminium industry where the domestic market is controlled by Alcan and Comalco, where local market prices are about 70 percent higher than material supplied from Europe . . ." (27)

Mr Derek Sicklen, Director of Australian Economic Analysis, pointed out how tariff reductions were serving our competitors:

" . . . We are told that a tariff price of 35 percent is too high a price to pay to keep jobs and factories in our textiles, clothing and footwear industries. Yet a quick scan of the Asian region shows us 60 percent tariffs on similar goods in Indonesia, 20 percent in Malaysia, 30-50 percent in the Philippines and 60 percent in Thailand. For motor vehicles the tariffs can range up to 200 percent in Indonesia and 200 percent in Malaysia . . . "

(28)

Mr Alan Trumble, President of the Textile, Clothing and Footwear Council of Australia, pointed out:

" . . . The rest of the developed world, that is, the other OECD countries, assist their TCF industries via a rigid system of bilateral quotas against imports from the Developing countries (DCs), restricting market access for those goods to a much greater extent than ever imposed by Australia . . . While Australia is abolishing its less-restrictive quotas on TCF by March next year, our major 'developed' trading partners will not countenance abandoning their quota arrangements before 2003 . . . " (29)

B.H.P., which rolled its first Newcastle steel on April 24, 1915, announced on April 24 eighty-two years later it was closing down the Newcastle steel works. Productivity had increased from under 300 tonnes per man in 1988 to an estimated 700 tonnes per man in 1997. But the mini-mills of the future will be producing up to 4,000-5,000 tonnes per man/year. For example, *The Australian* (August 4, 1997) reported:

"BHP's \$1 billion US steel project is looking to increase production by almost 70 percent by as early as October next year. North Star BHP president Edward Fox said last Friday at the Delta plant outside Toledo, Ohio, that its output would reach capacity of 1.5 million tonnes a year by next July . . . North Star BHP is the joint-venture operator of the Delta plant which is 50 percent owned by BHP and 50 percent by the biggest privately-owned business in the U.S., Cargill . . . the Delta plant would produce 5,300 tonnes an employee, a big increase over its present target of 4,000 tonnes and a huge leap over the average 650 tonnes produced at BHP's Australian operations . . . "

But BHP is not putting all its steel eggs in one basket. *The Australian Financial Review* (August 6, 1997) announced:

"By the end of this year BHP Steel will have sunk a total of \$550 million or thereabouts in steel-rolling, roll-forming and coating mills in Thailand, Malaysia and Indonesia. The largest of these mills, at Map Ta Phut in southern Thailand, built at a cost of \$260 million, opens for business in December. . ."

In a country with the best coking coal and iron ore in the world, the release of interest-free credit to modernise Australia's steel industry and the thousands of metal industries capable of manufacturing steel products should be a top priority, not only for economic but also for defence reasons. The idea that we should import our steel requirements from the mini-mills already being installed in Asian nations is appalling. ⁽³⁰⁾

B.H.P. is not going to do it. It is no longer the "Big Australian", but the "Giant Transnational". It operates in 24 countries and, like other multinationals, will go wherever it can attain the best advantage.

In June 1997 BHP announced an \$850 million joint venture with Sivensa for the production of hot briquetted iron (HBI) at the Venezuelan town of Puerto Ordaz. HBI is designed for the newly-designed electric arc furnaces replacing traditional smelters. It is also about to commence production of a similar product at Port Headland in Western Australia. These two projects will provide up to 90 percent of the world's HBI demand in the foreseeable future. They will feed steel mills in which BHP has a direct interest in Malaysia, Indonesia, Saudi Arabia and the U.S. ⁽³¹⁾

A letter by Jeffrey Hinde of Springwood in *The Australian* said it all:

"Fabrication of steel is a worthy activity Australians once did well and often. Generations of school leavers learnt to boilermaker, fit, weld, design, engineer, draw and type, account, manage, plan, market and distribute as a career involving steel fabrications. Today many similar decent young people learn the more appropriate skills of shoplifting, car-theft and break-and-enter.

We imported engines and some components, used locally-produced steel plate, rod and bar; then cut and shut, drilled, bolted, hammered, bent, welded, plated and painted and turned out lots of beaut machines and had fun doing it. We made marvellous machinery for mining, manufacturing, farming, road-building, constructing, shipping, trucking

and transporting. The products were high quality and production costs were reasonable.

In the early and mid-seventies the early rush of economic rationalists slithered from under rocks in Canberra and bent politicians' ears. The polities then had as little knowledge of the real world of multinational corporations and international manufacturing as they display today.

Tariffs were reduced, export incentives eliminated and from a climate of encouragement by Government to manufacture locally we moved to disincentives.

Our federal politicians have failed us miserably in ensuring the loss of whole once-viable industries using local steel . . . " (32)

Almost as this book was going to print the latest proposal for Australia's ill-fated steel industry appeared:

"In talks with Newcastle leaders yesterday the Prime Minister, Mr John Howard, discussed a proposal for a Chinese Government steel project to replace the BHP steel works, due to be closed by 1999 . . . It is understood the proposed Chinese steel project would use direct-reduced iron processed in Western Australia for electric arc furnaces in Newcastle instead of exporting the iron for use in arc furnaces in China . . . " (33)

Obviously, this is not confirmed yet. But the fact it is even under consideration is outrageous. Newcastle Steel commenced within weeks of the Gallipoli landing. That it should even be contemplated that it should end this way is past understanding.

China is a recipient of IDA funds. Australia is a donor.

"China once again topped the list of World Bank borrowers, with \$US2.8 billion (\$3.8 billion) in loans in 1997, well ahead of second-largest borrower Russia with \$US1.7 billion. . . " (34)

China is also a recipient of finance from Australia's Foreign Aid. Money directly granted to China is as follows: 1993-94: \$86.8 million; 1994-95: \$84 million; 1995-96: \$62.2m; 1996-97: \$57.2m (est.); 1997-98: \$53.5m (est). Total, 1993-94 to 1997-98 - \$343.7 million. It is insane to consider the possibility of Australian aid funding a foreign takeover of its own steel industry.

Perhaps common sense will prevail, and Australian credit diverted back to the resuscitation of our own industries. But the story of what is happening must be spread far and wide in the shortest possible time.

NOTES:

- (1) *The Australian*, May 25, 1993.
- (2) *Ibid.*
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- (16) Peter Westmore, *News Weekly*, May 31, 1997.
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- (19) *The Adelaide Advertiser*, January 26, 1983.
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CHAPTER NINE

THE GLOBAL GULAG.

"...The free trade system is destructive. It breaks up the old nationalities and pushes the antagonism of the proletariat and the bourgeoisie to the extreme point. In a word, the free trade system hastens the social revolution. It is in this revolutionary sense alone, gentlemen, that I vote in favour of free trade."

Karl Marx, "On the Question of Free Trade".

In 1980, under the editorship of Gareth Evans and John Reeves, an Executive Director of the Victorian Fabian Society and Professor of Economics, the Australian Labor Party published "Labor Essays 1980". The Editorial Board was made up of 13 members who were later to provide the obviously-fabian direction and leadership of the Hawke government. They included John Button, Moss Cass, Gareth Evans, Bob Hawke, Bob Hogg, Clyde Holding, Brian Howe, Barry Jones, Race Matthews and Peter Steedman.

The publication came two years before the "revamping" of the A.L.P. Platform and Rules, as outlined in Chapter Eight; and three years before the A.L.P. was returned to power. An essay by former Prime Minister Gough Whitlam showed how little he appreciated the implications of his own policies. He claimed, of course, that he had set the ball rolling:

"... The great changes in Australia's perceptions of the region were made seven years ago, when our Government recognised Peking, emancipated Papua New Guinea, negotiated the Cultural Agreement and NARA Treaty with Japan and abandoned White Australia . . . The changing international economic order, however, augurs well for the exercise of national sovereignty . . . (!)"

His views were in marked contrast to another essay by Professor Ted Wheelwright, whose warnings about the shift of power were accurate:

"Until public power is able to control private economic power, international capital will continue to be able to manipulate the world in order to make a profit. Transnational corporations are in a much better

position to compete on world markets, supplying them from free production zones. Non-transnationals will be driven out of business, or forced to go offshore themselves and become transnational. The upshot will be an even greater concentration of world production in the centralising hands of the giant global corporations . . . The increased mobility and relocation of production occurs to suit the convenience of capital, without much regard for the welfare of the people affected."⁽¹⁾

Whether they thought they could ride and control the capitalist tiger, or whether they were simply sentimental socialists, the revamped Labor Party, during the last part of the eighties and the first half of the nineties, presided over the dismantling of Australia's largely self-sufficient industrial base.

The Hawke, and later the Keating government, cajoled and stroked by a national media which itself had been globalised, followed the piper along the GATT free-trade road towards a 'level playing field'. They were, they believed, the custodians of a world vision which lesser mortals had yet to grasp. The road would be rocky, but the sacrifices worthwhile. It was observed by some that the 'elected-representatives-of-the-people' had no intention of sharing personally in the hardships to come. The only parliamentary bills where it was safe to assume a unanimous vote of all parties were those increasing parliamentary salaries and benefits. For the rest of the population a little 'belt-tightening' was a noble thing, even if not all understood the reasons for it. "Short-term pain for long-term gain" became another cliché frequently trotted out by Treasurers and Trade Ministers to justify the latest disasters in trade-deficits or unemployment statistics.

All that happened - and it took a long time for the more realistic representatives to grasp this - was that nobody believed politicians any more. The last half of the eighties and the first half of the nineties carried Australia through an escalating crisis which saw tens of thousands of domestic enterprises either close down, move offshore or swallowed up by foreign multinationals. The latter, given full-reign by the Labor Party, cut through the Australian economy like sharks. Satiated by a limitless choice of targets, they simply toyed with disintegrating Australia. They kept the names of the 'icons' they had swallowed where it suited them. As Australian-made disappeared from the retail shelves, they were replaced with foreign-owned goods - either from overseas or in foreign-owned productive units in Australia.

Hard-working Australians stood bewildered in fields of unmarketable fruit and vegetables while overseas produce was shipped in to fill the market-space which once carried Australian goods; orange-juice from Latin America while Australian citrus rotted on the trees; fresh and frozen vegetables from S.E. Asia while Australians ploughed their unsaleable produce back into the soil; pork from Canada, jams and bottled preserves from Poland, fish products from China and Scandinavia . . . The importation of steel-based items, white goods and electrical products was legion. In most cases the original Australian products thus replaced were of higher quality and just as efficiently produced. But the hands of Australians were tied by a multitude of costs and controls. The massive accumulation of taxes, rates, debt and interest was of necessity spread through every stage of delivery from producer to consumer. A baker had to add to the price of his loaf - for which the cost of wheat had hardly changed - an ever-accumulating load of indirect costs; his rates, taxes, rent, wages, transport, fuel and electricity, investment and depreciation, interest etc. It is said there are 56 taxes on a loaf of bread by the time it reaches the consumer.

A startling demonstration of this was provided at the time of the sheep-slaughter during the wool collapse. Farmers could hardly give their mutton and lamb away. Yet prices at the retail end hardly dipped. A cost-analysis in New South Wales showed that, even if butchers were GIVEN their sheep requirements, their indirect costs maintained the retail price at the previous level.

The term "input costs" now bears little resemblance to true costs of production. The latter, in real terms, are falling. The physical results achieved per given unit of energy-applied are expanding in every area of productive endeavour. Money costs, however, have distorted the physical reality into the opposite. The result is to introduce into the simple business of supplying wants and needs a mutation which dislocates supply and demand. The dislocation is patched up by the worst of all possible remedies - time-payment in its various forms, from mortgages to overdrafts to hire-purchase. The popular advertising slogan "Buy now, pay later" is a euphemism for "Buy now by mortgaging your future." The power thus involuntarily delivered to the money-and-credit monopolists is, quite literally, the power of life or death.

The single global market theology had its evangelists - an industry of economists whose faith was as real as their gospel was destructive. From the Treasury they fanned out through university faculties, the world of journalism, into productive sectors. Their vision was, without doubt, religious. It took no account of individual aspirations, ethnic differences or national distinctions. Human activity was classified by criteria which were economic, demarcated by statistical 'models' increasingly divorced from reality. Like Squealer in "Animal Farm", no account was taken of human misery. If it needed explanation, it was simply due to inefficiency. Human beings were merely resource material for a global model - a universal 'Sabbath' requiring uniformity and compliance. The idea that "*the Sabbath is made for man*" had no place in the factors making up economic formulae.

It was astounding to see conferences of farmers, Local Councillors, businessmen and manufacturers who found it impossible to prevail against the economists they hired and for whom they provided platforms. Good men and women were reduced to silence by these 'econo-vangelists' who explained why their industries were expendable. An aura was created wherein these things could only be discussed in a new language. Reality was explained in terms of 'freezes', 'squeezes', various types of inflation ('stag', 'slump', 'cost', 'wage', demand' etc.), deficits of various types (current-account, budget,) and, above all, 'efficiency'. Once human satisfaction and happiness are eliminated from the ideal of efficiency, the results are diabolical.

The laity was reduced to impotence before such a science. The odd individual who was bold enough to question the economic gospel was excommunicated as a dangerous heretic. If he asked how come, in this new faith, the temple priests ended up with all the goodies while the faithful starved, he was banished forever from rational society. A few more discerning economists indicated some comprehension about the end result of the global programme:

"The evolving borderless world is inevitable, indeed desirable, if we value peaceful coexistence . . . Indications of the emerging borderless world abound. Money circulates through the world via satellite at more than \$7 million per second . . . There is increasingly nowhere to hide, and Australia will find it more rewarding not to try . . ." said economist Phil Ruthven. (2)

"Preserving a discrete national economic and political identity in the "borderless world" of the future - if indeed that is what we desire - will be difficult in the extreme. The changes now taking place in world capitalism will fundamentally reshape the politics and economics of the coming century. Harvard political economist Robert Reich (later to become President Clinton's financial guru - author) for example, in his important book 'The Work of Nations', develops the hypothesis that in the new era of international capitalism economic nationalism is an anachronism. "There will be no national products or technologies, no national corporations, no national industries," he argues. "There will no longer be national economies, at least as we have come to accept them. All that will remain rooted within national borders are the people who comprise the nation." . . .

"Whether by accident or design Australia is already well advanced along the path to globalisation of our economy. Our appetite for foreign capital has ensured this, even if our policies did not" spoke independent economic analyst Denis Gastin. ⁽³⁾

"Economic rationalism could wipe out the social and political gains of the past two centuries and ultimately make the world unliveable, says renowned author and academic Dr Susan George. In an interview yesterday, Dr George warned that the increasingly global economic dogma of "let the market rule" was pushing down wages and living standards.

