

## Queen breaks up nation-states to steal raw materials

by Allen Douglas, Robert Barwick, and Rhys McGuckin

As the world careens toward the greatest financial crash since the 14th-century collapse of Venice's Bardi and Peruzzi banks unleashed the Black Death and depopulated Europe by half, the British Crown-led British-American-Commonwealth (BAC) financial oligarchy is attempting to seize control of virtually all the world's raw materials and food production, in order to rule in whatever is left of a post-crash world. U.S. Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. was the first to outline the scope and inevitability of the coming blowout, in his famous "Ninth Forecast" of June 1994. In an "EIR Talks" radio program two months later, LaRouche blew the whistle on the oligarchy's rush out of paper and into hard commodities: "The past several months' buildup of a stampede from financial investments into hoarding of bullion, raw materials, and scarce food-supplies, signals an imminent collapse of the world's financial system."

The BAC's intentions are perhaps most spectacularly evident in their drive to secure the immense oil and natural gas reserves of the Caucasus/Central Asia region, a move which could help trigger a world war with an enraged, desperate Russia. Meanwhile, they are also plundering the less well-known, but similarly rich reserves of industrial raw materials, precious minerals, and oil and gas in the Southeast Asia/Southwest Pacific region comprised of Indonesia, Papua New Guinea (P.N.G.), and Australia. There, the BAC is using Her Majesty's colony of Australia as a staging ground for assaults against Indonesia, and against Australia's former protectorate of P.N.G., even while seizing Australia's riches on the pretext of indigenous "land rights." Through currency warfare, International Monetary Fund (IMF)-World Bank forced privatizations, corruption scandals, ethnic warfare, indigenist insurgencies, and, wherever necessary, Australian-led military occupations, the BAC intends to break up Indonesia and

P.N.G. and seize their raw materials. The following sketch gives some idea of the enormous riches of these three countries.

### What's at stake

**Australia:** Home to the world's largest diamond mine (Argyle in Western Australia), the country also ranks in the world's top six producers of bauxite, cobalt, gold, iron ore, lead, lithium, manganese ore, mineral sands, nickel, silver, tantalum, uranium, and zinc. As for reserves, it has the world's largest demonstrated resources of bauxite, lead, mineral sands (alluvial ilmenite, rutile, and zircon), tantalum, uranium, silver, and zinc, and is among the world's top six for black coal, brown coal, cobalt, copper, diamonds, gold, iron ore, lithium, manganese ore, nickel, and rare earth oxides.<sup>1</sup> Australia also ranks 11th in world production of natural gas.<sup>2</sup> The Asia/Oceania region as a whole ranks third in reserves of natural gas, behind the Commonwealth of Independent States (the former Soviet Union) and the Middle East.<sup>3</sup>

**Indonesia:** Home of the world's richest gold mine (Grasberg in Irian Jaya province), Indonesia is the world's fifth-largest producer of natural gas, and the 14th-largest producer of oil.<sup>4</sup> It has the world's eighth-largest reserves of natural gas, with oil reserves as high as 50 billion barrels.<sup>5</sup>

1. Australian Department of Science and Resources.

2. World Gas Map, 1997, *Petroleum Economist*, London.

3. *ibid.*

4. BP Statistical Review of World Energy, 1998.

5. "The Oil Markets of the Pacific Rim—Into the 1990s," Paul McDonald, *Financial Times Business Information*, for Indonesia's possible 50 billion barrels reserve. The Caspian Sea's proven reserves of 17 billion barrels is from the BP Statistical Review of World Energy, 1998.

By comparison, the Caspian Sea region is believed to have somewhere between 68 to 200 billion barrels (with *proven* reserves of only 17 billion barrels) and Kuwait has 96.5 billion barrels. As of 1993, only 36 of Indonesia's 60 known oil basins had been explored, and just 14 developed. One of the richest basins, in the Timor Strait off East Timor, was relatively undeveloped while under Indonesian control, due to the unrest in East Timor. However, since East Timor gained independence, a "frantic drilling season" has begun, with at least 20 new wells under way.<sup>6</sup> As a senior City of London source told *EIR* last September, when the Australian-led invasion of East Timor was under way, "Informed geologists tell me, there are believed to be huge untapped oil deposits in the Timor Sea between East Timor and Australia. As long as East Timor remains in firm Indonesian hands, the oil will be controlled by the Indonesian state oil company, Pertamina. If, on the other hand, East Timor becomes independent, BP [British Petroleum] and Royal Dutch Shell will be able to come in. The British are using Australia as a stalking-horse for this. Overall, oil is again becoming a major geopolitical power theme for the British interests, after a long hiatus. Over the last year, there has been a huge consolidation of oil assets into British hands, with BP becoming number-two in the world after Exxon-Mobil, and Shell number three. If British oil wins East Timor, along with their present dominating role in the Caspian Sea region and North Sea, as well as Alaska and Nigeria, they will be in a commanding power position globally to dictate oil policy."

Indonesia is also the world's second-largest producer of tin, its fifth-largest producer of copper and nickel, its sixth-largest producer of gold, and its third-largest exporter of coal.<sup>7</sup>

**Papua New Guinea:** Though its jungle and mountainous terrain is woefully underexplored, P.N.G. is home to two of the world's ten largest gold mines (Porgera and Lihir, see **Figure 1**), and to its fifth- and eighth-largest copper mines (Panguna and Ok Tedi).<sup>8</sup> It shares the island of New Guinea with the Indonesian province of Irian Jaya (recently renamed Papua), where the world's number-one gold mine, Grasberg, is located. Although also underexplored, Irian Jaya, according to Heffernan Consulting in Jakarta, is known to be "fabulously rich" in several other minerals besides gold—a good indicator of the potential of P.N.G. itself. As extraordinary as its mineral wealth is, exploration of petroleum in the early 1990s convinced the P.N.G. government that oil and gas would one day surpass minerals as the country's largest foreign-exchange earner. Mining and petroleum supply 70% of P.N.G.'s export revenue, and 25.2% of its GDP.

