

Australia Dossier by Robert Barwick

Hanson derails Mont Pelerin juggernaut

The National Competition Policy, and related monetarist "reforms," are falling victim to their own success.

Economic "reform" in Australia is grinding toward a halt. On June 24, just 11 days after Pauline Hanson's economic nationalist One Nation Party won 11 seats in the Queensland state parliament, Prime Minister John Howard suddenly backed away from his plan to introduce "competition" into 93% of Australia's domestic mail business, by deregulating the monopoly on the shipment of all parcels under 250 grams held by Australia Post, the government-owned mail carrier. The plan, opposed by Hanson's party, would have dealt another heavy blow to rural Australia, causing job losses and branch closures in rural areas reeling from more than 1,000 bank branch closings in recent years.

Another major reform opposed by Hanson, the privatization of the remaining two-thirds of the government's telecommunications company, Telstra, has been partially derailed as well. Under tremendous pressure from its junior coalition partner, the National Party, which got clobbered by One Nation in the Queensland election and fears it will be wiped out in federal elections expected later this year, Howard's government announced on July 22 that it will privatize only 49% of Telstra, leaving it in government control. Still a third major reform, a proposed 10% goods and services tax (GST), looks shaky as well.

The victory of Hanson, who has called for national banking, tariff protection, and other economic nationalist measures, has dramatically reshaped Australia's political and economic landscape. For the last 15 years, Australia has been a laboratory for the privatization-deregulation policies of

the chief economic warfare unit of the British Crown, the Mont Pelerin Society, which has dominated both major parties, Labor and the Liberal-National coalition, as Australia has implemented one of the world's most far-reaching sell-offs of state assets. One of Mont Pelerin's keystone planks, under which much of this has happened, and under which the Australia Post deregulation was planned, is called the National Competition Policy. The day after the Queensland election, National Party Sen. Ron Boswell blamed his party's rout on precisely this, which was, he said, "like a giant vacuum cleaner, sucking people up from the bush, and depositing them on the coast."

The National Competition Policy was adopted by Australia's six state governments and the federal government in 1992, based upon the recommendations of the Hilmer Competition Committee, run by Prof. Fred Hilmer, a longtime consultant to the British mining giant, Rio Tinto. One of the other two committee members, Mark Rayner, was also a longtime executive of Rio Tinto. The company, in which the Queen is the dominant shareholder, is a chief funder of Mont Pelerin's think-tanks, which designed the whole privatization-deregulation scam under which the economy has been decimated.

The Hilmer Committee's mandate was to examine every area of the Australian economy, including the government sector, for "uncompetitive practices," and to formulate a "competition standard." The 1993 Hilmer Report recommended the establishment of two statutory bodies to police the

new regime, the National Competition Council (NCC), and the Australian Consumer and Competition Commission (ACCC). The NCC was charged with conducting ongoing reviews of competition levels in industries and recommending reforms, while the ACCC took the enforcement role; the NCC had ordered Australia Post to deregulate.

Between them, the NCC and the ACCC have cut a swath of destruction through Australia's industrial landscape. Victims of National Competition Policy have included Victoria's electricity system, which lost 14,000 jobs when it was broken up and sold off for \$20 billion during 1993-96 by Mont Pelerinite Premier Jeff Kennett; trade unions, which are being fined for "uncompetitive conduct" when fighting attempts by companies such as Rio Tinto to smash them with non-union labor; and the dairy industry in Victoria and New South Wales. The deregulation of the dairy industry, by the removal of the price controls on milk, has slashed the income of dairy farmers in New South Wales by \$10-12,000 per year. Meanwhile, Australia's two giant grocery retail chains, Woolworths and Coles Myer, have, through their sheer dominance of retailing, been given the power to set the milk price, which has soared up to 40%—some competition!

Competition reform is also targeting the marketing of farm products, such as wheat and rice, which constitute a huge portion of Australia's economy, and which is presently handled by producer boards. New South Wales is faced with a \$16 million fine by the NCC after it backed away from plans to deregulate rice marketing. The NCC-ACCC wields a huge stick in ramming through its devastating "reforms." In addition to leveling fines, it can withhold "competition payments" to the states, worth a total of \$16 billion.