She argued that the world was on a "suicide slide" where the ruling economic doctrine was destroying cultural and natural diversity and reducing everything to a single entity. "What is happening is that the market is being elevated to the level of the single organising principle of society, which is daft," she said. "Everyone is being reduced to 'homo economicus' - an individual player in the market with no guarantee of survival. This has never happened before in recorded history" . . . ⁽⁴⁾

"Free market policies are killing the Australian economy and causing hardship and financial ruin for millions of Australians. The economy has been brought to its knees by financial and economic deregulation, the elimination of tariffs, unsuccessful structural reforms in industry, free trade in agriculture, open slather for imports, privatisation, repressive monetary policies, a taxation system that favours consumption over saving and investment and is an administrative nightmare, and budgetary policies that treat surpluses as triumphs of financial management. The balance of payments on current account is in a permanent state of massive

deficit. Overseas debt has reached an exorbitant level and is still growing rapidly. Foreign ownership of Australian assets has increased exponentially. The financial system is in tatters as a result of its own greed and extravagant lending policies, carrying the fortunes of hundreds of thousands of farmers, small businesses, home owners, superannuants and investors with it . . . Homelessness, poverty and despair have become commonplace . . . In sum, free market policies have proved to be an unmitigated disaster . . ." said Professor Russell Mathews. ⁽⁵⁾

The religious analogy was drawn both by former Governor-General Bill Hayden - an economist and former Treasurer - and Evan Jones, senior lecturer in Economics at the University of Sydney. Hayden likened economists to voodoo witchdoctors who consulted the entrails of goats. Evan Jones went further:

"Most economic commentary is unmitigated blather. It would be impossible to overestimate the extent of absurdity in contemporary economic culture. Black is white. Rubbish is good sense. To try to make sense of it is to invite mental turmoil. . . Consider the milieu in Australia. A libertarian state of mind prevails.

The market mechanism is the source of all economic vitality. Anything that interferes with the free workings of the market has to go - unions, public enterprise, government spending . . . Economists are members of a middle-class priesthood. Religion has provided the social cement since time immemorial. The gradual decay of religion as a unifying principle generated a major social catharsis . . .

Enter economists . . . The economics profession has contributed to one of the great intellectual scandals of the 20th century. The centre of gravity of the economics disciplines is a gigantic hoax. It involves an intellectual travesty and a social disaster of the first order. A respectable, rigorous training in economics is a cretinising process. It involves a consistent deskilling which leads to losing touch with the much-maligned "common sense". It obliterates any conception of man/woman as a social being. It transcends compassion. . ." ⁽⁶⁾

These comments were made at the time Australia was in the throes of the early-nineties recession. By this time, as John Carroll wrote in *The Australian*:

". . . More than half our manufacturing capacity has been destroyed since 1974. In 1990, total imports were around \$50 billion . . . Last year the

overseas account had a \$20 billion deficit. In practical terms this means we imported \$20 billion more in goods than we could afford . . ."⁽⁷⁾

Undeterred by the solid evidence of breakdown round it, the Keating government went into the 1993 election asking for an extension of time to "bring home the bacon". The *Financial Review* described the stark situation the winning party would inherit:

- * *The highest unemployment rate since World War II.*
- * *An increasing number of Australians relying on other Australians' earnings for their very day-to-day survival. For every \$5 earned in wages, about \$1.20 is currently being paid out in social security payments.*
- * *A net foreign debt equal to 42 percent of GDP, compared with a figure of only 13 percent a decade ago.*
- * *A blow-out in the current account deficit (CAD), despite continuing low demand for imports and a fall in interest rates on our foreign debt. Over the first six months of 1992-93, the CAD has already totalled \$9.5 billion and is likely to exceed the 1992 Budget forecast of \$15 billion.*
- * *Historically low levels of savings and a shrinking private sector capital stock. Access Economics estimates that in net terms we are not even replacing the productive resources which are wearing out - a real Great Depression-type situation.*
- * *A public sector back into heavy borrowing mode, at a time when both household and business savings are at very low levels. Over 1992, it reduced its savings by \$16.6 billion and is likely to experience an even greater dissaving over the current fiscal year.**
- * *A currency under pressure from a double whammy-type fall in commodity prices and a lowering of interest rates.*
- * *A union movement anxious for wage increases, particularly for low-income employees.*⁽⁸⁾

(* The drop in savings was not due to a "consumer-binge" as so often portrayed so much as the fact that a growing percentage of the population cannot meet basic living requirements from incomes. By the end of 1996 the situation had deteriorated further, as shown in this report:

"Householders have been borrowing at more than twice the rate of economic and income growth over the past year . . . Reserve Bank figures released yesterday show total credit has grown by an annual average rate of 12 percent for the past year, with individuals and businesses borrowing

at double-digit pace. . . household debt has soared to 91.6 per cent of disposable income . . . almost double the level of five years ago . . . The total stock of borrowings is now \$460 billion, almost the same as the economy's annual output of \$480 billion. The debt is divided equally by the household and business sectors, but household debt has increased more rapidly, doubling in seven years)⁽⁹⁾

The A.L.P. in 1993 had only two things going for it; an Opposition that worshipped at the same economic shrine, with a leader convinced people would vote for a new tax. They were enough to deliver Labor the unwinnable election.

The situation confirmed to the growing number of doubters that the very claims and counter-claims made by the party protagonists were based on false and rubbery statistics. In four areas - and probably more - the data provided by the statisticians are so inconsistent with reality that they are totally unreliable. The areas are unemployment, standard-of-living, foreign ownership and Gross Domestic Product (GDP).

Take the last. A thoughtful article by Labor's Shadow Minister Lindsay Tanner in June 1996 said:

"Australia has enjoyed more than four years of continuous economic growth . . . So why did Australian voters punish the Keating Government? The deficiencies of GDP as an economic indicator have been well recognised but tolerated . . . its value is now deteriorating . . . In the post-war economy, services accounted for about 50 percent of total production and consisted mostly of services linked to the process of producing goods, such as transport, communications and legal services. Services now account for almost 80 percent of our production and are mostly not adjuncts to the production of goods. Domestic and family services are moving rapidly into the formal economy, education is expanding and discretionary products such as entertainment, sport and tourism are flourishing . . . A recent Atlantic Monthly article, entitled "If the GDP is up Why is America Down?" highlights the widespread fallacies inherent in the use of GDP growth as a key indicator. GDP does not include improvement in product quality, does not account for depletion of non-renewable resources and ignores work in the informal economy. The authors conclude that "much of what we now call GDP is really just one of three things in disguise: fixing blunders and social decay from the past, borrowing resources from the future, or shifting functions

from the traditional realm of household and community to the realm of the monetised economy" . . . " (10)

Clive Hamilton in another *Financial Review* article commented: ". . . GDP is a very faulty measure of changes in national well-being. More pollution is recorded as an addition to GDP, both when it is produced and when it is cleaned up. GDP increases when meals are no longer prepared in the home but are bought at fast-food outlets. The AIDS epidemic has meant more medical spending, pushing up the conventional measure of progress. When old-growth forests are cut down, the value of the logs adds to the national income but the environmental losses are not recorded . . ." (11)

It is a provoking thought that if Australian households ceased to do their own washing, swapping with their neighbours and charging a mutually-balancing fee, the GDP would increase significantly! A "new industry" would have been created!

Once the public distrusts the measurements used for political claims and promises, it automatically distrusts the claimants. In regard to living standards, income distribution and poverty there is a wealth of evidence to show that 'official' statistics conceal far more than they reveal. For space reasons, only selected conclusions can be given. A paper on wealth distribution by the ACT Council on Social Service (ACOSS)(authored by Mark Elliott in 1994) concluded:

" . . . In 1990 the wealthiest 1% of the population in Australia owned 19.7% of all wealth. The top 10% owned 52.2%. The top 20% owned 72% and the top 50.5% owned 98.4% of total wealth." (12)

" . . . The value of assets held by the top one hundred asset holders rose from \$3,472 million in 1983 to \$21,075 million in 1992. This was a six fold increase (or over five fold after allowing for the rise in the C.P.I. over the same period). For the top ten asset holders, the increase was \$870 million to \$10,135 million over the same period, which was more than a ten fold increase (or nine fold after allowing for the effect of inflation).⁽¹³⁾ It is also worth noting that over this period the share of the top ten within the top one hundred asset holders rose from 68% to 84%." (14) (15)

Before jumping to the 'knee-jerk' socialist conclusion that a tax-hike, with more delivered to the lower end of the scale, is the way to reduce income disparity, and social poverty, a number of factors need additional thought. How many of the asset-holders are Australian? Are overseas owned profits and dividends earned in Australia taxed in

the first place? Is there not evidence that the intention to "redistribute wealth" by taxation invariably produces a widening rather than a narrowing of the gap? Is a further extension of the 'welfare state economy', with all its bureaucratic attempts at means-testing and controls not really a case of running faster down the wrong road?

The evidence reveals that monopoly in all its forms starts with the monopoly of credit. Unless this is tackled, those with good intentions will labour in vain.

On December 13, 1995 Prime Minister Keating released a major report from his Department entitled "Trends in the Distribution of Cash Income and non-cash Benefits". It claimed to be an investigation on how economic policy affected Australian living standards from 1981-82 to 1993-94. It documented a fall in real household private incomes of nearly 9 percent. It then produced a tortuous argument suggesting that the "social wage", i.e. cash and non-cash benefits received back from government programmes, has made up the fall in real incomes. The report was criticised in a major review by the Australian Business Council which came to these conclusions:

- * Australian living standards are declining.
- * The Report documents a fall in real household private incomes of nearly 9 percent between 1981-82 and 1993-94.
- * When account is taken of extra labour effort, living standards have probably fallen on average by at least 13 percent.
- * Although the Report points to benefits from the "social wage", a close reading of the Report shows Government-financed "social wage" benefits have not succeeded in offsetting the decline in living standards.
- * The "social wage" (government cash and non-cash benefits) cannot make households, on average, winners from government, getting back more in benefits than they pay in taxes.
- * The Report fails to take into account the impact on households of nearly half of indirect taxes (\$17 billion in 1981-82 and \$20 billion in 1993-94).
- * The Report also provides evidence that the financing of the "social wage" appears ultimately unsustainable in any case.⁽¹⁶⁾

The Business Council Review was, predictably, attacked by the Minister for Social Security, Mr Baldwin in a letter to *The Australian* on February 16, 1996. He claimed the Review had made 'biased and misleading' adjustments to figures in The Report to the Prime Minister

on Trends in the Distribution of Cash Income and Non-Cash Benefits. His attack prompted the following comments in a reply (Australian, February 20, 1996) by P.H. Barratt from the Business Council of Australia:

"... The Minister is not correct. The study published in the February Business Council Bulletin used figures contained in the Government's own commissioned report to the Prime Minister. The adjustments the Minister now denounces were made by that report, which the Prime Minister welcomed on December 13 as "the latest and most comprehensive data available"... "(16)

Apart from the dubious attempt to show that Australian living standards have been maintained by the "social wage", the figures for unemployment are equally rubbery. A major 1996 paper "Divided Nation", by Graeme Dorrance, formerly with the I.M.F. and the National Centre for Development Studies, A.N.U., and Helen Hughes, Professor Emeritus at the A.N.U. has documented what many know to be true - the unemployment figures bear little resemblance to reality.

Amongst their conclusions were:

- * *"Current levels of unemployment as measured by the Australian Bureau of Statistics (ABS) ... are between 8 percent and 8.5 per cent. But real unemployment, taking account of workers who have dropped out of the labour force, those underemployed and those in subsidised jobs that are not likely to become permanent, is estimated to be about 12.5 percent. This ... results in the equivalent of more than 1 million people ..."*
- * *Experience in other industrial countries suggests that labour-market programmes have low success rates and low returns on funds spent, and create 'queue-shuffling' problems.*
- * *If present policies remain unchanged or are reformed only slowly, unemployment, particularly of young people, will continue to increase and widen the divisions between the low- and high-income segments of society. The social consequences of unemployment and poverty (illness, family break-up, declining standards of education, alcoholism, drug abuse and crime) will worsen. ... "(17)*

It is in the field of foreign ownership that "creative statistics" appear at their worst. To get a reasonably accurate picture, the following figures have been compiled from Australian Year Books No 57 (1971), No 65 (1981), No 74, (1991), and the Australian Pocket Year Book, 1997:

FOREIGN INVESTMENT IN AUSTRALIA, AND INCOME PAYABLE OVERSEAS.

Year	Annual Foreign Investment in Australia	Total Foreign Investment in Australia	Annual income payable overseas
1969-70	\$ 1.2 bill.	-	\$646 million
1978-79	\$ 1.9 bill.	-	\$ 1.9 billion
1983-84	\$ 10.2 bill.	\$ 81.9 billion	\$ 5.8 billion
1984-85	\$ 14.8 bill.	111.3 billion	\$ 7.6 billion
1985-86	\$ 19.1 bill.	\$ 139.4 billion	\$ 9.0 billion
1986-87	\$ 22.0 bill.	\$ 177.3 billion	\$ 10.5 billion
1987-88	\$ 25.0 bill.	\$ 195.6 billion	\$ 12.8 billion
1988-89	\$ 26.5 bill.	\$ 229.3 billion	\$ 15.9 billion
1993	-	\$ 338.3 billion	-
1994	-	\$ 370.9 billion	-
1995	-	\$ 400.9 billion	-
1996	\$ 34.9 bill.	\$ 436.7 billion	\$ 25.6 billion

Foreign ownership has expanded faster than Australia's money supply. The figures show the trend:

Year	Money Supply (M3)	Total Foreign Investment
1985	\$ 90 billion	\$ 111 billion
1989	\$ 166 billion	\$ 229 billion
1994	\$ 247 billion	\$ 370 billion
1996	\$ 297 billion	\$ 436 billion

There is now widespread doubt as to the accuracy of the official statistics. The full impact of privatisation of government assets, plus the total level of dividends and profits going overseas need a much more explicit publication. There is no doubt, however, that, particularly since 1985 when de-regulation of the economy occurred under Keating, Australia has been subjected to international vivisection.

The sacrificial offering has been small businesses, Australian manufacturing and the family farm. The wage earner has been pulverised, with tens of thousands of jobs exported. Hundreds of businesses have moved off-shore to avoid bankruptcy. In major sectors

of industry - the beef industry is a classic example - multinationals simply treat Australia as an off-shore base for their own internal operations, crushing local enterprises in the process. It was well described in a 1992 article in the *West Australian*:

"Australia is like an occupied country . . . Overseas ownership of Australian assets has more than doubled in the past five years and is now worth about \$300 billion. Figures compiled by the Bureau of Statistics show that foreigners earn \$20 billion a year on their investments in Australia - more than twice the amount the Commonwealth spends on Defence. Each year another \$20 billion or so of foreign money is spent buying more businesses and more land. Key sections of the Australian media have been taken over by foreigners . . . According to the Australian Owned Companies Association, more than 70 percent of the items sold in supermarkets come from foreign-controlled businesses . . . But the multinationals are not just after Australian businesses.