6. *The West Australian*, Jan. 12, 2000.

7. *World Mineral Statistics 1998*. Coal figures from the *Register of Indonesian Mining*, Resource Information Unit, Perth, Western Australia.

8. *Australian Journal of Mining*, "Review of Mining in Papua New Guinea," Graeme Hancock, October 1999.

## The British assault Asia

Shortly after the fall of the Berlin Wall in 1989, the British secured two strategic goals: By 1991-92, they had installed a government in Russia composed of trainees of British intelligence's economic warfare unit, the Mont Pelerin Society, typified by Yegor Gaidar and Anatoli Chubais. This enabled them to steal Russia blind, through "privatization," and through the virtual or outright theft of Russia's huge raw materials stockpiles. Second, they had neutered the mighty German economy by forcing then-Chancellor Helmut Kohl to submit to the monetarist, anti-industry Maastricht Treaty as a precondition for German reunification, and had prevented Germany's natural tendency to expand advanced industry eastward and link up with the former East bloc and Russia, which prospect the British regarded as a mortal geopolitical threat.

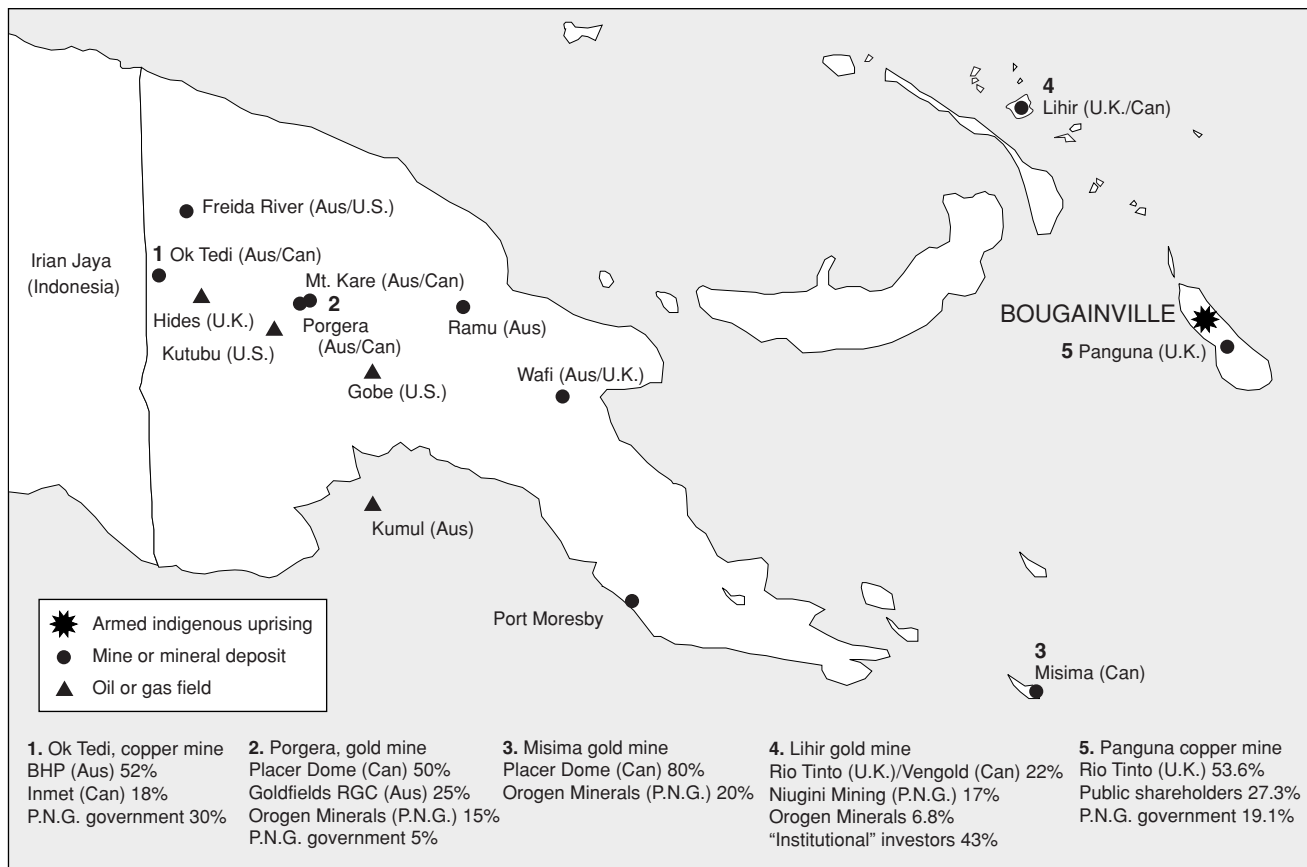
These objectives accomplished, they turned toward Asia. In 1995, Queen Elizabeth's premier think-tank, the Royal Institute for International Affairs, issued a policy paper entitled "RIIA Discussion Paper 60: Economic Opportunities for Britain and the Commonwealth." Written by Australian academic Katharine West, the paper set the tone for a conference in March of that year co-sponsored by the RIIA and Her Majesty's government, on "Britain in the World," which was attended by the entire corporate and foreign policy elite of Britain. The paper, amplified by the conference, stressed the following themes, ones reflected in British Prime Minister Tony Blair's recent pronouncements that Britain is the "pivot of power" for the world as a whole<sup>9</sup>:

1. Britain should use the extensive cultural and business networks of the 53-nation Commonwealth (the new name for the British Empire), whose chief executive is the Queen, as the vehicle to dominate virtually all multilateral organizations in the world, including, for example, the Organization for Economic Cooperation and Development, the Asia-Pacific Economic Cooperation Forum, the Association of Southeast Asian Nations, the Group of 15, and the Group of 77.

