

## Australia Dossier by Robert Barwick

### Another privatization scam

*Once again, the push is on to privatize New South Wales's electricity grid, and the bankers are licking their chops.*

Sixty-seven years after New South Wales Premier Jack Lang declared a debt moratorium against City of London banks in order to protect the state's poverty-stricken population, the banks are once again assaulting the state, this time under the guise of "privatization."

The idea of privatizing the state's huge electricity grid, was first mooted two years ago by the ruling Labor government under Premier Bob Carr, but proved so unpopular with the traditional elements within his own Labor Party—especially its trade union constituency—that Carr and his Treasurer, Michael Egan, were forced to drop it. Now, however, the opposition Liberal/National coalition, under new leader Kerry Chikarovski, has resurrected the idea as the coalition's main platform plank in the March 27 state election, which it is expected to win. To secure the \$25 billion sale, the coalition has cynically proposed to bribe the electorate, by promising to give over \$2 billion of the proceeds to the state's voters, that is, \$1,000 in cash or shares to each.

Australia has been savagely looted by the privatization frenzy of the past decade. Already, Australia's \$66 billion in government asset sales in the 1990s is second only to Great Britain's, a much bigger country in dollar terms, and second only to New Zealand's, a much smaller country in per-capita terms. Australia will undoubtedly leap to the top of the list with the N.S.W. privatization, added to a planned South Australia electricity sale worth \$4 billion, and a proposed \$40 billion sale of the remaining two-

thirds of Telstra, the nation's telecommunications giant. And the purpose of all this looting of the hard work of generations of Australians, is *solely to provide a windfall to the banks and other major financial institutions that hold the debt.*

Take New South Wales, for example. The stated reason for selling the electricity grid is to retire, overnight \$18 billion of the state's \$25 billion debt. Who is going to get this \$18 billion? No one ever asks that question. However, an investigation by this news service has found that the identity of those holding the \$24.7 billion in bonds (half of which is in foreign currency) of the total \$25 billion debt is, according to an officer of the Treasury Corp., which arranges those bond sales, "commercially in confidence, and exempt from freedom of information."

This news was greeted with outrage by Ann Lawler, the N.S.W. State Coordinator for the Citizens Electoral Council (CEC), the Australian political party allied with American economist Lyndon LaRouche's global fight for national sovereignty and a New Bretton Woods monetary system. "It is a scandal that the citizens of this state can't find out who its creditors are," Lawler told this news service. "And the question I have, is, 'Are those who have pushed, or are pushing this sale, merely acting as flunkies for the banks—many of which are on the verge of collapse—against the interests of the citizens of New South Wales?'"

Indeed, while the identities of the bondholders may be secret, those of

their political front-men are not. As the CEC's *New Citizen* newspaper has documented, the entire privatization drive of the past two decades was designed by the local fronts of the City of London's Mont Pelerin Society, the chief economic warfare unit of the British Crown. One of these local fronts is the misnamed Center for Independent Studies in New South Wales, which boasts Bob Carr as a prominent member. Other Mont Pelerin think-tanks include Melbourne's Tasman Institute and the Institute of Public Affairs, which jointly designed the massive privatization program of Victoria State Premier Jeff Kennett. Since he came to power in 1993 as the protégé of Mont Pelerin leader and ANZ Bank chairman John Gough, Kennett has privatized an astounding \$27 billion of state assets. Kennett immediately turned over most of these proceeds to the banks, as he lowered Victoria's debt from \$31 billion to only \$10 billion today, while slashing the state's law enforcement, health, and education systems.

Not only will the banks receive an \$18 billion windfall overnight from the N.S.W. sale, but they will slice off extremely lucrative fees for managing the sale. One of these is international merchant bank CS First Boston, expected to be a leader in the N.S.W. sale. CS First Boston, which made \$42 million from handling the Victorian privatizations alone, and made a bundle from the sale of Telstra, was implicated in multibillion-dollar drug-money-laundering schemes in the 1980s.

The tight little circle of those who benefit from looting state assets is also typified by New Zealand merchant bank Fay Richwhite, which made a fortune from Mont Pelerin's New Zealand privatization scam. Fay Richwhite principal David Richwhite was a big shot in the NZ branch of Carr's Center for Independent Studies.