According to the Foreign Investment Review Board, (FIRB) of the 3000 proposals received from overseas investors each year, some 2000 involve real estate developments. An estimated 10 percent of the Australian continent is now owned by foreigners. It has to be an estimate because Queensland is the only State that keeps an up-to-date register of foreign ownership and, there, an area the size of Tasmania has become the property of outsiders. In the past two years, the amount of land owned by overseas interests in Queensland has leapt six-fold. More than 5 million hectares of the State is foreign owned. . . " (18)

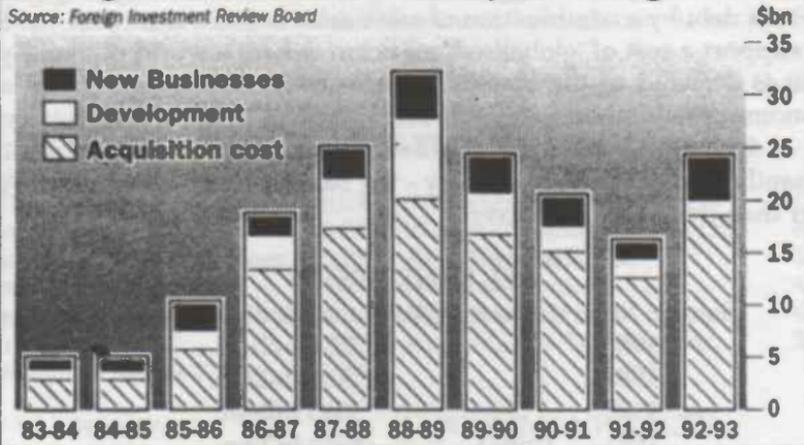
By the mid-nineties a few were beginning to realise that perennial overseas borrowing was pauperising Australia. Chris Dunstan of Sydney University pointed out:

"Foreign Investment is applauded for giving Australia access to the resources of other nations. The opposite is more often true. Instead of bringing new productive capital into Australia, most foreign "investment" involves the acquisition of assets that are already here . . . " (19)

His point was emphasised by the following chart, showing the extent of foreign acquisitions of existing Australian assets:

Foreign investment: mainly existing assets

Source: Foreign Investment Review Board



Acknowledgement *Australian Financial Review*

By the mid-nineties even the most obtuse were beginning to perceive that Australia had been forced into accepting a form of "debt-for-equity-swaps".

The leading article in the *Financial Review* spelled it out clearly: "A historic shift is under way in the funding of Australia's current account deficit as offshore buying of local shares and assets increasingly supplants foreign debt . . . Today's international investment position figures will confirm this sweeping debt-to-equity shift. It will rekindle one of the hot political issues of the '70s: "selling off the farm". But it will alleviate a major issue from the '80s: the inexorable rise in foreign borrowings and the nation's vulnerability to global interest rate movements.

Replacement of Australia's traditional reliance on offshore borrowing with large equity inflows will be the hallmark of the capital account through the rest of the '90s. If current levels of equity inflow, economic growth and external imbalance persist, the foreign debt component of offshore liabilities will stabilise as a proportion of GDP.

However, the nation's perennial current account - at present about 3.8 percent of GDP - will still lead to a steady rise in foreign ownership of shares and other productive assets . . ." (20)

What folly! To suggest we can stabilise an already-impossible overseas debt by a continuation of asset-sales is sheer madness! - unless you support a sort of 'globalised' marxism, where a world monopoly of credit is directed to the abolition of domestic private ownership and autonomous nationhood.

One group, however, profited exceedingly by and through this dismantling of Australia's viability - the banks. Their assets grew even faster than the foreign takeover:

ALL BANK ASSETS

(Source: Reserve Bank of Australia Monthly Bulletins)

1988	...	\$226 billion.
1989	...	\$283 billion.
1990	...	\$325 billion.
1991	(June) ...	\$353 billion.
1992	" ...	\$361 billion.
1993	" ...	\$382 billion.
1994	" ...	\$412 billion.
1995	" ...	\$437 billion.
1996	" ...	\$486 billion.
1997	(April) ...	\$537 billion.

- A tidy increase in assets of \$30 billion a month, or \$42 million an hour over the ten-year period.

The de-regulation of the financial system in 1985 changed the whole tenure of private banking beyond recognition. Quite apart from the credit-creation process - a crown-prerogative which had been unpardonably, if not illicitly, ceded to private hands - the lending process had been internationalised.

Unlike the position in World War II, where the task of meeting the demand for new credit was in Australian hands, and therefore with Australia's national interests at heart, Australia's money needs were met by those in the forefront of emasculating national sovereignty round the world. Australia's Trading Banks - and who can blame them? - divested themselves of any national allegiance, embracing the global money milieu in an incestuous and usurious rubric.

Claims by Keating that this would offer Australia a "more competitive" banking system were macabre. The 'big four', (Westpac, ANZ, National-Australia and the Commonwealth) apart from joining the global club, developed incestuous relationships with each other,

through Nominee shareholdings in each others' stock. Chase-Manhattan (a Rockefeller bank) Nominees hold shares in each of the "big four".

A quick glance at the major shareholdings of each, in their respective 1996 Annual Reports, make this clear:

SHAREHOLDERS OF THE 'BIG FOUR', 1996

NATIONAL-AUSTRALIA		A.N.Z.	
ANZ Nominees	6.6%	Chase-Manhattan Nominees	11.6%
Westpac Nominees	5.8%	Westpac Custodian Nom. Ltd	8.2%
Chase-Manhattan Nominees	5.7%	ANZ Nominees Ltd.	5.1%
National Nominees Ltd.	5.5%	National Nominees Ltd.	4.4%
Perpetual Trustee Aust. Group	2.8%	MLC Life Ltd.	4.4%
Permanent Trustees Group	2.8%	Aust. Mutual Provident Soc.	2.2%
WESTPAC		COMMONWEALTH	
Aust. Mutual Provident Soc.	11.65	(Instalment Receipts)	
Lend Lease Custodian P/L	9.1%	ANZ Nominees Ltd	7.41%
Westpac Custodian Nominees Ltd.	8.1%	National Nominees Ltd	4.84%
Chase Manhattan Nominees	8.1%	Westpac Custodian N'nees Ltd	3.6%
National Nominees Ltd.	4.9%	Citicorp Nominees Pty Ltd	3.3%
ANZ Nominees Ltd.	4.9%	Chase Manhattan N'nees Ltd	2.6%
		State Authorities Super.	2.0%

Nominee companies are defined as companies established by a bank to hold legal title to stocks and shares on behalf of its owners. A major function is to enable transfer of funds for overseas interests. A nominee company enables investment of capital by large and mainly foreign investors, and the payment of dividends to them.

As can be seen, Chase Manhattan Nominees, with large Rockefeller interests, is a major shareholder in the 'big four' formerly-Australian trading banks.

The image of the banks is not good. Too many little Australian enterprises have been exploited and terrorised by their 'friendly' banks. In consequence, according to a *Financial Review* article on June 17, 1997:

"... There is no shortage of money or resources being lavished on promoting banks to their customers. Yet the "banks-are-bastards" image not only persists but is fuelled with each interest-rate change... While they spend about \$150 million annually on advertising, their own research reveals that consumers are not just cynical about the banks but can barely distinguish one from another..."

The 46 Directors of the four major Australian Trading Banks hold between them - apart from their Bank directorships - positions on the Boards of 51 of the major corporations operating in Australia. Some corporations have Directors from different Trading Banks. Thus:

CRA has on its Board one Director who is also on the Board of the National Australia Bank, and another on the Commonwealth Bank Board.

- * Leighton Holdings has one N.A.B Director and one A.N.Z.
- * Metal Manufacturers Ltd. has one N.A.B. and one A.N.Z.
- * Pacific Dunlop has two Commonwealth Bank and two A.N.Z.
- * Qantas has one Commonwealth Bank and one A.N.Z.
- * Santos has two Commonwealth and one Westpac.
- * C.S.R. has one A.N.Z. and one Westpac.

In addition, one director of the A.N.Z. Bank is a Director of the Reserve Bank of New Zealand, and another a Deputy Governor.

There is nothing illegal or improper in multiple-directorships. But in the case of banking there is an additional factor entirely altering the situation.

Rightly or wrongly, Trading Banks have been licensed by the Government to take over and profit from the creation of the money supply; in other words, they have been ceded the right to monetise the credit of the Australian people.

The monopoly of credit is the most terrible of instruments if used improperly. Karl Marx listed it as one of the ten essentials for a communist state. Those responsible for the creation of money should have no vested interest in the political or economic outcomes of its direction. ⁽²¹⁾

Not only in Australia but throughout the world the increasingly-integrated banking club moved effortlessly into a position of dominance over nations, governments and industries. They unleashed their hunting-packs - the multinationals - which were under their control. They used the International Monetary Fund and the World Bank to collect their debts and enforce the kind of restructuring on mendicant economies they required. Wage slavery or poverty were the only alternatives offered to enforce their will on workers.

As Sir Roderick Carnegie, former chairman of CRA observed:
"People don't realise the cost. If you get \$2 in 1979 from overseas invested equities, those owners want a dollar a year from 1990 onwards forever. What I'm saying to you is this: that's a very high price because they see

the \$2 coming in today, but in 10, 11 years time, a dollar going out is an enormous price to pay . . . in the long term I don't think it's going to create the kind of jobs for young Australians which I want for my kids . . .
" (22)

The experience of the Third World should have forewarned Australia. S. Ghosh, in an article "Multinationals and Development Elitist Perspectives" in 1987 pointed out:

"The U.N. Report "Multinational Corporations and World Development", 1973, showed that the total inflow of foreign direct investments into 43 south countries in 1970 was \$1,610 million, while the outflow of profit on accumulated past investments during that year was \$5,340 million - which meant the multinationals were taking out three times as much as they were putting into the south . . ."⁽²³⁾

Frederick Clairmont and John Cavanagh, in a paper "The Dynamics of the Global Gulag", gave some idea of the domination of the top 200 multinationals:

" . . . At the onset of the 1990s, there were 37,000 TNCs whose tentacles straddled the international economy through 170,000 overseas affiliates . . . Merely five advanced capitalist countries (the USA, Japan, France, Germany and the U.K.) engulfed 172 (86 percent) of these mega-corporations . . . The pathology of aggrandisement is discernible in their doubling of combined revenues in just over one decade: from \$3 trillion in 1982 to \$5.9 trillion in 1992. These behemoths span the entire spectrum of corporate capitalism: from manufacturing to banking, from every conceivable service to agriculture and mass merchandising.

In but a single decade, 1982-1992, they enhanced their share of global Gross Domestic Product from 24.2 percent to 26.8 in 1992. Given the still manic ruling class euphoria for Economic Liberalism it appears - at least momentarily - that there are no social and political countervailing forces to brake its further advance . . . Over the last two decades there has been a sharp differentiation within the top 200 and hence their respective rankings have shifted; several have been pushed to the wall, gobbled up in the massive leverage buyout orgies of the 1980s, thus speeding up the tempo of capitalist concentration: a tragic trajectory that continues to soar . . . Our rankings of the top 200 slightly understates the muscle-mass of some of the hegemonic protagonists of corporate capitalism. Six giants which are privately-owned (hence not quoted on the NYSE and thus do not file reports with the Security and Exchange Commission), have

revenues that could propel them to the 200. They comprise: Cargill (\$47.1 billion in 1992 sales), Koch (\$20.1 billion), UPS (\$16.5 billion), Continental Grain (\$15.4 billion), Mars (\$12.5 billion), and Goldman Sachs (12.5 billion).⁽²⁴⁾

The Top 200:
The Shape of Global Galugism

Country %	1982			1992		
	No. of firms	Sales \$ bn	Per cent of top 200	No. of firms	Sales \$ bn	Per cent of top 200
United States	80	1,302.5	42.8	60	1,720.1	29.3
Japan	35	657.3	21.5	54	2,095.4	35.7
France	16	182.6	6.0	23	530.2	9.0
Germany	17	207.5	6.8	21	563.0	9.6
UK	18	264.7	8.7	14	310.0	5.3
Switzerland	2	20.4	0.7	8	152.4	2.6
Netherlands	4	86.4	2.8	5	214.1	3.6
Italy	5	84.5	2.8	5	126.8	2.2
S. Korea	1	8.0	0.3	3	44.3	0.8
Brazil	2	27.4	0.9	2	29.8	0.5
Sweden	1	12.0	0.4	2	28.1	0.5
Spain	2	21.6	0.7	1	18.6	0.3
Canada	7	55.1	1.8	1	17.2	0.3
Belgium	1	9.2	0.3	1	12.2	0.2
Others	8	106.4	3.5	-	-	-
TOTAL	200	3,045.7	100.0	200	5,862.2	100.0
World GDP		12,600.0			21,900.0	
Top 200 as % of GDP		24.2			26.8	

% Ranked by number of firms in 1992.

Predictably, the unleashing of this financial imperialism divided the world, economy by economy, into a wider gap between the super-rich and the destitute than ever before.

The United Nations Human Development Report for 1996 pointed out that the total wealth of the world's 358 billionaires equals the combined incomes of the poorest 45 percent of the world's population - 2.3 billion people. It doesn't take much acumen to correlate these 358 individuals with the world's mega-bankers and transnationals.

Ethan B. Kapstein, Director of Policy Studies at the Council on Foreign Relations (see Chapter Seven) in a lengthy article in the May/June 1996 issue of the Council's publication *Foreign Affairs*, conceded that everything the organisation had been striving for over a seventy-year period had produced disaster:

"The Global economy is leaving millions of disaffected workers in its train. Inequality, unemployment, and endemic poverty have become its handmaidens. Rapid technological change and heightening international competition are fraying the job markets of the major industrial countries. At the same time systemic pressures are curtailing every government's ability to respond with new spending. Just when working people most need the nation-state as a buffer from the world economy, it is abandoning them. This is not how things were supposed to work . . ."

Kapstein indicated where the blame lay:

" . . . Policymakers debating these issues are like firefighters idly wondering what started the blaze while the house is burned to the ground. . . "

He asked:

"The world may be moving inexorably toward one of those tragic moments that will lead historians to ask, why was nothing done in time? . . ." (25)

In a major review, "The Free Market Myth", Noam Chomsky pointed out:

" . . . The U.S. has the worst record on poverty in the industrialised world - a poverty level which is twice as high as England, which has the second worst record in the industrial world. Tens of millions of people are hungry every night, including millions of children who are suffering from Third World levels of disease and malnutrition. In New York City, the richest city in the world, 40 percent of children live below the poverty line, meaning essentially below subsistence level, deprived of minimal conditions that offer some hope for escape from misery and destitution and violence . . ."

The ILO (International Labour Organisation) has just published a report estimating the level of global unemployment - understood to mean the position of not having enough work for subsistence - in January 1994 at about 30 percent. That, it says accurately, is a crisis worse than in the 1930s. It is, moreover, just one part of a general worldwide human rights catastrophe. UNESCO estimates that about 500,000 children die every year from debt repayment alone . . . Meanwhile, the World Health

Organisation estimates that 11 million children die every year from easily treatable diseases. W.H.O.'s head calls it a silent genocide . . .

UNESCO estimates that the human costs of what is called "economic reform" in Russia has been some 500,000 excess deaths a year since 1989. ."

He detailed in America what previous evidence has confirmed in Australia:

" . . . People are working longer for less money. The workload is continuing to increase, while wages are continuing to decline - which is unprecedented for a recovery. U.S. wages - as measured by labour costs per unit output - are now the lowest in the industrial world, except for Britain . . . it's estimated that about 40 percent of what's called world trade is internal to corporations . . . GATT and NAFTA just increase these tendencies, hence harming markets in incalculable ways . . . Now you've got a transnational economy, you're getting a transnational state, not surprisingly. The Financial Times a couple of years ago, described this as a de facto world government, including the World Bank and the IMF and GATT, now the World Trade Organisation, the G7 Executive and so on ..