9. Blair gave a speech at the Lord Mayor of London's banquet at Guildhall in the City of London on Nov. 22, 1999, which could have been taken straight out of Katharine West's RIIA report. After referring to Britain's "profound legacy of Empire," Blair said about "Britain's new role," that "it is to use the strengths of our history to build our future not as a superpower, but as a pivotal power, as a power that is at the crux of the alliances and international politics which shape the world and its future. . . . Britain's potential strengths are clear, in some ways unique. . . . First, our formidable network of international contacts. Our extraordinarily close relations with nations in every part of the globe through the Commonwealth . . . the UN Security Council, of NATO and the G-8. The close relationship forged through two world wars with the U.S.A. And our crucial membership of the European Union. We are at the pivot of all these inter-connecting alliances and groupings." Blair also stressed the crucial role of the City of London in asserting British power, particularly under globalization: "One and a half trillion dollars are traded every day on the world's currency exchanges, of which by far the biggest is right here in the City of London, which is bigger than the Tokyo and New York markets put together."

FIGURE 1

## British-American-Commonwealth forces grab Papua New Guinea's raw materials



Sources: *Australian Journal of Mining*, October 1999; *Petroleum Economist*, World Gas Map, 4th Edition; P.N.G. Department of Petroleum and Energy.

Papua New Guinea is home to 2 of the world's 10 richest gold mines (Porgera and Lihir), and 2 of the world's 10 richest copper mines (Ok Tedi, Panguna). The British-American-Commonwealth forces sponsored a coup in 1997 against nationalist Prime Minister Sir Julius Chan, and a decade-long insurgency in Bougainville Province, in its attempt to seize the country's mineral deposits.

2. The engine of British power is the City of London, by far the world's largest financial center, which, according to West, still today rules "an informal financial empire that maintained its vibrancy long after the formal empire went into decline." This empire is now expanding rapidly through free trade, deregulation, and privatization; indeed, then-Prime Minister John Major bragged to the conference, that privatization was a "British invention."

3. The main target of the Commonwealth and City of London should be Asia, the greatest remaining repository of wealth in the world.

4. Australia should be used as the "stepping stone" of this turn toward Asia, given its extremely close ties to Britain, as evidenced in the extraordinary amount of cross-investment between the two, which West disingenuously called "mutual exploitation." Already, she said, some 130 multinational cor-

porations, most of them British, had established their Asian regional headquarters in Australia.

### Securing the 'stepping stone'

The British moved rapidly to consolidate Australia as their base against Asia. In March 1996, the fanatically Anglo-ophile Liberal-National government of Prime Minister John Winston Howard came to power with the aid of Rio Tinto, the world's largest mining company, whose single largest investor is Her Majesty the Queen.<sup>10</sup> The new government

10. Long rumored, the Queen's dominant holding in Rio Tinto was confirmed in a lengthy profile in an Oct. 19, 1999 article in Australia's major weekly magazine, *The Bulletin*, "Diamonds Are for ER" (a pun: "ER" stands for *Elizabeth Regina*). The diamonds refer to Rio Tinto's share in the world's largest diamond mine, Argyle, in Western Australia.

Rio Tinto's aid to the Howard government began when the company

TABLE 1

**Britain buys up Australia**

(foreign investment in Australia, millions Aus \$)

Country	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
U.K.	66,018	76,350	76,983	85,168	134,990	146,085
U.S.A.	78,371	86,656	91,724	106,649	128,227	145,736
Japan	51,084	49,627	51,116	58,332	57,972	56,764
EU (except U.K.)	24,949	32,427	37,690	43,653	45,282	47,345
ASEAN	8,422	9,909	9,352	11,693	10,798	16,296

Source: Australian Bureau of Statistics, "Foreign Investment in Australia," 1997-98.

*British investment in Australia has soared over the past several years, as the Crown has consolidated Australia as its "stepping-stone" to attack Asia, as per Katharine West's 1995 report for the Royal Institute for International Affairs.*

was dominated by its six cabinet members, including Howard, who were members or associates of Mont Pelerin Society fronts in Australia. Building on privatizations begun under the previous, Labor government, and together with another Mont Pelerin Society clone, Victoria Liberal Premier Jeff Kennett, Howard oversaw the world's largest privatization program. BAC (but mostly British) "foreign investment" in Australia skyrocketed (see **Table 1**), as the British snapped up Australian assets for pennies on the dollar. By 1996-97, the British had surpassed the United States as the single-largest foreign investor in Australia, despite the fact that the United States has six times the population of the U.K.

Political links flourished along with financial flows. Howard's campaign director, Andrew Robb, spent a month in Britain helping the Tories campaign, while Liberal Party treasurer and chief fundraiser Ron Walker became the co-treasurer of Margaret Thatcher's Conservative Party, the first time a foreigner had held that position. Walker's Tory post reflected his prowess in raising funds from the extraordinary concentration of British firms in Australia. Nor were the political ties merely between conservatives. Observed the *Canberra Times* in 1997, "In the past two years there has been an unprecedented exchange of policy ideas between the Australian Labor and the British Labour parties."

