

Australia Dossier by Robert Barwick

The fire sale of the century

The state of Victoria has broken all records in its zeal to sell off public assets.

On April 28, the Treasurer of the state of Victoria, Alan Stockdale, announced the major achievement of his sixth annual state budget: the return of the state's AAA international credit rating. Stockdale boasted that, over six years, he had reduced Victoria's state debt from \$32 billion to \$10 billion. All of that \$22 billion came from the most far-reaching privatization program ever implemented by any government in the world, in which an estimated 75% of all state assets have been sold off.

The architects of this sale are the Australian agents of the British Crown's Mont Pelerin Society, who in six years have turned Victoria into a laboratory of economic rationalist policies: privatization, deregulation, budget cuts, drug legalization, and so on. This crowd is pushing to sell off the rest of Australia, and to move on to Asia.

Victoria's asset fire sale was planned fully a year before Premier Jeff Kennett was elected in October 1992. A darling of Melbourne's Anglophile business establishment, Kennett was the protégé of establishment figure John Gough, the former chairman of the ANZ bank, the most British of all Australian banks, which was headquartered in London until 1977. Gough is a leader of the Institute of Public Affairs (IPA), which was founded in the 1940s and is dedicated to the ideas of Friedrich von Hayek, the founder of the Mont Pelerin Society. Mont Pelerin also set up the Centre for Independent Studies, in 1977; the H.R. Nicholls Society, dedicated to union busting, in 1986; and the Tas-

man Institute, which specializes in privatization, in 1989. The founding chairman of Tasman was Sidney Bailieu Myer, chairman of the Australian branch of N.M. Rothschild, which has overseen the worldwide privatization push from London. In 1991, Tasman and Gough's IPA co-wrote "Project Victoria," the privatization plan for the future Kennett government.

During 1991-93, Tasman-IPA cranked out reports on electricity, ports, workers compensation, water, and public transport, all of which concluded with the identical recommendation: Privatize! This, Kennett and Treasurer Stockdale enthusiastically did. From the sale of the state's electricity system alone, the biggest single sector privatized, Kennett raised \$22.5 billion for debt reduction. And, even though the Tasman Institute's Dr. Michael Porter, the author of Project Victoria and one of 14 Australian members of the Mont Pelerin Society, has bragged that 75% of all state assets have now been sold off, the IPA's Michael Warby gloated to *The Australian* on April 27, "We haven't worked out a limit yet!" on sales.

Victoria has become the model for Australia's five other states and two territories, which are all planning massive asset sales as well. In fact, so keen is the desire to sell, that there is a real danger that the market will be oversupplied, especially in power utilities—three states are simultaneously planning multibillion-dollar sell-offs of their electricity systems; the New South Wales sale alone will be \$25 billion. Successive federal governments

have also sold off some of Australia's most cherished icons, including its national bank (the Commonwealth), and one-third of the super-profitable national telecommunications carrier, Telstra. The federal government has just completed the second stage of the world's biggest privatization of airports, the first stage of which included the sale of the Perth International Airport to a consortium that included British-directed mega-speculator George Soros. To date, Australia has sold \$61 billion of state and national assets, second only to Britain in dollar terms and second only to New Zealand in per-capita terms; this figure is soon expected to jump to more than \$100 billion, with the sale of the remaining two-thirds of Telstra.

The mass fire sale of public assets has taken a dramatic human toll. During 1989-97, the number of people employed in publicly owned trading enterprises has been slashed by 163,000 (42%), from 388,000 to 225,000, which has been a major contributor to Australia's high official unemployment rate of more than 8%, which in reality is much higher. In his zeal to pour tens of billions of dollars into the coffers of his banking cronies, Kennett has slashed public services drastically, notably in health care, where he has closed 1,400 beds, cut 40,000 jobs, and blown out waiting lists for surgery to 70,000, while death rates, inside and outside of hospitals, have soared.

Now, however, the Tasman Institute's Michael Porter has announced that the privatization of health care, as well as other human services such as public education, family services, and the like, is "very much the next step." Plans have already been drafted to sell off child protection agencies and youth training centers as well. Porter's Tasman gang is also now scouring Asia, which is seen as the new privatization frontier.