In the U.S. you see . . . huge urban slums which are basically concentration camps which try to coop up superfluous people expecting them to prey on one another. If you can't coop them up in slums then they'll have to go off to prison. In fact, the prison rate has shot up and is by far the highest per capita rate in the industrial world. It may be symbolic that a couple of days after the NAFTA vote (See Chapter Six - author) the Senate passed a very ominous crime bill calling for 100,000 new police, high-security regional prisons, boot camps for young offenders, extension of the death penalty and harsher sentencing, as well as other onerous measures . . ." (26)

The desperate U.S. poverty is exacerbated by an immigration crisis reshaping the whole of American society. A 1995 report said:

"White Americans are abandoning entire States in a broad flight from immigrants that is remaking the demographic map of the United States along ethnic and racial lines . . . The trend of high-income families fleeing the inner cities to find refuge in the suburbs was being supplanted by a larger migration taking place across entire regions . . .

The example of California was telling ... Between 1990 and 1994 the State had absorbed 3.5 million new immigrants while losing 3.7 million residents to neighbouring States . . ." (27)

In that year Californians forced a referendum, carried by a large majority, that social security payments should not be made to illegal immigrants. It was a case of shutting the stable door after the horse had bolted.

The shift is not confined to California:

" . . . Overwhelmingly white, wealthy, professional and Republican, Middle America is vacating its crime-ridden suburbs of Los Angeles, New York, Chicago and Detroit to find their place in the sun in cities like Denver, Salt Lake City, Las Vegas and Phoenix . . . In just five years the 13 States of the American West have suddenly become the most urbanised regions of the United States . . . U.S. multinationals are finding these (western) cities more than places where State tax-breaks mean they can base a back-office infrastructure . . . (They are) mining a rich employment seam of linguists for offshore operations . . . Concurrent with the shift to the south-west is a rapid rise . . . in foreign immigration . . . The Immigration and Naturalisation Service estimates that illegal immigrants now account for 2 percent of the U.S. population, a figure of five million people and rising by 275,000 a year . . . " (28)

The position in Britain is hardly better. With a population density 30 percent higher than Mainland China, the U.K. is a picture of massive income disparities. The 1992 Recession highlighted the problem:

"Last year an average of 207 homes were being repossessed every day by mortgage lenders from British families. By the end of the year they mounted up to 75,000 homes, housing 204,000 people. This was 70 percent higher than the previous year, which in itself was a record (three times higher than the previous year's record). Add to that the 92,000 families which are over 12 months in arrears, and the picture becomes even gloomier. We do not even have the number of people who are up to six months in arrears, but these are rumoured to be as large as one million . . . " (29)

Another report five months later said:

"More people were declared bankrupt and more companies went out of business in the first half of this year than in any other six-month period in British history. Worse, there are signs that the toll will rise in the second half of 1992 . . . Perhaps our economy would be in better shape now if over the whole post-war period policy-makers had tried, like their German counterparts, to stabilise the growth of domestic credit and the money-supply . . . " (30)

By the end of 1996 the position was catastrophic:

"Social conditions in Britain have returned to those of the last century, a survey has found. The Health Visitors' Association survey, published yesterday, painted a bleak picture of widespread malnutrition, unsuitable and overcrowded housing, debt and lack of money for heating. The survey of 500 health visitors found:

- * 29 percent of health visitors come across TB every year.
- * 4 percent encountered rickets and 93 percent gastroenteritis.
- * 71 percent of visitors care for families living in overcrowded conditions and half care for families in unfit buildings.
- * 62 percent of families had fuel bills deducted direct from their earnings or state benefits.

The survey also found nearly two-thirds of visited households had been disconnected by phone, gas or electricity companies . . ." (31)

By 1997 - the year Tony Blair replaced John Major in the General Election, and Britain was being hailed for its 'strong economy', - these facts emerged:

"Up to 2 million British children are suffering ill-health and stunted growth because of malnutrition, according to a report to be published this week. Poverty on a scale not seen since the 1930s is blamed for the return of rickets, anaemia and tuberculosis . . . The survey of 179 local authorities and 36 health authorities found evidence throughout Britain of deprived children being underweight and below average height.

It also found that TB was now far more prevalent than whooping cough. In inner city pockets of deprivation, it discloses widespread anaemia from lack of iron - a condition that affects both mental and physical development. And it produces further evidence of pockets of rickets from lack of Vitamin D . . ." (32)

Setting the details of the tragedy aside, it is provoking to think that these British surveys were probably included in the GDP growth figures! More provoking still is the similarity to the Britain that transported the worst victims of the Industrial Revolution to Australia. Consider this description:

"The new machines displaced many, especially adult men. Others were displaced by women and children engaged at lower wages. In 1844 between 60 and 70 percent of textile workers were women and girls. This meant that many young children were neglected . . . In 1836 a Dr Ray who had been a physician at Leeds hospital for 18 years said:

"Malformations of the spine are very frequent among mill-hands; some of them consequent upon mere overwork, others the effect of long work on constitutions originally feeble, or weakened by bad food. Deformities seem even more frequent than these diseases; the knees were bent inwards and the long bones of the legs bent . . ." . . ." (33)

So much for 'England's green and pleasant land', 1997. What's changed for the poor in 200 years? Except that the stranglehold of money has tightened, and now demands the sovereignty of the nation itself. If the U.K. pulls down its own flag for the last time in favour of final political and monetary union with Europe, will nostalgic crowds still sing "Britons never, never, never shall be slaves"?

By the mid-nineties as the full dimensions of the global tragedy were evident, the World Trade Organisation - a sort of blind, blundering Caliban from the Tempest - struggled onto the world stage to join its siblings, the International Monetary Fund and the World Bank. It was the culmination of the General Agreement on Tariffs and Trade. Few had read the 22,000 pages of regulations (85 kilograms) it had brought with it. Fewer still understood what it was and what it aimed to do. It was to be the task-master, with full sanctions, for universal free-trade and the global market place. Despite the lack of comprehension about its 'raison d'etre' it was acclaimed, on January 1st 1995, by the international courtiers who had breathlessly awaited its appearance.

One of those who worked his way through the proposals was Walter Russell Mead, a contributing editor to Harper's Magazine. In 1992 he warned what was coming:

". . . The GATT treaty as drafted will essentially establish a new international organisation potentially more powerful than the United Nations; a kind of free-trade World Government . . . a global corporate utopia in which local citizens are toothless, workers' unions are tame or broken, environmentalists and consumer advocates outflanked. It would be a government wherein secrets are kept and conflicts-of-interest are not conflicts at all. It also would be a government in which career insiders will have a greater say than legislators . . . What most of its critics cannot quite grasp is that the decisive front in this war is not domestic politics. Globalisation has become a cliché, but most progressives still do not understand that, increasingly, it simply doesn't matter what national governments decree; the international economy is more powerful than any

national law. Corporations have known this for years. They routinely operate in dozens of national economies. If they don't like the regulatory climate or the tax structure in any one country, they move. Nations know this, too, and competition for investment pressures all countries to bring their regulations and tax codes in line with a constantly declining global norm.

. . . . Even more astonishing, an Appendix to the Uruguay Round GATT proposal would establish a new international organisation; the Multilateral Trade Organisation (MTO)." (In fact, it ended up with the name 'World Trade Organisation' - author.) "This organisation, at least on paper, will be the most powerful new international agency since the establishment of the World Bank and the International Monetary Fund. Its tribunals will have the power to make binding decisions to resolve trade disputes. . .

In order to make the most of its authority, the (U.S.) Administration is shamelessly larding the GATT treaty (NAFTA too) with quasi-legislative agreements that bind the Congress and the legislatures of the fifty States. The result to both the short and the long-term would be a massive transfer of authority into the executive branch. Presidential appointees and counsellors sitting on international trade bodies would wield more power over commerce than Congress does. American States would have to justify their environmental, product-safety, and consumer protection laws before unelected foreign bureaucrats .

. . . " (34)

In the name of 'free-trade' the World Trade Organisation has a mass of regulations and demands for uniformity. One of these is 'compulsory competition' - a self-contradictory expression if ever there was one. One barrier to be crossed is the division of powers in federal systems. Uniform compulsion works best under central direction.

The Hilmer Report and the subsequent Competition Commissions are the Australian equivalent of what is being forced on all industrial economies. Section 92 of the Constitution, allowing free trade between the States, is not good enough; the WTO demands uniformity across nations. This has been done with the emergence of a fourth tier of government in Australia, the Council of Australian Governments (COAG), where State Premiers are coerced into legislating by uniform direction. With a central government that openly coerces the States through its monopoly of public credit-

allocation, the State governments have no option but to obey or be pauperised. Even their obedience is not enough. In the face of the Constitution, and contrary to the expressed will of the people, Canberra is directly enlisting Local Government, through Regional Organisation Councils (R.O.C.s) into national compliance. Increasingly, Councils are being forced to police the global demands of the WTO, through planning, standardisation and environmental programmes at local level. Mutterings by local councillors who find themselves increasingly constricted by centrally-directed programmes in these areas have been muted by turning Council representation from a voluntary service into a paid profession. Councils are amalgamated and corporatised. High-salary CEOs direct paid-Councillors on what is to be done. The answer to local resistance is centralisation through amalgamation.

The role of another international body, the International Union of Local Authorities, (I.U.L.A.) is of increasing importance. The IULA Declaration demands that Local Government be nationally organised and directed. This flies in the face of Australia's constitutional arrangements, which allow the Commonwealth no role in Local Councils.

In July 1996 the *Financial Review* reported an ominous development:

"Australian companies will have to pay up to \$200,000 each to comply with new global environmental management standards. The new rules, imposed by the International Organisation for Standardisation, have sent shock waves through local industry, which claims they could become a barrier to international trade. The code, which is expected to come into force in the next 12 months, will hit the small business sector particularly hard. Business groups are worried that the only people to benefit from the ISO 14000 series will be accreditation consultancies set up to steer companies through a complex compliance process. There are growing concerns that the new standards, like their predecessor the ISO 9000 series, will contribute little to improving environmental standards for business and will result in higher prices for consumers. According to Mr Bruce Kean, former chief executive of Boral Ltd. and the author of the most authoritative Australian report on international standards, the new ISO 14000 series standards have enormous potential as a 'weapon for economic vandalism' . . . He told the conference that the cost of ISO certification was around \$55,000 for small firms and over \$200,000 for large firms.

"The cost of ISO 14000 certification is thus likely to add hundreds of thousands of dollars per year to the cost of even the smallest firm," Mr. Kean said. "All without any real improvement in environmental performance" . . . " (35)

Where did this incredible stuff originate?:

" . . . The new ISO 14000 series evolved out of the Earth Summit held in Rio de Janeiro in 1992, as well as the seven-year negotiations of the Uruguay Round of the General Agreement on Tariffs and Trade . . ." (36)

So! emerging onto the global town-crier's platform we have one Maurice Strong, the environmental director (see Chapter Seven for more on Maurice Strong), and Renato Ruggiero, the first head of the WTO.

Eleven months later, a major conference of 1,100 people from 50 nations was held in Newcastle, NSW. Registration fees were \$900 per head - over \$1 million for the Conference. In attendance were Councillor Peter Woods, representing I.U.L.A.; Councillor John Campbell, Deputy Lord Mayor of Brisbane, representing A.L.G.A, the Australian Local Government Association, and Jeb Brugmann, representing the International Council for Local Environmental Institutions (I.C.L.E.I) from Canada. Also attending were Premier Bob Carr from NSW, and Federal Minister for the Environment Senator Robert Hill. A local press report said:

"The world's local governments urgently needed to cut waste and ensure global sustainability was achieved by the year 2000, delegates to the Pathways to Sustainability conference were told yesterday.

The conference concluded yesterday afternoon with the signing of the Newcastle Declaration, a commitment to action for local governments round the world to adopt sustainable development practices. The document will be presented to a special session of the United Nations in New York this month . . ." (37)

What the press report did not mention was that NSW Premier Bob Carr promised to reform the NSW Local Government Act to comply with international requirements. Nor did it mention a devastating paper given by a nuclear physicist, Dr Nandana Shiva, Director of the Research Foundation for Science, Technology and Natural Resources in India. Dr Shiva electrified the audience by laying the blame for environmental destruction on the multinationals. While free trade may be free for the multinationals, it is not free for the people, she claimed, and as soon as foreign investment comes into a

country, the people are reduced to poverty. She pointed out that multinationals were dumping toxic waste in India, as they had done in Zaire. She said that last year India had imported 2 million tonnes of wheat, and exported 2 million tonnes of wheat! There were four million tonnes of wheat somewhere, but the people were still starving. Competition, she said, is not true competition at all, but is about mergers of competitors - meaning less competition. She called it 'bio-piracy'. She gave the example of the grain firm Cargill, the biggest private company in the world (and now joint partner with BHP in the Delta steel project at Toledo, Ohio), which provided university funding, but demanded from the recipient-university the production of hybrid seeds for Cargill's commercial benefit, and not that of the university. She gave another example of an American multinational pressurising the Indian Parliament to let it build an iron smelter on a fertile flood plain. Only the women of the area were a last stumbling block. They were forming a human chain in front of the bulldozers. If the plant went ahead, then 5,000 hectares of land would be lost to agriculture, and 250,000 people displaced. She was returning from the Newcastle conference to help the blockade. Ironically, the coal for the prospective smelter would come from Australia. She centred much of the blame on the World Bank and the World Trade Organisation. Yet no word of this paper in the Australian Press! (38)

It is obvious that, as this global programme lurches towards critical mass, and crisis escalates, a growing minority will begin to perceive the nature of their own troubles and the wider source from whence it is derived. The feature of the conference in which Bruce Kean exposed ISO 14000 was the qualified support he had from other administration spokesmen. Dr Brian Robinson, chairman of the Environmental Protection Authority (E.P.A) in Victoria, acknowledged that many of the concerns expressed by business were genuine:

"... What was originally conceived as a means of soaring with the eagles is now regarded by some as an albatross around their necks" . . . " (39)

His forebodings were supported by comments from Mr John Hulbert, Executive Director of the Joint Accreditation System of Australia and New Zealand (JAS-ANZ), and Dr Milton Church, the Executive Officer in the Department of Foreign Affairs and Trade's GATT projects section. But the imposition of impossible environmental levies on Australian farmers and businessmen has not been tempered.

Once the machinery is set in motion, the evidence of ensuing disaster apparently brooks no consideration.

The same blind dogma is apparent in the meat sector, which is currently running a campaign against the financial 'solutions' imposed on a devastated industry by Primary Industry Minister John Anderson. Nothing has been done to challenge the "price-transfer" policies of foreign-owned meat processors who now control the majority of abattoirs and a growing percentage of cattle-raising facilities in Australia, and who avoid taxes by "transferring" their huge profits overseas.

The Australian people do not want their industries, jobs and profits transferred off-shore under the name "free-trade". John Anderson's policies stop at another round of vastly-increased levies, to be spent trying to make the industry 'compete' more efficiently.