Cultural and intelligence ties zoomed, as well. Britain's main cultural warfare body, the British Council (then run by Rio Tinto and Bank of England director Sir Martin Wakefield Jacomb), launched a \$7 million "New Images" program designed to foster a favorable opinion of Britain in Australia, the largest such program the British Council ran anywhere in the world, and Britain's MI5 and MI6 intelligence agencies tightened their ties with their Australian counterparts. As

arranged the withdrawal of Howard's main rival for Prime Minister, with a lucrative consulting offer. Howard let Rio Tinto's executive, Mike Angwin, write the government's anti-union industrial relations law. See *Stop the British Crown Plot to Crush Australia's Unions*, Citizens Electoral Council of Australia, 1998.

chronicled in the *Canberra Times* of Aug. 8, 1997, "ASIS [Australian Security Intelligence Service] has an MI6 officer attached to its Canberra headquarters inside the Casey Building at assistant director level, and the top secret Defense Signals Directorate has a special liaison officer. . . . British officers are involved in virtually every aspect of Australia's intelligence collection and assessment network."

So close had the ties become already by the mid-1990s, that several Australian intelligence officers charged that ASIS was nothing but an "errand boy" for British intelligence, and, in particular, for British multinationals throughout the Middle East and Asia. Given that Australia had also set up several central banks in Southeast Asia, with which it still maintained close links, such economic espionage was most helpful to Britain, particularly as the so-called Asian crisis erupted in July 1997. It is no wonder then, that Britain's High Commissioner (ambassador) to Australia, Sir Roger Carrick, told a New Images conference in Sydney on Aug. 7, 1997, that the intelligence relationship between Australia and Britain "had been particularly productive and useful recently"; or that British Foreign Secretary Robin Cook crowed to the same conference that "Australia is a more viable partner for Britain now than at any time in the past two centuries. . . . The growing importance of Asia and of the countries around the Pacific means that Australia is much stronger for Britain as a bridge into an area of the world of growing importance."

The capstone to this British activity vis-à-vis Australia will be set on March 17, the day Her Majesty Queen Elizabeth begins a two-week tour downunder, her first in eight years. Additionally, she is sending as her new High Commissioner to Australia, the Right Honorable Sir Alastair Goodlad, a Privy Councillor who was the controller of Her Majesty's Household during 1989-90 and treasurer of Her Majesty's Household during 1990-92, two extremely sensitive positions. He was also Deputy Chief Whip of the Tory government under John Major, and a Minister of State in the Foreign Office during 1992-95. Before his service to Her Majesty's government and private household, he was a business executive in Southeast Asia. He has already told the Australian press that his appointment will not be "merely bilateral," but that he will be deeply involved in the "region as a whole," and that he intends to spend much of his time with the "business community in Sydney and Melbourne," rather than in the federal capital of Canberra. Although unusual for an ambassador, such activities, as well as his personal profile, are precisely those needed to achieve the goals specified in West's 1995 RIIA report.

## Target: Australia

Australia is not merely a British “stepping stone” to Asia, but a target for looting and destruction in its own right, just like Indonesia and Papua New Guinea. We note here only the highlights of the British assaults against these three countries, which have been documented in detail by *EIR*, and by Lyndon LaRouche’s Australian associates in the Citizens Electoral Council.

Queen Elizabeth and Prince Philip have personally directed the looting of Australia over the last four decades, in particular through the mining company which the Queen controls, Rio Tinto. Aside from the globalist, free-trade measures which the Labor government of Prime Minister Bob Hawke and Treasurer Paul Keating had introduced beginning in 1983, which were designed by Mont Pelerin Society think-tanks in Australia,<sup>11</sup> the most radical shock to Australia’s economic and political system over the recent decades, has been the growth of Aboriginal “land rights,” grants or claims for which now cover over half the continent, *including virtually all its key mines and raw materials deposits* (Figure 2). The chief sponsor of land rights has been Rio Tinto.

The push for land rights began in the 1920s, when the Australian Communist Party, following the directions of the Communist International, called for the country to be split up into several “sovereign Aboriginal states.” But the concept only took off following the 1963 Royal Tour by Queen Elizabeth and Prince Philip, during which Philip set up a branch of his World Wildlife Fund, the Australian Conservation Foundation (ACF). Under the presidency of Philip (1971-76), and his associates such as Sir Garfield Barwick, Chief Justice of the Supreme Court, and H.C. “Nugget” Coombs, the decades-long head of Australia’s Reserve Bank, who then became the “father of Aboriginal land rights,” the ACF spawned the entire environmentalist and land-rights movements.

From the outset, the chief funder of the ACF was Rio Tinto’s Australian subsidiary, CRA, whose chairman, Sir Maurice Mawby, chaired the ACF’s Benefactors Committee. In addition, Rio Tinto has poured hundreds of millions of dollars directly into land rights, enabling the company to bankrupt most of its small and medium-size competitors, who cannot afford the legal fees or the payments to Aboriginal tribes for which Rio Tinto has set the pace.

In 1975, when Labor Prime Minister Gough Whitlam threatened to buy out Rio Tinto and other British mining companies, which he charged were looting Australia’s raw materials for “pennies to the dollar,” he was sacked by Queen Elizabeth’s Governor General, Sir John Kerr. As Kerr admitted, he acted on the advice of the ACF’s founding president, Sir Garfield Barwick. Prince Philip was particularly involved in Australian matters at the time, as he had just replaced Barwick as ACF president. While the orders to sack Whitlam obviously came from the Crown, Anglophile media barons and

11. *Stop the British Crown Plot to Crush Australia’s Unions*.

historians preposterously assert that the Queen “had nothing to do” with her Governor General’s action. That absurd claim is belied by Her Majesty’s lavishing several high orders of knighthood on both Sir John, and, soon after, his private secretary, Sir David Smith, which she did at her own initiative, and not, as is usual, at the recommendation of any of her Australian ministers.

Rio Tinto controls Australia because it controls the country’s mineral wealth, which increasingly dominates its economy, particularly because the free-trade era, beginning in 1983 under Prime Ministers Hawke and Keating, has deindustrialized the country, reducing it to Third World straits, exporting mainly raw materials. This reality is reflected in its export figures (and record current-account deficits): mineral exports, \$36 billion; rural exports, \$24 billion; manufacturing, \$20 billion.<sup>12</sup> Given such raw-materials dominance of the economy under Rio Tinto, it is lawful that current or former Rio Tinto executives now chair most of Australia’s major corporations, including two of its “Big Four” banks, and that the former chairman of CRA (Rio Tinto’s Australian subsidiary, now merged back into its parent), John Ralph, is widely acknowledged to be the nation’s most powerful business executive.<sup>13</sup>

In addition to land rights, and the recently defeated drive to rewrite Australia’s constitution which that drive spawned,<sup>14</sup> the two most controversial political/economic changes today are both Rio Tinto projects: a sweeping tax reform which will further impoverish the average Australian, and enrich the multinationals, which was drafted by the Ralph Commission under John Ralph; and, the most radical changes to laws governing trade unions since Australia was federated as a nation in 1901, the anti-union Workplace Relations Act, which was written by another Rio executive. The ultimate power behind these changes is indicated by another hat worn by the busy Ralph: He is the chairman of the Queen’s Trust, an Australian “charity” targetting the youth, which is privately funded by Queen Elizabeth.

## Target: Indonesia

With the East Timor independence referendum of August 1999, and the Australian-led military occupation, the BAC oligarchy successfully split off oil- and gas-rich East Timor from Indonesia. Now, through “independence movements” in the resources-rich Aceh and Irian Jaya provinces, and a brewing Christian-Muslim civil war in Maluku and North

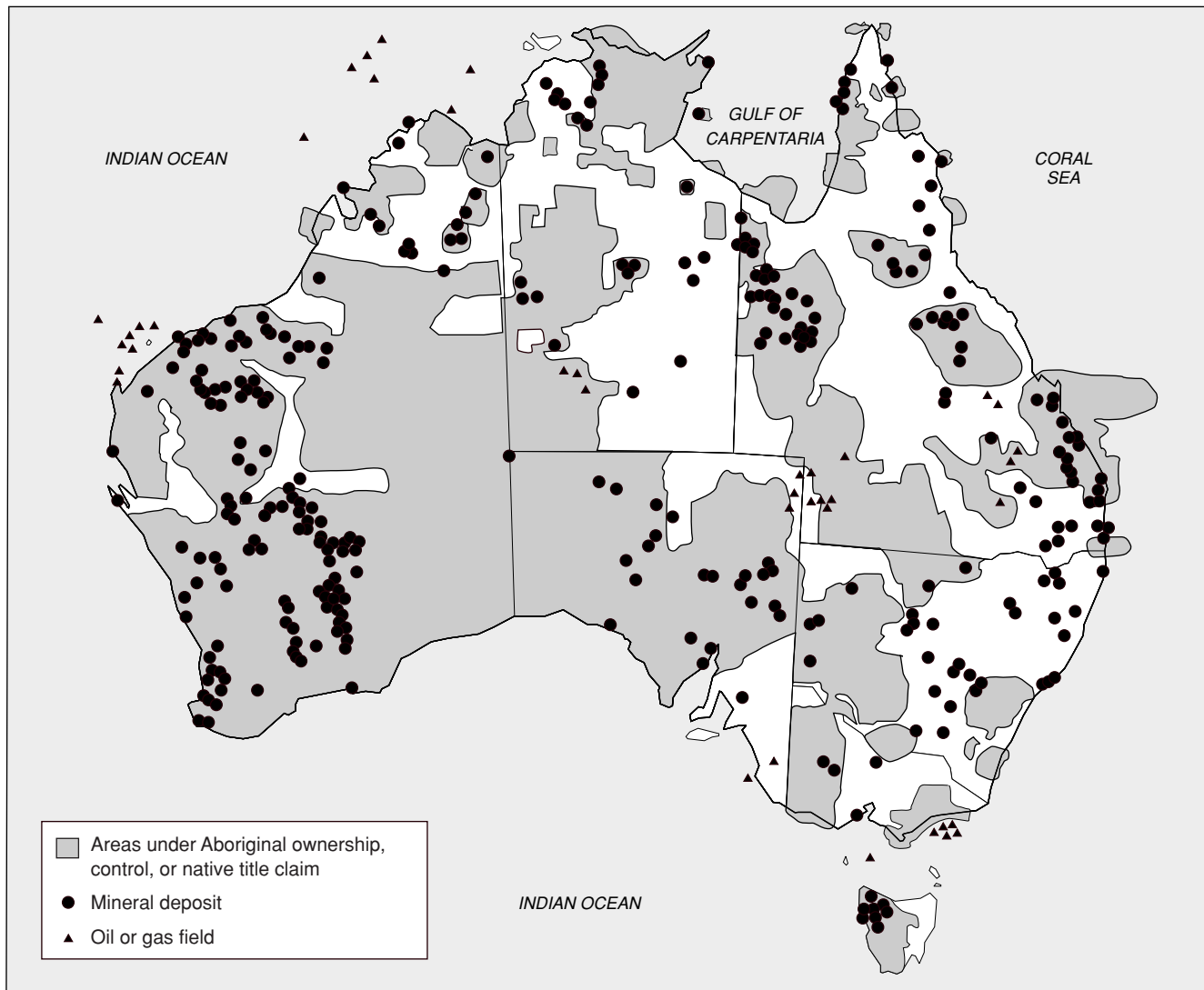
12. Australian Department of Science and Resources. Figures for 1996-97.