A letter to the *Financial Review* in July 1997 provided the evidence:

"... The population is overwhelmingly opposed to free trade. And in a democracy the people, rather than neo-liberal economists, should get their way - at least in theory. Almost every opinion poll conducted on this topic since 1993 has shown growing opposition to the cutting of tariffs.

Now in the most recent AGB McNair survey we find a massive 82 percent of the population are prepared to forego cheaper imports in order to protect jobs and industries, and 88 percent of Australians believe reducing tariffs would cost jobs (AFR June 3, 1997). Rarely is the population as unified as they are in their opposition to free trade. What is even more interesting is the recent revelation that 77 percent of company directors are opposed to unilateral tariff reductions, 62 percent think Australia had already lost from trade liberalisation and that almost half of Australia's business leaders believe there is more to lose than win by adopting free trade policies." (AFR, June 26, 1997).

"Why is the population so out of step with business economists? Could it be that despite years of being told by "experts" to embrace the market the public doesn't know what is in their own best interests?

There's a message in all this for those economic "commentators" who continue to chant the free-trade mantra; you can stop because no-one, including your business constituency, is listening." Scott Burchill, lecturer in International Relations, School of Australian and International Studies, Deakin University, Geelong, Vic." (40)

Nevertheless, there is an obvious apprehension that the majority favouring the rebuilding of economic sovereignty and self-sufficiency may develop effective lobbying techniques. Drafted to counter this is the latest global trading treaty, the Multilateral Agreement on Investments, part of the World Trade Organisation agenda. The implications are enormous. An article by Scott Nova and Michelle Sforza-Roderick from the Preamble Centre for Public Policy in Washington D.C. gives the picture:

"The Multilateral Agreement on Investments has been in negotiations since May 1995. The final agreement is scheduled for completion in May of this year (1997). However, it must be ratified by the legislatures of the signing countries . . . The Multilateral Investment Agreement (MIA), as the proposal is known, is under consideration at the OECD. Its purpose is to grant transnational investors the unrestricted "right" to buy, sell and move businesses - and other assets - wherever they want, whenever they want. To achieve this goal, the MIA would ban a wide range of regulatory laws now in force around the globe. It would also pre-empt future efforts to hold transnational corporations and investors accountable to the public . . . The Agreement's backers (the United States and the E.U.) intend to seek assent from the 27 industrial countries that make up the OECD and then pressure developing countries to sign . . .

Although the public has been denied access to actual drafts of the Agreement, reviews of OECD working group reports and an official summary of the MIA's main features provide a clear picture . . .

The MIA would force countries to treat foreign investors as favourably as domestic companies. Laws placing conditions on foreign investment . . . would be prohibited . . . Corporations would find it easier and more profitable to move investments, including production facilities, to "low-wage" wage countries. At the same time, developing countries would be denied the tools necessary to wrest benefits from foreign investment. Efforts to promote local development by earmarking subsidies for home-grown businesses and limiting foreign ownership of local resources would also be barred. If adopted, the MIA will mean foreclosure of Third World development strategies, increased job flight from industrial nations and enormous new pressures on countries, rich and poor, to compete for increasingly mobile investment capital by lowering environmental and labour standards.

A key MIA provision could also threaten corporate accountability laws . . . The MIA takes aim at statutes in any nation that link the provision of subsidies, tax-breaks and other benefits to a corporation's behaviour. This could be used to challenge a host of local, state and federal measures . . . Perhaps most disturbing, the MIA would pre-empt strategies for restricting corporate flight to low-wage areas - a major cause of jobloss and income stagnation in the industrialised world. On top of the damage done by plant closings and layoffs, corporations use the threat of flight to undermine the bargaining power of unions and scare policy-makers away from the regulation, taxation and public spending necessary to raise living standards . . .

In its scope and enforcement mechanisms, the MIA represents a dangerous leap over past international agreements. It lets any corporation that objects to a city, state or national law bring suit before an international MIA panel - which could then order the law overturned as a violation of the pact. Governments would enjoy no reciprocal right to sue corporations on the public's behalf. The full extent of the drafters' ambitions is reflected in World Trade Organisation director-general Renato Ruggiero's recent characterisation of the MIA negotiations: "We are writing the Constitution of a single global economy." . . .⁽⁴¹⁾

As Chandra Muzaffar from Malaysia has pointed out in reference to the MIA's proposal for "cross-sectoral retaliation" against failure to comply with the Agreement's provisions:

" . . . Cross-sectoral retaliation has very serious implications. According to a document produced by the United Nations Conference on Trade and Development (UNCTAD), cross-sectoral retaliation means that sanctions can be applied in another unrelated sector of the economy where the impact upon the erring state will be even more severe. As the UNCTAD paper puts it graphically, "If you don't grant my bank permission to set up or be given national rights, I will restrict or have countervailing duties on imports of your rubber or electronic products to my country". Cross-sectoral retaliation "is what gives WTO, its clout, as this can be used effectively to discipline the weaker countries"⁽⁴²⁾

If Australia falls for this 'three-card-trick' it will have sold the last vestiges of its own inherited birthright, ending up as one of the proverbial flies in the web of the global spider.

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CHAPTER TEN

WHAT WILL WE TELL OUR CHILDREN?

"Over half a century ago, while I was still a child, I recall hearing a number of older people offer the following explanation for the great disasters that had befallen Russia: "Men have forgotten God, that's why all this has happened" . . . If I were asked today to formulate as concisely as possible the main cause of the ruinous revolution that swallowed up some 60 million of our people, I could not put it more accurately than to repeat: "Men have forgotten God, that's why all this has happened" . . ."

Alexander Solzhenitsyn, Templeton Address, May 10, 1983

As we approach the end of 1997 Australia is in a critical condition. The only cause for hope is the large number, increasing day by day, beginning to grasp that the country is being dispossessed. The evidence abounds. The country is broke. Every area of production, service and government is struggling with budgets that will not balance, or can only do so by charging more for less. Hospitals, universities, schools, research facilities, local councils and businesses are forced to accept compromises that would have been unthinkable 25 years ago. In some areas, such as health, practices are so run down as to be a hazard themselves. The cover-up term "user-pays" simply means there are fewer users. Governments, having lifted taxes to impossible levels, continually seek new, more pervasive and vicious mechanisms to raise revenue. Few trust government, and government trusts nobody. Means-testing and surveillance have rendered privacy meaningless.

Parliament itself bears little resemblance to the Westminster model. The latter always depended on the free conscience of elected members demanding accountability from the executive. The turning of politics into a highly-paid career, the perversion of the original party idea by dictatorial Party-Whips, the introduction of "commitments" to be signed by aspiring party candidates that they will at all times abide by party instructions has, in the words of one retiring Labor Cabinet Minister, turned Australia "into an elected dictatorship".⁽¹⁾

In the course of the gun-confiscation debate in Queensland, seventeen party members spoke strongly against the legislation. Having done so, each voted for it. To the average voter this is inexplicable. Little wonder, then, that every opinion poll about the stature of political representation shows widespread, tangible contempt.

A series of interviews with prominent jurists who had served on various Royal Commissions by the *Weekend Australian* in 1993 highlighted the situation:

"Mr Peter Brindsen QC . . . said the main difficulty was "too steadfast adherence to the party, to the detriment of one's independence as a Parliamentarian." He said this "seems to be the basic cause of the problem throughout the Westminster system." . . . Mr Samuel Jacobs QC said Australians "talked glibly about the Westminster system, but we don't practice it. To a large extent we've got executive government, parliament is a sham . . . I just observe the fact that the man on the bus thinks all politicians are bloody idiots." . . . " (2)

A Morgan Poll in 1995 revealed what many already know:

" . . . It found 84 percent of those surveyed believed politicians lied at elections to win votes, 79 percent believed they could not be trusted to keep election promises, and 91 percent thought they twisted the truth to suit their own arguments. Overall, 56 percent of respondents said they had lost faith in the political system and 66 percent only voted because they had to. 66 percent of respondents also thought neither side of politics had the courage to make tough long-term decisions, while 50 percent believed there was little difference between Liberal and Labor parties . . . " (3)

Why, then, do Australians continue to vote for the major parties?

First, the parties now allocate successful candidates a 'prize' from tax revenue once they have gained a number of votes. In this way, the 1996 election saw \$32 million returned to party candidates.

Secondly, donations to parties are now tax-deductible, allowing well-funded donors to dictate terms. Thirdly, and most importantly, Australians have been battered into voting in a spirit of fear. Few vote "for" a party. They vote in an attempt to choose the lesser of two evils, which ties their vote to the contestants already in the ring. Until a minority is prepared to risk its votes in choosing honestly, nothing can or will change. That protest vote is being forced into reality by events.

In March 1997 the Clerk to the Senate, Mr Harry Evans, declared that parliament could only work better if parties were reformed:

"They have become narrowly-based, factionalised, undemocratic oligarchies . . . controlled by too few people, closed to public view but open to manipulation and outright corruption . . ." (4)

The globalists are sanguine about the passing of democracy. The 1997 annual conference of the NSW division of the Institute of Public Administration was titled "Beyond Westminster". An appalling and inaccurate article by Gary Sturgess took up the argument:

" . . . One of the most difficult challenges is how to make the institutions of global governance accountable to the people. The non-government organisations which, at the national level, have led the redefinition of democracy, are largely silent on this question because they have been given a place at the table in many of these international committees.

The European Union has its own popularly-elected parliament, but it is far from representative. In the 1994 elections for the European Parliament, only 26 percent of the UK constituents bothered to vote . . . Government is changing - profoundly - and the means through which we hold government answerable to the people will need to change with it.

Those who are misty-eyed about the passing of the Westminster system need to remember that it is only about 100 years old . . . Around the world, governments are fragmenting . . . Politicians, public servants and the people find themselves with conflicting sources of authority . . ."

(5)

In fact, the Westminster system is closer to 1,000 than 100 years old. It is the party system which is the recent addition; and even this has changed through the course of the twentieth century, demanding the 'surrender-of-conscience' by its candidates in exchange for its endorsement.

The problem has grown with the corporatisation and privatisation of the public sector. The "Public Service" no longer exists in anything but name. By selling off its own utilities, and introducing "user-pays" corporatisation in what used to be the Public Service, Parliament has increasingly deprived itself of its own validity. Administration is increasingly privately-owned, and acknowledges a different authority. Privatisation is happening in all industrial countries, with a consequent loss of parliamentary authority. Privatisation in OECD countries in 1997 is expected to reach \$US100

billion in 1997. In Australia the expected figure is a further \$US7.1 billion. (Financial Market Trends, March 1997). The figure is down \$US2.5 billion on 1996. There cannot be much left to sell.

Synonymous with the parliamentary breakdown is a breakdown in the justice system. The volume of new laws and regulations is astounding. Australia's various tiers of government between them enact an average 2 Acts of Parliament and 5 Regulations every 24 hours. Mr David Miles, President of the Law Council of Australia wrote in May 1992:

"The stifling of economic growth and wealth creation comes not from over-lawyering but from "over-lawing". Too many laws, especially complex laws, make society and business more complicated . . . The proliferation of laws in Australia is opposed by the legal profession . . . The Law Council of Australia has repeatedly called upon governments and parliaments to stop inflicting such massive volumes of complex laws on the community . .

"(6)

His colleague Mr Gordon Hughes, President of the Law Institute of Victoria, gave specific examples:

". . . In 1990, Federal Parliament passed more than 3000 pages of new legislation. When rules and regulations are added, the total volume of new federal law that year alone was 6000 pages . . . Victorian lawyers had to cope with more than 3000 pages of Victorian statutes, rules and regulations as well . . ."(7)

It is safe to say there is NO parliamentarian at either State or Federal level capable of reading all the legislation he votes on! The essence of law and justice is a limited number of laws, which the people understand and about which they have been consulted. The present system is a travesty!

Australian business enterprises of all sorts are, in consequence, inundated with needless paperwork, regulations and intrusions on privacy. An example was provided in July 1996:

"A typical small manufacturing business in Australia pays \$26,000 a year just to comply with federal and state tax requirements. This is on top of any taxes that it pays.

The Chamber of Commerce and Industry of W.A. presented the case study yesterday while calling on governments to make taxation reform a natural priority . . .

The cost of complying with wholesale sales tax - collected by State governments - was the most burdensome, requiring more than 115 hours of staff time over a year.

Next came payroll tax - also a State tax - then employees income tax, customs duties and fringe benefits tax. Other taxes which incurred compliance costs were company income tax, compulsory superannuation, stamp duty, withholding tax, overseas royalties and land tax.

Mr McLean (CCI director) said there was more than just the need to ensure equity between those who paid tax and how the tax was paid.

"The cost of complying with Australia's voluminous and convoluted tax laws has reached serious proportions to the extent that it is bridling business and marring the nation's economic performance," he said . . ."⁽⁸⁾

The tax system itself, according to Ian Henderson, " . . . is broke. It leaks; it is inefficient; it is far from equitable; it is far from simple. And it might not be able to deliver the government revenues needed in the future . . ."⁽⁹⁾

Which is an understatement! A federal tax department of over 17,000 officers now oversees a system which terrorises Australians, many of whom in the private sector are unpaid tax-collectors spending, as the WA Chamber of Commerce has pointed out, countless hours under threat, accounting and paying revenue to government.

Another report added:

" . . . "The general community must understand that we, as a nation, are facing a major crisis," says the chairman of the Business Council of Australia's Taxation Task Force, and managing partner of big six accounting firm Arthur Anderson. "Each passing day, the inadequacies of our tax system become more and more manifest . . . The failure to address the nation's need for a tax-structure that reflects the needs of the last quarter of the 20th century - let alone the new millennium - must be seen as one of the greatest policy failures of the last quarter century" . . ."⁽¹⁰⁾

As the Howard government, despite firm pre-election promises, manoeuvres for the introduction of a Goods and Services Tax (GST), no-one to date has dealt with the two most fundamental issues: first, the percentage Australians pay now and, secondly, the limits to the taxes governments should take from the people. Nor has anyone correctly described why, with its huge revenue base, government is in such financial trouble.

"The art of taxation," declared Jean Baptiste Colbert in the 17th century, "consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest amount of hissing." (11)

The ancient barons of the feudal system exacted a rough ten percent from the luckless peasants. What do we pay now?

"The average worker spends two days a week working for the tax office, according to an accountants' body. The National Tax and Accountants Association estimates the average taxpayer works 40 percent of the year to pay tax to the three levels of government . . . Mr Regan said most taxpayers would not start working for themselves this financial year until November 23. "That's the day that average Australian taxpayers stop working for the government and start working for themselves," . . ."(12)

Between them our three tiers of government - Commonwealth, State and Local - take over \$9,000 in direct and indirect taxes annually per head of population; \$36,000 for the average family of four. That's \$100 per day the average father, mother and two children pay in combined taxes. This is spent in various ways; defence, education, health, government services etc. An increasing amount is spent servicing the debts governments have incurred to banks ancient and modern, domestic and foreign. The biggest portion is spent in welfare programmes on the assumption that government can do this better than the people themselves. The 'Robin-Hood' idea that tax is a redistribution mechanism to 'take-from-the-rich-and-give-to-the-poor' is the justification for this. Obviously, to do this government must have the power to decide not only who pays, but who receives. Huge departments spend their whole function analysing this question. They need more and more information about the life of each Australian - income, assets, age, sex, qualifications, savings, health, marital status, children etc. This is formulated to discern the 'deserving' from the 'undeserving'. The signal failure of this process is seen in the ever-widening gap between rich and destitute.