13. Details of the way in which Rio Tinto’s corporate “kindergarten” controls Australia’s corporate, cultural, and political life may be found in *Stop the British Crown Plot to Crush Australia’s Unions*.

14. The so-called “republic referendum” of November 1999 was in reality a plot to rewrite Australia’s constitution, including enshrining “land rights” into the constitution’s preamble. Rio Tinto helped finance the effort. See *The Fight for an Australian Republic, 1788-2000*, Citizens Electoral Council, 1999.

FIGURE 2

The Queen’s ‘indigenous’ control over Australia’s raw materials



Sources: Department of Primary Industries and Energy 1997; Bureau of Resource Sciences; Minerals Council of Australia.

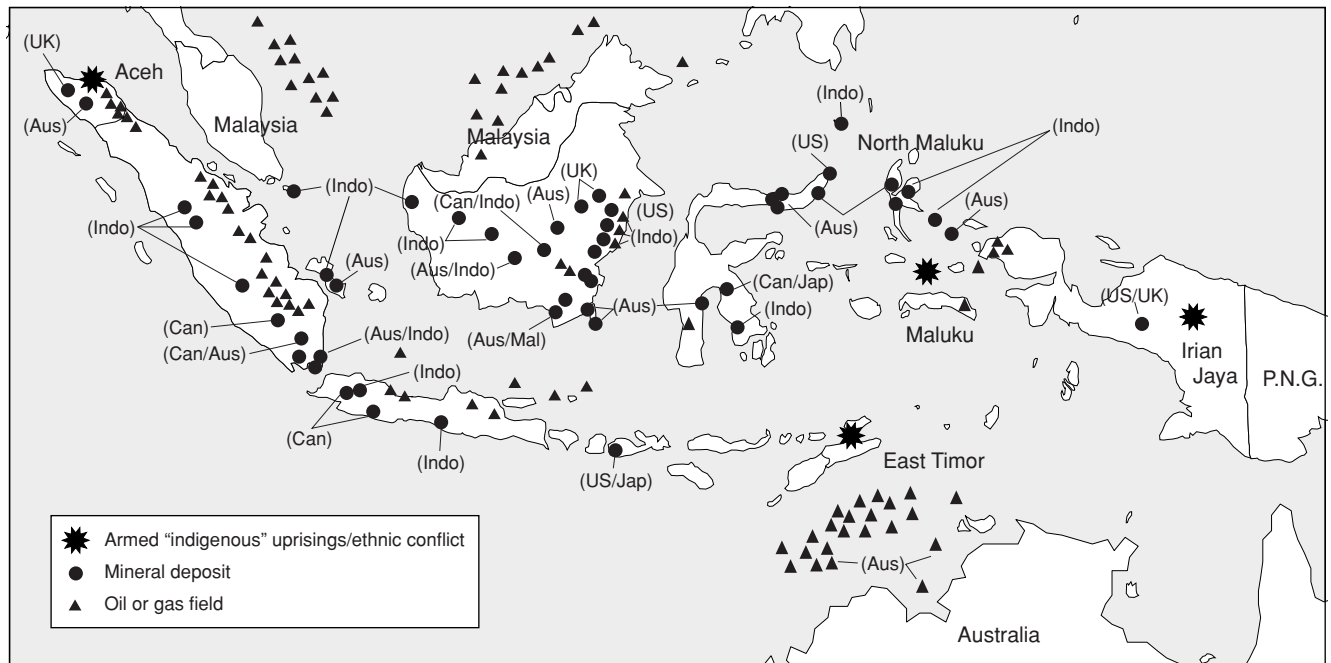
*The Queen’s mining cartel, led by Rio Tinto, funds Aboriginal “land rights” in order to lock up Australia’s vast mineral wealth.*

Maluku (the “Spice Islands” of Dutch colonial rule) which could spread nationwide, that oligarchy intends to shatter Indonesia — with 200 million people, the world’s fourth-largest nation — and to seize the rest of its raw materials (see **Figure 3**). In all three violence-racked provinces, Rio Tinto, the largest foreign mining presence in the country, is directly active in Aceh and Irian Jaya, where it has its own mines, and indirectly in North Maluku, through its former chairman and CEO for 12 years, Sir Roderick Carnegie, now chairman of Newcrest Mining, which runs the Gosowong gold mine there.

The British have openly boasted about their plans to splinter Indonesia. In a Sept. 16, 1999 discussion with an American journalist, Prince Philip’s religious affairs adviser, Martin Palmer, exulted over the East Timor referendum, and similar fracturing of nation-states under way worldwide: “We are experiencing tectonic changes,” he said. “We are now seeing the final dénouement of the processes unleashed in 1914. It is a process of the break-up of huge empires. Russia is breaking up, and we see the dying gasps of the old Tsarist control of Central Asia, with the sudden emergence of nationalities that no one had heard of for centuries. In Indonesia, East Timor is

FIGURE 3

### British-American-Commonwealth mining cartel dominates Indonesia



Sources: Resource Information Unit, Register of Indonesian Mines 1999; Petroleum Economist, World Gas Map, 4th Edition.