The reason is easily seen. Every tax, besides directly inflating the price of goods and services when applied, is simply passed on from the strong to the weak. Any businessman will tell you that he must cover all his costs in the prices he charges. Tax is a cost. The customer pays. Any wage-earner will tell you the weekly wage never keeps up with prices. 'Bracket-creep', where a wage-increase takes the wage-earner to a higher PAYE level leaves him worse off.

Tax reductions, on the other hand, lead to price reductions. Treasurer Jim Cairns in the Whitlam years demonstrated this with a reduction in the tax on cars. Vehicle prices dropped correspondingly, and sales increased. The social devastation from current policies is now seen in the fact that 'tax-payers' and 'welfare-recipients' are approaching parity. The number of payers is dropping (many knocked over by government itself), while the number of recipients is rising. We currently have about 7.5 million taxpayers, and over 6 million who receive government welfare payments.

This is the reason there is an urgent cry for a Goods-and-Services Tax. The government has squeezed the last drop of blood out of the income tax stone. Every increase knocks over more taxpayers. A GST, on the other hand, would be payable by everyone, whether earning or not. It would exact its tribute at every stage of production and consumption. The government would get back a bigger proportion of the money it hands out to welfare recipients. Every producer and retailer would become an unpaid tax-collector. It takes the science of taxation to new heights. The goose would be totally plucked before it had time to hiss. The idea - once held by the Liberals - that increased production should be met with a corresponding reduction in taxes is not even considered in 1997. It was explained carefully by Sir Robert Menzies in his opening Campaign Speech in 1953:

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

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

Needless to say, this principle has never been applied, either by Coalition or Labor governments. Any production increases have been more than offset by public debt and consequent debt-service from taxation. Holders of public debt script now determine government policy more than any pre-election promises. The most sensible tax reform to date is the "Debit Tax" idea propounded by Mr Leonard Crisp. Under this proposal a single debit would be applied each working day to the total aggregate of bank transactions recorded

through the Clearing House. With a turnover of over \$200 billion a day, a tax of less than 1 percent would replace all current direct and indirect tax revenue. All current tax administration, and the 17,000 in the Tax Department would become redundant. Annual tax returns - the bane of commercial Australia - would no longer be required. Much of modern accountancy, a giant industry in itself, would disappear. At one sweep a hugely-repressive combination of tax legislation and penalties would no longer be required. The system itself would be far more equitable. The larger the spending power of individuals and companies, the more 'pro rata' tax paid. Means testing would have no place.

The obvious jump in unemployment as tax and accountancy employment diminished, and the obvious reduction in deceitful election bread-and-butter promises are probably reason enough to ensure no government would dare consider such an option when discussing tax reforms.

The social cost of debt and over-government is frightening.

- * Interest on foreign debt alone costs the average family of four \$80 per week.
- * Australia's foreign debt has grown at an average \$2 million an hour for 18 years; it is still growing at about the same rate. Debt service turns a surplus of exports into a quarterly Current Account Deficit. The net foreign debt is about \$11,000 per person. The inevitable slide in the exchange rate of the Australian dollar - which has already started - must increase this debt further.
- * Without a clear and detailed account of foreign investment and ownership in Australia, it is difficult to get a believable picture. These facts seem clear. Levels of foreign ownership now are:
 Processed food - 95%; Motor Vehicles - 100%; Chemicals - 98%; Pharmaceuticals - 98%; Mining - 97%; Electrical - 98%; Banking - 86%; Confectionary and Beverages - 84%; Manufacturing - 57%; Insurance - 82%. No final figure for the amount of income leaving Australia untaxed - either through 'transfer-pricing' policies, as in the Beef industry, or through other concessions, is officially published. Sketchy statistics are made suspect in statements by tax officials.
- * Total foreign investment in Australia is approximately \$450 billion, or about \$25,000 per head (\$100,000 for the average family

of four). Levels of foreign investment are escalating. In 1995-96, Foreign Investment was \$57.3 billion - just under \$150 million a day.

- * About 700,000 children live in homes where nobody has an income-producing job.
- * 30,000 children are homeless.
- * About 280,000 Australians are on waiting lists for homes. But once in them find it difficult to meet mortgage payments. 67,000 people moved out of home ownership back to renting in 1995-96.
- * Two-thirds of Australians OWE more than they OWN. (The figures for household debt shown earlier are indicative).
- * Suicide figures in Australia have now exceeded the road-death toll. There is a suicide every four hours in Australia, with the highest figures amongst young men. Government, naturally, is holding inquiries into the reasons. They don't have to look too far. The debt crisis has locked every door of opportunity for a long-term viable future for hundreds of thousands of Australian families and young people.⁽¹³⁾

Australia's social fabric is unravelling. Crime and violence - the inevitable outcomes of enforced poverty and lack of hope - are escalating. Welfare agencies, staffed in the main by heroic carers, are stretched to the limit, unable in many cases to meet demand. Family standards and cohesion have been devastated. Caravan cities - once the short-term destination of holiday-makers - have become entrenched encampments throughout Australia, with whole generations of children raised in that environment. A few leaders have had the courage to acknowledge the crisis and change their position; notably the author of the Campbell Committee Report on which the whole deregulation of Australia's financial system was based, Mr Fred Argy. Speaking on the ABC's 7.30 Report on April 26, 1995, Mr Argy said:

"I've become increasingly disenchanted with the behaviour of the financial markets. Quite frankly the benefits of financial deregulation are not what they were expected to be, or what they're made out to be.

Financial markets have become increasingly perverse, erratic, inconsistent and arrogant. They think that they should be dictating policy to governments. What we now have is a situation where speculators - the new barbarians at the gates - want to have fun making a quick buck. We have increasing volatility which has a significant effect on real interest

rates. As a result there are effects on business confidence and long-term economic and employment growth.

You've got to ask yourself whether it is not the lesser of two evils to have the guts to stand up to them - to tell them to go and jump in the lake. They can put the government in a terrible corner but provided the government has the economic fundamentals and the social priorities right, they can tell the financial markets to go to hell . . . "

On September 12, 1996 Mr Argy was quoted as warning of social unrest if there was no change of direction:

" . . . Mr Fred Argy . . . expressed concern at the growing tendency of the financial markets to dictate economic and social policy . . . His comments amount to a warning to the Federal Government about the consequences of its economic policy . . . "We're not going to have riots in the streets tomorrow but, looking at my grandchildren, I do worry for them about social unrest . . . "⁽¹⁴⁾

And yet, in physical terms, there is less need for crisis in Australia than anywhere else on earth. The latent promise in this huge island-continent that enabled the sick and persecuted transportees to fashion, within a hundred years, a nation with the highest standard of living on earth is still there. To suggest that the massive infrastructure assembled, coupled with the ingenuity of its people, cannot lift Australia into prosperity and happiness is almost blasphemous. With the restoration of incentives to produce locally, 18 million people can be housed, fed and clothed far beyond demand. Australia is one of the few countries in the world capable of producing a tonne of wheat for each living citizen. The 1996 harvest far outstripped this figure. In 1994 Australia became the biggest sugar exporter in the world. Although the biggest wool-producer in known world history, Australia now produces more cotton than wool. The production of beef, veal, mutton, lamb and pork totals 2.6 million tonnes annually - 144 kgs., plus 30 kgs. of dressed poultry per head. It produces a further 12 kgs. of fish products per head. In terms of coal, petroleum and natural gas, Providence has been kind to Australia, as it has in the nation's vast inventory of mineral resources. It has at its disposal 8.6 million passenger vehicles, plus almost 500,000 commercial vehicles. It has over 300,000 kilometres of sealed, bitumened roads. Despite the closure of thousands of kilometres of rail-line, we still have railways capable of spanning the continent from end to end. We have 1.2 million small businesses.

The most cursory look at Australia's economic inventory shows how absurd the present debt-ridden, poverty-stricken situation really is.

None of this is to imply that Australia should become a 'fortress' economy. There are many virtues in mutually-advantageous trade between nations. But in an environment where trade is changed from the exchange of surpluses after the home market has been catered for, into a desperate attempt to export more than is imported as a means to escape debt, the emergence of trade wars is inevitable.

It now seems that Australia, like other world economies, is being carried through the rapids of boom-and-bust speculation - almost suicidal in its proportions - towards a World Depression bigger and deeper than anything ever seen before. One can only speculate on its dimensions and its timing. It will take only one more currency crisis or stock-market crash to trigger the meltdown.

A number of things can be anticipated in such a crisis; first, a world-wide demand that all authority is handed to a global administration, which will claim it alone can solve the world's anguish; secondly, an escalation of anarchy, as food, essential services and law-and-order are jeopardised. It may be, in such a scenario, that the desperate are prepared to sacrifice their freedoms, calling for a Caesar to restore order even if it uses despotism to do so. There is nothing more certain than the fact that the present situation cannot continue much longer. What will Australia do? The present comprehension and fortitude of political representatives are not encouraging. Yet true leaders are often born out of crisis. If Australia has the courage to release its own credit the crisis can be managed. There is enough precedent to show what can be done. The financial policies applied in both World Wars, described earlier, should be re-examined (see Chapters Two and Eight). The figures for World War II, where the money supply was enlarged dramatically without foreign borrowing, and without inflation, could be even easier in a peacetime situation.

As an emergency, stop-gap measure, significant sums of interest-free credit should be created and applied through the Reserve Bank of Australia to counter economic paralysis. This should be applied in a number of areas - firstly, to the elimination of a range of taxes that are disabling business - sales tax, payroll tax etc. Fuel taxes should also be eliminated.

Secondly, interest-free credit should be applied to a narrow range of capital works; the repair of local government infrastructure is a case in point. The backlog of essential maintenance on streets, kerbing and guttering, sewerage, water reticulation etc. now totals \$134 billion. The current catastrophic farm debt must be dealt with along the lines advocated by Rex Patterson for the A.L.P. in 1971 (see Chapter Eight). At all costs the further haemorrhaging of farmers from the land must be halted and reversed. The provision of a home-maker's wage to mothers who would prefer to remain at home during the formative years of their children, as suggested by Mr Bob Santamaria, could bring about a beneficial shift in employment, providing opportunities for many currently unemployed. A firm policy of 'import-replacement' should be put in place. Protection for remaining Australian industries should be paramount. Both tariffs and quotas should be used to foster self-sufficiency. The current-account deficit should be eliminated and reversed as a matter of urgency. If it means shortages for Australian consumers, this should be openly explained to Australians by political representatives who demonstrate themselves they are prepared to share the 'belt-tightening' they are asking of the people. No less can be asked in what, after all, may be similar to wartime restrictions.

The bureaucracy must be made to retreat. Being non-creative itself, it tends to live off the creativity of others. The mass of licensing, regulation and inspection has become stifling and prohibitive. Much is merely petty. Country people who have used chainsaws for 30 years are now being forced to train for the right to continue. A small business starting up has to wade through a mountain of benchmarks and conditions, often making an otherwise viable enterprise not worth starting.

Politicians understand little about the regulation gauntlet. Enabling legislation allows departments to add endless requirements and conditions that are never scrutinised by parliaments. Some in the fishing industry have to obtain over 60 licences before beginning to operate. Accreditation, benchmarks and standardisation have often been turned into manacles. A small example may serve to illustrate.

In 1965 a small, land-locked African country, with far fewer resources than Australia, was subjected to world sanctions. It was confidently forecast that "Rhodesia would be on its knees in six weeks". The population consisted of 220,000 Europeans and over 6 million black Africans, divided into a number of tribes. A guerilla war, directed

from neighbouring states, made life difficult. The basic facts showed Rhodesia could feed itself. The then government under Ian Smith appealed to the nation for self-sufficiency. Everything previously imported would have to be made locally. Government could do little to help beyond keeping out of the way. Hundreds of new, home-based industries started - spare parts, farm machinery, mining equipment, clothes, footwear, cosmetics etc. Of course there were shortages. But the country survived and, 14 years later when the U.D.I. period ended, had no foreign debt. Since then Zimbabwe, as it is now called, has become a debt 'basket-case'.

The policy of releasing the nation's credit would have to overcome a barrage of opposition; firstly, from those steeped in orthodox economic theology and, secondly, from those with a vested interest in the current monopoly. The first was adequately answered by the late Professor Hotson, of the economics department at Waterloo University, in the Canadian context:

" . . . It is not true that "Governments have to borrow" when they run a deficit. Any sovereign government can create money itself rather than allow private banks to create money and lend to it at interest. Even before the Bank of Canada came into existence in 1935, half the currency and all the coins were produced by the Dominion government and spent or lent into circulation. In those days the chartered banks borrowed from the government rather than vice versa. The Canadian money supply, (M2) has been growing about \$30 billion a year in recent years - or about the same amount as the federal deficit . . . If the government - through the Department of Finance, or through the Bank of Canada which is under the Department of Finance - created all the money supply added each year, it would not need to add to its debts to pay interest on its old debts. .

Those who are inclined to dismiss the proposal that the government create more of the money supply as "inflationary" should be required to explain the economic model by which they reach the conclusion that it is more inflationary for the government's bank to create, say \$15 billion and the private banks \$15 billion, than for the government's bank to create \$0.7 billion and the private banks \$29.3 billion . . . "⁽¹⁵⁾

Veteran Australian economist H.W. Herbert carefully expressed the same truths at a time - 1976 - when Prime Minister Fraser was introducing a recessive squeeze, and John Howard was the Treasurer:

"... If the economy is to expand, from an increasing workforce and higher productivity, it must have more money. It cannot get this by borrowing money already in the community. It must create more. Mr Fraser sometimes talks as though money creation did not exist. At other times he talks as though it exists, but is evil and inflationary - "printing money", a vice of Labor. Mr Fraser, who studied economics at Oxford, should not promote these primitive economic errors... (he) would be surprised to learn that the volume of money in Australia, in the halcyon years of Liberal Government from 1962 to 1971, expanded from \$7,846 million to \$15,851 million... The expansion has to be started by giving consumers more money (preferably by cutting sales taxes, which also lower prices), and by Government spending more money on worthwhile projects...⁽¹⁶⁾

The more likely reason why governments appear so obtuse and timid about what is clearly a constitutional prerogative was well explained by Professor Carroll Quigley, whose seminal work we discussed in Chapter Three. In his epic "Tragedy and Hope" he wrote:

"All these programmes of deficit spending are in jeopardy in a country with a private banking system. In such a system, the creation of money (or credit) is usually reserved for the private banking institutions, and is deprecated as a government action. The argument that the creation of funds by the government is bad while the creation of funds by the banks is salutary is very persuasive in a system based on traditional 'laissez faire', and in which the usual avenues of communication (such as newspapers and radio) are under private or even banker control..."⁽¹⁷⁾

Which is not to argue for a nationalised banking system. What we're talking about is the creation, rather than the lending of money. The more competition between lenders, the less chance of financial engineering. But the creation of additional money should not be subject to vested interest - private or public.

Unless government in Australia retrieves from private hands the right to monetise the actualised and potential credit of the nation it will have lost any meaning and legitimacy it has, and will have betrayed those it is designed to serve. The last chance to do so is almost upon us.

NOTES:

- (1) The Hon. Clyde Cameron. September 1980.
- (2) *The Weekend Australian*, October 30,31, 1993.
- (3) *Financial Review*, September 7, 1995.

- (4) *The Australian*, March 10, 1997.
- (5) *The Australian*, April 11, 1997
- (6) Letter to *The Australian*, May 15, 1992.
- (7) *Ibid.*
- (8) *The Weekend Australian*, July 13-14, 1996.
- (9) *The Australian*, Monday June 30, 1997.
- (10) Third article in a four-part series, *Australian Financial Review*. July 2, 1997.
- (11) Jean Baptiste Colbert, 1619 - 1683.
- (12) *Herald-Sun*, October 3, 1996.
- (13) Figures come from numerous reports and studies. One of the most comprehensive was the Report by the Australian Catholic Bishops' Conference "Common Wealth For The Common Good", Collins Dove, 22-24 Joseph St. North Blackburn, 3130. ISBN 1 86371 151 1. 1992.
- (14) *The Courier-Mail*, (Qld.) front-page article, September 12, 1996.
- (15) Policy Options, (Canada) November 1991. The late John H. Hotson, Professor of Economics, University of Waterloo, Canada, and Executive Director of the Committee on Monetary and Economic Reform (COMER).
- (16) H.W. Herbert, An Economist's View, titled 'MAKE' MORE MONEY, *Sunday Mail*, Queensland, December 19, 1976.
- (17) Carroll Quigley, "Tragedy and Hope: A History of the World In Our Time", MacMillan, 1966.

CHAPTER ELEVEN

DAILY BREAD - USURY? OR FREEDOM?

"Above all things, good policy is to be used that the treasure and monies in a state be not gathered into few hands . . . And money is like muck, not good except it be spread."

Francis Bacon, 1561 - 1626

We have now almost gone full circle. In Chapter One we dealt with the Principles outlined in two great Encyclicals, "*Rerum Novarum*" and "*Quadragesimo Anno*".

The first highlighted an important verity - that while work can ennoble the individual if approached properly, it is not the sole justification for daily bread.

The second was accurate in its revelation that the monopoly-control of financial credit is a universal source of tyranny.

The Congregational Union of Scotland's "*Christian Doctrine of Wealth*" gave more detail to the question of usury, and necessary alternatives.

These highlights of Christian thought shine brighter in the sea of darkness which is the Church today. With the exception of a few individual Christians the Church in its most general sense has been one of the great casualties of the 20th Century. It has continually narrowed the Gospel of the Kingdom, which Christ took such pains to teach, into a narrowly-defined gospel of salvation. Congregations often contain people who have received spiritual revelation, but who are then, without realising it, imprisoned in comfort-zone assemblies which go no further than the perpetuation of personal blessings. The idea that the Christian has enlisted in a growing movement for universal change, where the kingdoms of the world become the Kingdom of Our Lord is a mystery to the majority. The blame for this must sit to a large extent on pastors, priests and ministers. Instead of equipping Christians and sending them forth in the battle for Truth, the minister is too often consumed with the size of the congregation under his direction. If "politically-correct" is an evil, "spiritually-correct" should be anathema. The Sunday service and a host of evening groups and functions have

become an end in themselves. Any issue which might 'divide the congregation' is banished from the church environment. The 'eighth deadly sin' is to be controversial. The result is that for many the church scene is stifling. Much of what is being done in effective Christian practice is by refugees from the denominational scene.

To this perpetuation of neutrality must be added an obsession with dispensationalism - the notion that prophecy has brought us to a "last-days" syndrome, where the unfolding of events has reached a 'count-down' stage which no longer yields to faith or hope. In any contemplation of local, national or world events the Church, in the main, is fatalistic. Apart from a brand of evangelism which is often denominational recruitment, the nearest Christians come to social responsibility is 'ambulance-aid'; an attempt to help victims without ever challenging the causes of casualty. Obviously, these are generalisations, and there are brilliant and courageous exceptions. They can often be recognised by the odium with which they are perceived by their congregations. Within a 40 kilometre radius of my nearest town in southern Queensland there are 69 congregations holding weekly services. It has had little effect on the social conditions in the town, which has the usual quota of crime, poverty, breakdown and suicides. It was not always so.

The three great religions - Judaism, Islam and Christianity - share common Old Testament teachings about Usury. It was regarded as a sin quite as heinous as theft or murder. Any form of extortion or unfair advantage - financial or otherwise - was regarded as usurious.

Andrei Krylienکو, in the introduction to his little masterpiece "*Money and the Modern World*" wrote:

"Usury, in its original sense of payment for the use of money or the lending of money at interest, was formerly prohibited by Jewish, Christian and Moslem law. Later, as interest charges became general, the prohibition and the word "usury" itself were restricted to the charging of excessive interest; from this limited meaning the term came in time to be applied to any form of unjustified or extortionate exaction . . .

The transition from mediaeval to modern times was marked by the substitution of the "scientific method" for the traditional, theocentric approach to knowledge. Theology, till then the Queen of the Sciences, was dethroned: philosophy was replaced by pragmatism and expediency rather than ethics became the guide to conduct. One consequence of this ideological revolution was a change in the attitude to usury . . .

Acceptance of the new false doctrine was facilitated by the transformation of the hitherto predominantly rural economy of mediaeval Christendom, subordinated in principle to the preparation of souls for the after-life, into the predominantly commercial and urban economy of modern, post-Christian times, in which moral considerations, such as the question whether economic activities were licit or not, took second place to the pursuit of material gain.

Finally, with the triumph of 'laissez-faire', the prohibition of usury became for all practical purposes a dead letter. Today, usury is taken for granted, explained by economists and, provided it is not "excessive", passed over in silence by most theologians. However, it is not necessary to be an economist or a theologian to see that something is wrong with the present state of affairs. The simultaneous existence of food "surpluses" and hungry mouths, and the seeming impossibility of taking one to the other highlights a grave defect in the monetary system, the economic link between the two.

The rise of modern banking has, indeed led to a new form of usury: first, the community's money is now nearly all bank money or credit borrowed from banks at interest, not all of which is genuinely earned, and secondly, which is more serious, bank money is created by the banks - as God created the world - out of nothing. The most avaricious of ancient usurers could hardly have dreamed of a situation in which by a stroke of a pen he could have placed the entire community in his debt; yet the banks do precisely this, for every bank credit, in itself only a ledger entry, establishes a title to a share in the communal product bearing the same proportion to the whole of that product as the amount of the credit bears to the total existing exchange media. Apart from the fact that the creation of money should never, for obvious reasons, be left in private hands, let alone exploited for profit, an economy rooted in debt cannot be healthy: judging by the history of ancient Rome and other civilisations that fell or have fallen into the clutches of moneylenders, it is doomed . . . " (1)

Coinciding with the enthronement of usury on a world scale has come another development, unencountered by any previous civilisation - modern technology.

With the advent of electricity and the internal-combustion motor mankind could ask questions never posed before. Chief of these was whether a potential had been reached whereby human beings could be delivered from the full-employment economy. Could

individual talent be placed in a new environment where self-chosen activity replaced the pursuit of a wage or a salary under direction? The reverse seemed to be the consequence. The cotton-mills in Lancashire during the industrial revolution were the first to 'down-size'. Machines replaced humans, and the latter starved while the nation's productive capacity increased.

Good accountancy would have recognised that technology, when applied to production, itself earned a wage which should, at least in part, have gone to those replaced. But the prevalent ethos, which was a perversion of the older puritan work-ethic, could not face up to the implication of "something-for-nothing" - even though Grace is the very substance of the Christian gospel. No existing theology has so uncannily anticipated the present situation, and offered the way through, as the message of Christ.

So, as machines were designed to save and replace labour, post-Christian economics accepted as absolutes the notion of full employment and the "labour theory of value".

Now there's no difficulty in providing full employment if that's the chief end in view. It would be possible to divide an unemployed work force into two groups, one to dig holes and the other to re-fill them. A good wage, holidays, long-service leave, superannuation and free medical could be provided. We could even call it "work for the dole". Inherent in this concept, obviously, is the power for government to direct human effort and labour. We can call it 'job-creation' if we like; the result is that government enshrines the right to decide what individuals do with their lives in order to justify "daily bread". The result is a community in which a majority hate what they're doing and do not believe it is a genuinely creative contribution. But this grudging compliance is tempered by the conviction that each "is lucky to have a job." The danger of allowing government the use of national credit solely for capital works as a means of solving unemployment lies in this. It involves the ceding to government of the power, in Marx's words, to "direct labour". In other words, the government will think up the works, and the people will do what they're told. The captivity of Israel under the ancient Egyptians was a good example of job-creation for capital works.

It is now openly acknowledged that the elimination of modern unemployment can only be achieved by vastly-reduced wages, coupled with the direction of labour. The end result has been starkly portrayed

in a graphic article by Pat Byrne in *News Weekly*, June 28, 1997, under the heading HOW MULTINATIONALS DRIVE SOCIAL AND POLITICAL CHANGE. Because of the clarity with which this article is written it is included 'in toto', with due acknowledgement to *News Weekly*:

"Multinational corporations now exert enormous economic influence that is set to impact dramatically upon employment, the middle class and government tax revenue early in the next century. The size, power and influence of the world's leading corporations can be gleaned from the following:

- * *The combined sales of the world's top 200 corporations exceed a quarter of the world's economic activity, growing from 24.2% of the world's Gross Domestic Product in 1982 to 28.3% in 1995.*
- * *Of the largest 100 economies in the world, 51 are corporations and only 49 are countries. Mitsubishi is larger than Indonesia. General Motors is bigger than Denmark. Ford is bigger than South Africa. Toyota is bigger than Norway.*
- * *The combined assets of the world's 50 largest commercial banks and diversified financial companies amount to nearly 60% of the estimated \$US20 trillion global stock of productive capital.*
- * *The Japanese have surpassed the Americans in the top 200 multinationals. Six of the top ten are Japanese, while only 3 are American. Of the top 200, 186 are headquartered in just 7 countries - Japan, USA, Germany, the UK, the Netherlands and Switzerland.*
- * *Over half the sales of the top 20 multinationals are concentrated in four areas - automobiles, banking, retailing and electronics. The top 5 automobile manufacturers account for almost 60% of all the world's sales. The top 5 electronics firms have over half global sales. The top five firms have over 30% of the global sales in airlines, aerospace, steel, oil, personal computers, chemicals and the media. Relying on statistics from various United Nations bodies, the World Bank, the OECD and several other sources, this description of growing corporate economic power has been recently outlined in two publications, "When Corporations Rule the World", and "Top 200: The Rise of Global Corporate Power".*

What is perhaps most extraordinary about the top 200 companies, given their enormous share in major manufacturing sectors, is that they

employ only 18.8 million people worldwide. That amounts to only 0.75% of the world's labor force.

What is going to be a growing crisis for governments is the rate at which these gigantic organisations are set to cut their workforce over the next 20 years.

This concern is the subject of a recent book, "The Global Trap: The Assault on Democracy and Prosperity", by Hans-Peter Martin and Harald Schumann. They describe the behind-closed-doors meeting of 500 corporate chiefs, leading politicians and academics, who met in San Francisco in 1995 to discuss the global economy of the 21st Century.

This gathering of the world's power elite unanimously agreed that, with the new generation of automated machines, which they had as yet hardly begun to apply to industry, they would soon need only 20% of the world's labour force.

The remaining 80% simply would not be required to keep the world's economy going. The middle-class, as we have known it, would shrink dramatically in the rich nations.

So what did this power elite think would happen to this surplus labour-force? "Tittytainment" was the consensus answer, that is, a mixture of entertainment and nourishment from the breasts of the productive minority. This is the modern version of the ancient Roman idea of feeding the masses bread and circuses to keep them placated.

Conference pragmatists summed up their vision of the future in a pair of numbers and a saying: the "20 to 80" society and "tittytainment". If unemployment is one huge, destabilising social evil facing governments already, a second globalisation problem they are also starting to feel is the shrinking tax base as multinational corporations and wealthy individuals are increasingly able to shift their incomes off-shore into low tax countries.

One-third of the world's trade is simply transactions between various parts of the same multinational corporations. These companies can design their product in one country, manufacture in another and sell in a third. They have plenty of scope to reduce their tax bills by shifting certain operations into low tax countries and transfer-pricing.

Transfer-pricing is where a company can pay inflated prices imported from a subsidiary in a low-tax country, thereby moving its taxable profits into that country so as to reduce its tax bill.

Governments are already feeling this tax-drain. Globalisation is likely to see a further drain in tax revenues, either because it makes tax

evasion easier or because it encourages companies to shift economic activity to lower tax countries.

It was recently revealed by the Head of the Australian Tax Office that "the vast majority of local and foreign multinationals paid little or no tax in Australia." Some 60 percent claimed to be in loss and paid no tax, while the "great bulk" of the remaining 40 percent claimed to be only marginally profitable and paid only a small amount of tax.

Globalisation means that governments are going to be faced with a vanishing middle class, rising unemployment and an inability to collect taxes from traditional wealth-creating industries.

The Economist recently summed up the social and political consequences of this change:

The biggest problem of our generation is that our economic successes so surpassed the political ones that economics and politics couldn't stay in step.

Economically, the world has become a single trade unit. Politically it is still in pieces. The tensions between these two opposing developments have released a series of shocks and collapses in the society life of mankind .

... " (2)

The one expendable in this sorry state of affairs is individual choice over one's own destiny. In earlier times it was customary to ask a child what he or she intended to be in adulthood. Such a question today is the privilege of a remote few. For most it has been replaced with an anxious hope for any job at all that will deliver a licence to live. Whether this licence is creative, or suited to the particular talents and aptitudes of the individual is superfluous and, in view of the situation, a selfish indulgence.

Everything Christ said or did challenged this state of affairs. He rejected the temptation of a 'new world order' under centralised power over 'the kingdoms of the world'. His first act on the assumption of His ministry was to announce His purpose: to preach good news to the poor, to proclaim release to the captives, to set free those who are downtrodden. He promised rest to those who were weary and heavy-laden. Christ made a nonsense of the modern nostrum "There's no such thing as a free lunch", when He fed the five thousand in the gospel account of the loaves and fishes.

Increasingly, He dealt with the purpose and nature of inheritance in the economic affairs of mankind.

It is only with inheritance in mind that alternatives to the present disaster can be found. The argument about the right of inheritance has waxed and waned throughout history, reaching intensity during the industrial revolution and since. The vastly-increased productive capacity resulting from the machine age has further intensified with automation, electronics, robotics, computerisation and now the information super-highway. Never has there been such a capacity for monopoly, passed from generation to generation, ever-deepening the divide between rich and poor.

The economics of abundance have appeared - and more people are starving than ever before. The magic words of modern economics - "growth-and-exports" - have done nothing to bridge the divide. Persisted with, the threat of destroying the earth's natural resources is obvious. The magic words are based on the myth that the world's problem is scarcity, only overcome by getting 'leaner-and-meaner', running harder and producing more.