*The British are taking over Indonesia's huge raw materials wealth through sponsoring indigenous "independence" movements, as they did in East Timor, and are doing in resource-rich Aceh and Irian Jaya; and through the International Monetary Fund, which has forced the Indonesian government to sell off its state-owned mining companies to BAC firms; this gives the BAC much more control than even that noted in this 1998 map. As for the three areas of insurgency/ethnic conflict, Rio Tinto has major projects in Aceh and Irian Jaya (site of the world's largest gold mine), while in North Maluku, the former longtime Rio Tinto chief executive in Australia, Sir Roderick Carnegie, runs the Gosowong gold mine of Newcrest Mining, which company locals have charged with running guns (which Newcrest has denied).*

the fault line. If East Timor goes, then Aceh will go the same way, and then, what about the other islands? The fact is, *Indonesia has no logic for existence.*" Continued Palmer, "It is absolutely fundamental to British policy to encourage the break-up of empires. British policy, for the last 200 years, has been based on one central idea: the break-up of other empires. . . . Perfidious Albion is alive and well. . . . The British Foreign Office has a certain agenda, which is continued divide and rule."

Such British policies are readily wielded by Anglophiles in the United States. Indeed, back in 1974, U.S. Secretary of State and lifelong British asset Sir Henry Kissinger, in his infamous National Security Study Memorandum 200 (NSSM 200), had specified Indonesia as one of 13 developing countries whose population growth must be checked, in order to preserve its raw materials for Anglo-American use.<sup>15</sup> On

Sept. 9, 1999, Kissinger's longtime *bête noire*, Lyndon LaRouche, warned Indonesia, "Now the leadership of Indonesia must face reality, and repulse the assault against the country. It must, number one, expose the British role in this attack. Number two, it must threaten a sovereign default if this doesn't stop, while moving closer to China, India, and Malaysia in joint defiance of the IMF and BAC. If the Indonesian leadership doesn't do this, it will seal its own fate: the dismemberment and destruction of Indonesia."

Although unrest had existed in Aceh (home of the narco-terrorist "Free Aceh Movement"), in Irian Jaya (home of the "Free West Papua" gang), and in pre-independence East Ti-

nesia: Aceh, London's Next Domino?" *EIR*, Jan. 7, 2000; "Britain's Cold War Against FDR's Grand Design: The East Asian Theater, 1943-63," *EIR*, Oct. 15, 1999; "Great Britain Plays Its Ace in the East Timor Crisis," *EIR*, Sept. 17, 1999; "Great Britain's Colonial Guns Turn Against Indonesia," *EIR*, March 21, 1997; "Lord Mountbatten and the Return to Empire," March 21, 1997. Also, the Citizens Electoral Council pamphlet, *Global Financial Crash Drives East Timor Crisis*, September 1999.

15. For a history of BAC operations against Indonesia, including Kissinger's NSSM 200, and the BAC sponsorship of terrorist countergangs such as the "Free Aceh Movement," see Michael Billington and Gail Billington, "Indo-

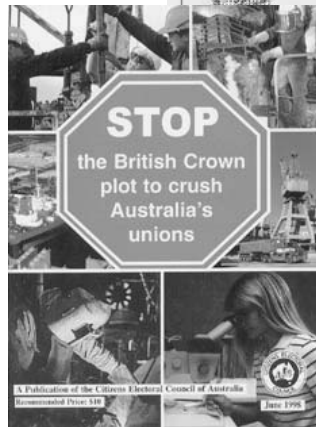
mor—largely due to BAC intelligence activities—such unrest was largely under control, thanks to Indonesia’s rapid economic growth rate. In October 1997, President Suharto received the United Nations award for poverty eradication. Over the previous 30 years, Indonesia had reduced the number of people living in poverty from 60% to 11%. Within months of receiving this award, most of those gains were reversed, and Suharto was overthrown as a consequence of the Asia crisis—the attack on Asia currencies and economies which BAC speculators such as George Soros, the Rothschild-backed, sometime investment adviser to the Queen, launched in mid-1997. Perhaps the hardest-hit of all Asia, Indonesia’s economy plummeted. In a series of escalating demands, the IMF slapped Indonesia with its harshest-ever “structural adjustment program,” which called for privatizing the lucrative state mining companies, even as most of the country’s private mining companies were going bankrupt, opening all of them for BAC takeover. Additionally, the IMF is demanding that the state oil company, Pertamina, be privatized, so that the BAC can grab Indonesia’s large gas and oil reserves. Pertamina has been partially corporatized already, in preparation for privatization.

In their 1956-57 effort to splinter Indonesia, the British and their U.S. allies, such as the Dulles brothers, had armed and financed insurgencies. As *EIR* has documented, such activities are under way again, possibly including direct BAC military activity in country’s vast 17,000-island archipelago. Months before the East Timor referendum, for example, units of the Australian Special Air Services (SAS), a subsidiary of the notorious British SAS, covertly landed in East Timor to conduct, at minimum, intelligence activities preparatory to the full-scale Australian-led military occupation following the Aug. 30, 1999 independence referendum.<sup>16</sup> Recently, Indonesian organizations and media have charged that there is a shadowy “third force” of provocateurs active in Maluku, stoking the violence between Muslim and Christian, in which as many as 2,000 people have died, and which threatens to spread across the archipelago. (Recent mass demonstrations of Muslim groups in Jakarta have called for “holy war” against Christians. One local Muslim group in North Maluku also charged, according to both Indonesian and Australian press accounts, that helicopters of former Rio Tinto chairman Sir Carnegie’s Newcrest Mining had ferried arms to Christians.)

### Target: Papua New Guinea

In July 1999, Sir Mekere Morauta took office as Prime Minister of the poverty-stricken nation of 4 million people of Papua New Guinea, a British Commonwealth member whose sovereign is the Queen. Among Morauta’s first acts, was to promise to obey the demands of the IMF-World Bank, which P.N.G.’s two previous Prime Ministers, Bill Skate and Sir Julius Chan, had refused to do; to launch a “far-reaching pri-

16. *Global Financial Crash Drives East Timor Crisis*, CEC.



*Lyndon LaRouche’s Australian associates in the Citizens Electoral Council have published extensive documentation on the British Crown’s operations against their country, and on the Crown’s use of Australia as its marcher-lord against Asia.*

vization program”; and to give autonomy bordering on independence to the province of Bougainville, site of one of the world’s richest copper mines. He also drafted what his spokesman, cabinet minister Sir John Kaputin, in November 1999, called “the most austere budget in Papua New Guinea’s history.” In P.N.G., where dirt roads still lead out from its capital, Port Moresby, and where the life expectancy is only 55, life for the average citizen promises to get much worse, very quickly. Morauta was installed by the BAC to drastically weaken P.N.G.’s central government, to split up the country, and to enable the BAC to grab total control over its extraordinary resources.

Aside from some logging and subsistence agriculture, P.N.G. is basically a big quarry dominated by the Rio Tintolled BAC mineral cartel, which runs the four major mines (plus the presently inactive Panguna mine) upon which the country’s economy depends (Figure 1). The IMF and World Bank have repeatedly demanded that the government privatize the state-owned Mineral Resources Development Corp. (MRDC), which holds the P.N.G. government’s shares in these mines. Though Morauta has claimed he will not do so, such promises ring hollow. In 1996, the World Bank had had a furious fight with the nationalist Prime Minister Chan, over its demand that Chan sell off the MRDC. Under enormous pressure, he did hive off some MRDC assets into a newly created company, Orogen, 49% of which was privatized, and



whose chairman today is the Canadian Sir David Beatty, OBE, a director of the elite Bank of Montreal.

After Chan had kicked the World Bank out of the country, he was ousted in mid-1997 in a coup backed by several agencies, including the Australian government; the mining companies, led by Rio Tinto and the Rio Tinto-dominated BHP; the British Commonwealth secretariat; Prince Philip's Transparency International; and various subsidiaries of the *capo di tutti capi* of Britain's mercenary groups, the Corps of Commissionaires, headed by the Queen.<sup>17</sup>

The events leading to that coup began in 1989. They were triggered by Rio Tinto, which was then operating the world's biggest open-cut copper mine, Panguna, on the island-province of Bougainville, which mine was providing 40% of all annual government revenue. From the time it opened the mine in 1969, the company dumped millions of tons of toxic waste into a nearby river and expropriated or destroyed thousands of acres near the mine. Instead of negotiating compensation with the local landowners, Rio Tinto took a hard line, precipi-

17. For the full story of the coup against P.N.G. Prime Minister Julius Chan, see "Queen Elizabeth Runs a Coup: The Case of Papua New Guinea," in *The True Story Behind the Fall of the House of Windsor, EIR Special Report*, September 1997, which one former P.N.G. government minister lauded as "astonishingly accurate."

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tating the formation of the Bougainville Revolutionary Army (BRA). The company's intransigent behavior was all the more astounding, given that it has paid hundreds of millions of dollars in compensation to "indigenous peoples" in Australia and elsewhere.

Rio Tinto's decision to close the mine almost flattened P.N.G.'s economy. After taking power in 1996, Prime Minister Chan developed a plan to upgrade the P.N.G. army, in order to end the insurgency in Bougainville, which was the scene of the bloodiest fighting in the South Pacific since the end of World War II, and which had almost destroyed the island of 200,000 people. Chan planned to buy up Rio Tinto's shares in Panguna, and reopen the mine. P.N.G.'s ostensible "allies," including Australia, the United States, and Britain, refused to provide him the military training he requested, though Australia approved his plan in principle. At the suggestion of the local branch of Her Majesty's Corps of Commissionaires, Chan hired Sandline International, a British mercenary group covertly associated with Rio Tinto. The suggestion was a trap, and, as soon as Chan hired Sandline, the trap was sprung. The Australian government, the P.N.G. branch of Transparency International (jointly founded by Prince Philip and the World Bank), and such local fronts for Rio Tinto as the Institute for National Affairs and the Business Council, started howling that the deal with Sandline was immoral, illegal, and corrupt. Army commander Brigadier General Singirok, who was secretly on the payroll of a British arms dealer all the while he was screaming about Chan's "corruption," led an insurrection. After Singirok's troops surrounded Parliament House for ten days, Chan stepped aside at the personal request of Commonwealth head Chief Emeka Anyaoku, who, conveniently for the plotters, was in P.N.G. at the time. The Chief gushed that he was "impressed" by the "devotion" of Singirok—a man who had just led a coup against his own lawfully elected government!

One upshot of the coup against Chan was not long in coming. On Nov. 29, 1999, Morauta spokesman Sir John Kaputin told a conference in Sydney that his boss would virtually cede independence to Bougainville, where Australian and New Zealand peacekeepers had negotiated "autonomy" with local groups, including the BRA, after Chan's ouster. The BRA, whose headquarters just happens to be around the Panguna mine, is holding out for full independence. Asked who provided the financing for the BRA's almost decade-long war, a senior Australian counterterrorism expert told *EIR*, "Look at the mining companies, particularly in Queensland [Australia]. You will definitely find big Australian money backing them." Rio Tinto is the biggest mining company in Queensland, and is expected to reopen its Panguna mine before long. One can presume, that the terms it will strike with the "nation" of Bougainville, will approximate those which the "nation" of East Timor will receive from the BAC oil and gas cartel, for the extraordinary reserves in the Timor Sea.