Marx sought to harness the 'have-nots' (the 'proletariat') into a revolutionary army with the publication of "*The Communist Manifesto*" in 1848. Listed numerically in the Manifesto were ten points necessary for the success of Communism. They included the abolition of private property; heavy progressive taxation; a state monopoly of credit; and the abolition of the right of inheritance. Marx also railed against the idea of a supernatural Creator, declaring religion to be 'the opiate of the people'. The Manifesto culminated in demanding the abolition of the family.

It is easy enough to see how this opposition to inheritance is derived. Three young men in Australia are currently taking over immense corporate empires from their fathers: James Packer, Lauchlan Murdoch and Cameron O'Reilly. Such examples of entrenched monopoly are oft-quoted by those opposed to the right of inheritance. Yet the passing of inherited assets of each empire is measured in \$billions. Passing of inherited assets from generation to generation is a Christian concept, in keeping with the natural function of the family. The book of Proverbs advocates that "A good man leaves an inheritance to his children's children."⁽³⁾

How to make inheritance available to all, instead of monopolising it in the hands of a few, was carefully developed by Christ, again in the context of the family; but this time in a relationship

between a Spiritual Father and His children, from whom none were denied if they made themselves eligible for the available legacy.

"What man is there of you whom if his son ask for bread, will he give him a stone? Or if he ask for a fish will he give him a serpent? If ye then, being evil, know how to give good gifts to your children, how much more shall your Father which is in heaven give good things to them that ask Him?" (4)

The whole message, demonstrated in precepts and parables by Christ, was of a world of abundance in which all could share. Christ's birthplace, Bethlehem, meant in the original Aramaic "House of Bread". In earlier times it was known as Ephrath, or "abundance". When asked by His disciples for directions how to pray, He taught them to ask "Give us this day our daily bread". "I came that ye might have life more abundant", He said on another occasion. But He also made it clear that such largesse was not unconditional. Correct relationships were inherent in shared abundance. He warned that the enemy was a lust for money; first by His treatment of the money-changers in the Temple who had, He declared, turned His Father's house into "a den of thieves"; and, secondly by His injunction that no-one could serve two masters. It was one or the other. "Ye cannot worship God and Mammon".

His listeners at that time could hardly have foreseen a time when the application of solar-driven technology, exploding exponentially in a 250 year period, made possible a progressive lifting of "the curse of Adam". Yet here we are - a world continually 'downsizing' its workforce while expanding production; a world which, because it clings to the manual-economy idea that you must work before you eat, is incapable of delivering its production mountains to the starving.

What, in fact, is work? The millions forced to fill eight-hour days of useless activities because society says it is the only justification for bread are increasingly hard-put to answer the question. All but the most crushed have things in mind they'd infinitely prefer to do if they had the time and financial resources.

The modern economy is a massive bank of past invention. Once the 'use-by' date on patents expire, ownership of the knowledge is a community asset. It is economic heritage, or inheritance. But the benefits are never shared.

In that short 250-year period, the world has tried Communism as a suggested means of 'sharing'. It failed, through the crushing of the

human spirit, to deliver. Capitalism seems destined to follow suit. Both were slaves to the labour theory of value. Both were monopolistic in structure. Both have left wide trails of human misery in their wake.

Christ's expansion on inheritance was expressed thus:

"Behold the fowls of the air: they sow not, neither do they reap, nor gather into barns. Are ye not much better than they? . . . Consider the lilies of the field, how they grow: they toil not, neither do they spin. And yet I say unto you, that even Solomon in all his glory was not arrayed like one of these. Wherefore, if God so clothe the grass of the field, which today is and tomorrow is cast into the oven, shall He not much more clothe you, O ye of little faith? . . . Your Heavenly Father knoweth that ye have need of all these things. But seek ye first the Kingdom of God and His righteousness; and all these things shall be added unto you . . ." (3)

Thus was a picture provided. It was up to believers at that time and in following generations, to outline the policies to 'make the word flesh' or the picture reality.

If money is the mechanism for distribution, where do we begin?

An innovative example exists in Alaska. This frozen, sub-Arctic State has one major economic asset - oil. This produces a steady stream of royalties which, in normal circumstances, the government would deploy either in capital works, social-engineering schemes, or job creation. The unusual decision was made, once the oil-companies had received fair profit and adequate wages, to divide royalties among all citizens older than six months, and pay them a 'dividend' on an annual basis.

A 1986 Canadian Press report explained:

"There is a cheque in the mail, as of today, for \$556-26 for every single Alaskan. Be they 9 months of age or 90 years, every single person of six-month's residency in the State will receive that cheque.

In case you're curious, that works out to about \$750 Canadian. For a family of four, that means a Christmas present equal to about \$3,000 Canadian. . . . The gift comes courtesy of the Alaska Permanent Fund, and it's the fifth year these folks have received a bonus, courtesy of the State's oil wealth. As good as that looks, next year the cheque is expected to grow to \$650 U.S. for each of the lucky 550,000 Canadian citizens . . ." (4)

It should be added that there is no attempt by the Alaskan Government to "means-test" the dividend. Those employed as well as unemployed receive their cheque without qualification beyond citizenship.

A 1995 press report updated news:

"This State (i.e. Alaska) still makes its living by pulling riches from the ground: 85 percent of Alaska's budget is provided by oil revenues and Alaskans pay no income tax. In fact, they receive money from the State each year, about \$US900 (\$A1260) each last year . . ." (7)

The provision of a 'birth-right' payment of over \$5,000 annually to each family of four, coupled with no income tax, has not turned Alaska into a nation of 'bludgers'. No Alaskan gets jailed or fined for not filing a tax return. There are probably fewer families forced to rely on a double income for survival. If a State with a single major source of revenue can, at least partially, share the benefits with all citizens, the question arises, what could the "richest nation on earth" achieve with a similar approach? As the World Bank pointed out in September 1995, a survey of 192 nations revealed Australia the richest country in physical terms:

" . . . The World Bank found Australia's per capita wealth was \$US835,000, highest of the 192 countries to which it applied the new procedure. Canada was second (\$US704,000) followed by Luxembourg and at number 12 the United States . . ." (8)

In Australian dollars that is well over \$1 million per head, or over \$4 million for the average father, mother and two children. Australia is a land of enormous abundance!

How could this be actualized? The first mechanism should be the establishment of a National Credit Authority, with terms of reference which safeguard it from political interference. Its sole function would be the annual production of a National Balance Sheet, as every commercial firm is required to do. Every area of a traditional Balance Sheet should be incorporated - Assets and Liabilities, Appreciation and Depreciation, Trading Position, Stocks on Hand, Profit and/or Loss, etc. Every Australian citizen of adult age should be entitled, as a shareholder in 'Australia Pty. Ltd' to a copy.

The National Credit Authority should be required to justify its finding in open session, and be in a position to take evidence. It should have no vested interest, beyond normal benefits available to all citizens, in the outcome. It should discard much of the rubbery criteria used in determining GDP.

Besides submitting its National Balance Sheet to all citizens, the final figure showing Profit or Loss (Currently called the "growth" figure) should be handed to the Reserve Bank for monetising. This

means that future increases in the Money Supply should be tied strictly to audited figures. It would also mean that the creation of Australia's money would be withdrawn from the private sector and restored to the Crown. Where it was shown that genuine growth, or increase, had been achieved, a comparable money-creation would, by provision of law, be actualised and distributed to all citizens in a similar way to Alaska. It would go to all citizens, rich or poor, employed or unemployed. It would be immune to all bureaucratic interference. In its introductory period, part could be diverted to the reduction of taxation. But at all times it would be regarded as an individual, rather than a state dividend. Above all, it would need sufficient constitutional protection to keep it safe from the dictator, the do-gooder and the empire-builder in politics.

As all Australians found their incomes supplemented in this way, an organic re-arrangement of the social order of a beneficial nature would begin to emerge, currently far beyond the wit or power of government policy-makers. Many who currently hate the work they do would drop out. Many mothers in two-income families would have the choice of returning to their children. Their places would be taken up by others, particularly school-leavers, who want and need jobs. Many would retire earlier. As taxes went down and incomes were supplemented, small farms would re-establish themselves, as would small business. Banks and non-bank financial instrumentalities would have to compete far harder for savings, the on-lending of which would constitute their income base. Costs would come down without a corresponding drop in incomes. Debt-burdens would decrease; Australia would begin to regain its soul, mend its fences and offer a vision to all for the future.

A pipe-dream? There is no social force at the moment capable of challenging the huge money-power that grips the world. It seems likely that those wielding the power of finance will drive onwards towards a collapse of the whole system. The terrible consequences for human beings on the earth are already evident and can only get worse.

On October 15, 1991 the world's media - or some of it - carried the remarks of the Pope on a visit to Brazil:

"The Pope hit out yesterday at the kind of financial austerity plans imposed on debt-ridden nations by foreign lending institutions such as the International Monetary Fund. "One must state firmly, so that the whole world hears it, that a country's foreign debt can never be paid at the

expense of the hunger and poverty of its people," he told a meeting of Brazil's bishops . . ."⁽⁹⁾

The Pope's remarks apply just as much to Australia, with a net foreign debt exceeding \$200 billion, as anywhere else.

What legacy will we leave the next generation? Despite advanced agricultural technology, starvation still threatens more than 800 million human beings around the world, and 35,000 people - more than half of them children - die from starvation every day.

In early 1996, in the shadow of an unfolding refugee crisis in Zaire, central Africa, a "World Food Summit", sponsored by the U.N. Food and Agriculture Organisation (FAO), was convened in Rome from November 13 - 17.

Delegations from 186 countries, including 82 heads of state (41 presidents, 41 prime ministers) adopted a non-binding "plan of action" calling upon the world to reduce the number of hungry and malnourished persons (now 840 million, 15% of the world's population) by half before the year 2015.

Pope John Paul II was one of the key speakers at the Rome summit opening: *"It is God's plan,"* he said, *"that the world's goods be shared among all. This implies that every individual has a basic right to adequate food."*

The "plague of hunger" is a subject the Pontifical Council "Cor Unum" (the Vatican's charity and relief organisation) has been tackling for some time now. More than a month before the FAO summit, the Council published an 80-page document entitled "World Hunger, a Challenge for All: Development in Solidarity."

Presenting the text at a Vatican press conference on October 24, Cor Unum's President, Archbishop Paul Cordes, said:

"The phenomenon of world hunger is not due to a lack of food, but rather to selfish and sinful distribution structures."

At the same press conference, a French economic development expert, Jean-Loup Dherse, explained the economic aspects of the document.

"World hunger does not result from a lack of food," he told journalists.

"In some countries the granaries are overflowing with surplus stocks. The real problem is a lack of resources to purchase food. To fight against hunger means finding a solution to that paradox."⁽¹⁰⁾

It is now just over 100 years since the Encyclical "*Rerum Novarum*" appeared.

It is 66 years since the commemorative "*Quadragesimo Anno*" drew attention to the evil of those who held a monopoly of credit "*so none dare breathe against their will . . .*"

There can be no solution to the global crisis until the money-merchants have, once again, been thrown out of the temple.

Will Australians play their part in the battle for their nation and the world? What will they tell their children? Whether they finally "*took up arms against a sea of troubles*"? In Christ's words:

" . . . *To what shall I compare this generation? It is like children sitting in the market places, who call out to other children . . .*" (11)

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NOTES:

- (1) Andrei Krylienko, *Money and the Modern World*, originally published by Resurgam Press B.P., No 3, Allonzier-la-Caille, France (now defunct). Obtainable from Pickford Productions, M/S 897, Ravensbourne, Qld. 4352.
- (2) *News Weekly*, GPO Box 66A, Melbourne, Vic, 3001.
- (3) *Proverbs* 13:22
- (4) *Matthew* 7: 9,10,11.
- (5) *Matthew* 6: 20-33.
- (6) *The Edmonton Sun*, December 22, 1986.
- (7) *The Courier-Mail* (Qld.) June 16, 1995.
- (8) *The Courier Mail*. (Qld.) September 19, 1995.
- (9) *The Australian*, October 15, 1991.
- (10) From the December 1996 issue of "*Inside the Vatican*".
- (11) *Matthew* 11: 16.

POSTSCRIPT

The last 250 years have spawned a wide variety of economic reformers. Much has been derived from the original advocate for free trade - Adam Smith and his classic, "*The Wealth of Nations*".

The misery created by the gulf between incomes and prices, exacerbated by technology, saw such proposals as those of Ricardo, Liebnitz, Silvio Gesell and Henry George in the nineteenth century.

The first half of the 20th century was dominated by John Maynard Keynes, whose proposals were applied in Roosevelt's 'New Deal' in the Great Depression. While 'pump-priming' through government expenditure mitigated some of the suffering, it did so at the price of greatly increased government power.

This came at the expense of individual choice. Great government projects, some of them subsequently to become environmental disasters such as the Tennessee Valley project, were used to give people a form of activity providing a wage. When it is "work or starve", government direction is the lesser of two evils.

The second half of the century has seen an ever-expanding variety of ideas about economic policy. Arguments have raged about Keynes. Milton Friedman, with his proposals to use the money-supply as the chief means of finding a balance between growth and inflation, gained credence and later disenchantment. The Austrian school, shaped round Hayek more than anyone, was correct in warning of an unrestricted Caesar and its potential for tyranny. Hayek's "*The Road to Serfdom*" is still a classic which should be required reading. Ludwig von Mises and Henry Hazlitt roughly followed the Austrian School line. Perhaps the most enigmatic has been John Kenneth Galbraith. Liberal at first glance, Galbraith on deeper reading seems to understand the darker side of the Keynesian idea and to condone it. He is depressing reading, although gifted in the breadth of his coverage. But he is, if not totalitarian, at least authoritarian. Only an elite can 'manage'. His ideas find plenty of expression in the global economy side of economics.

The least known, yet by far the most advanced of the thinkers of this century is the Social Credit founder, C.H. Douglas. He was the first to perceive accurately the change from 'scarcity-economics', which have dominated man's history, to 'the economics of abundance'

resulting from applied mechanics and solar-energy. He was the first to identify, fifty years before anyone else, that this advance made impossible the notions of 'full employment', unless it increasingly became the mechanism for compulsion and wage-slavery.

More accurately than anyone of his time, he foresaw the final results of persisting with 'scarcity-economics', predicting with precision the nature of the global crisis of the moment. He foresaw the impossibility of effecting necessary changes by competing for power in government. He pinpointed the futility of attempting to 'gain power to impose truth'. The fact that the name 'Social Credit' has been adopted by political parties here and there was despite, rather than because of Douglas's position.

He dealt at length with the debt-question, and the nature of necessary reforms required, devoted to the specific end of liberating individual choice, freedom and development.

What insights the reader may pick up from this book about alternatives to the present disaster have been gleaned from Douglas.

Those wishing to inquire further should start with three books, unavailable in most universities and libraries. In my opinion they tower over all other contemporary thought about the philosophy of constructive economics.

They are: *Economic Democracy.*
 Social Credit.
 The Monopoly of Credit.

Each was authored by C.H. Douglas, and is obtainable from:

The Heritage Bookshop,
Box 1052 J,
G.P.O. Melbourne, Victoria. Australia, 3001.

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