

## **AUSTRALIA AND NEW LABOUR'S FINANCE CAPITALISM**

### **FROM YORK AND CANTERBURY TO AUSTRALIAN FINANCE**

You don't have to look very hard to find anti finance populist sentiments in Britain in our 'credit crunch'. David Miliband in his 'radical' new thinking for New Labour suggests that this recession was 'made on Wall St'. When the Archbishop of York attacked 'robber barons' and 'asset strippers' church leaders are correctly speaking out on the big economic issues of the day. When the Financial Times comes to the defence of 'finance', the role of 'casino capitalism' has once more come in for mainstream attention, as the term invented in the last bust becomes fashionable again. The Archbishop of York's critique was not so different from the trade union leaders who blamed the 'fat cat' bankers and energy companies when demanding their nationalisation at their 2008 Conference. The aim of this chapter is to investigate how global finance capital lies at the heart of today's global economy. Moralism about usury and credit or appeals to thrift do not get near the critique we require of the murderous violence of the real political economy of the Empire of Global Capital.

This chapter goes on therefore to explore the role of client elites in the Empire of Global Capital, in the context of global finance through a particular case study of Australia. In Sydney especially, Australia is developing as an English speaking global financial centre for the Asian time zone, as London has developed its role for the world. My thoughts on this have been much influenced by an old Aussie friend, called Dick Bryan, a Professor of Economics in Sydney, who did his PhD with me at the Institute of Development Studies at Sussex University. His work with Mike Rafferty will be extensively used here. The Australian case is interesting given its history as the deliberate creation of the British Empire with its recent role as the imperial area policeman. The populist critique of the banks and finance in an Australia dominated by mortgaged farms and an Australian corporate takeover boom once driven by debt funding provides an interesting foreshadowing of some of the post 2008 debates.

The experience of the Australian Labour party – a neo-liberal party at least 10 years before Blair and Brown thought of it – also shows us in Britain a picture of our own future. Australia stands here as another example of rule by the foxes - the client rulers within Empire, which sets a recent historical example before we look at New Labour in Scotland. Under New Labour in Britain a reasonably fast growing financially driven economy had the State take a bigger per cent share of GDP than ever before in a boom. This was before the recession and the debt take off.

The history of capitalism gives ample evidence that despite Brown's past claims, which he suddenly stopped in 2008, you cannot do away with Capitalist bust as well as boom. Busy taking credit for the global boom and yet claiming it was down to him, Brown then blamed the 'credit crunch' on global forces he could not control. Brown and Darling's attempt to borrow their way out of a global recession – understandable enough – played however right into the blame game of their enemies. Even the Archbishop of Canterbury described it as being like the addict returning to drugs. If the source of the boom was not generated by New Labour, then nor will little Britain be able to finance its way out of the bust. Pace Miliband, are there underlying economic problems in the 90s boom however which are about far more than the banks and Wall St?

## **THE 2008 'CREDIT CRUNCH'**

The mainstream media's take on the economic problems for most of 2008 was the 'credit crunch'. Ulrich Duchrow, the German theologian complained to me along more radical moral and populist lines of the City's arrogance and greed now catching up with it (1). However, it is not global banks like HSBC that have gone under – it is in Britain two of the old mutuals trying to turn themselves into retail banks – Northern Rock and the Bradford and Bingley. This crisis does not mark the end of old style retail banking but the virtual end of the biggest of the old style mutuals (always on the fringe of the old 'City'). In the USA, J P Morgan Chase and Goldman Sachs have been using this crisis to buy up stakes in failed areas of US retail banking like Wachovia. Rather like the airline industry, where each country has wanted its own national champion, the global banking industry is far less consolidated and concentrated than most. This process – say in cars – where there are maybe 5 global firms will continue apace. The global banks are now all retail banks with investment banking arms – and the crisis has largely removed pure global investment banks like Merrill Lynch. The arrogant survive and almost prosper – the big get even bigger. Celebrating the downfall of the City's arrogance does not get to the heart of what this global bust may mean – economically and as importantly, politically.

Despite the initial focus on investment banking 'fat cats' Lehman Brothers and Merrill Lynch lost their money not in esoteric options or derivatives but in one of the simplest businesses of all – lending money for mortgages for poor people. Such lending in micro finance we would all no doubt celebrate. No one seems to want to blame US house builders for building too many houses – the majority of the 2 million US foreclosures have been where the American dream has been most over sold – in Florida and California. Galbraith's Great Crash sees the material sign of the coming crash was in car production – which took 30 years to recover to its previous highs in the USA. It looks as if the housing market has fulfilled the same function in the USA in this phase. The working class in the US having been squeezed in terms of real income since Reagan looked to rising house prices to give some access to the game of Capital asset accumulation. We need to ask why in the US boom of the 90s there are so many poor who cannot afford houses under the Empire of Capital's rule. This is not a problem of banks or morals per se, it is a problem for Capitalism.

The Five Anglican Bishops (Carlisle, Durham, Hulme, Manchester and Winchester) spoke out over Christmas 2008 on the moral failings of the New Labour government 'beguiled by money'. It would be a mistake however to conflate banking into Capitalism as if they were the same – they are not. Only in September 2008 when the Bush toxic debt recovery plan was in the headlines did more media analysis focus on the thought that there might be a 'global economic slowdown'. By late 2008 anyone tempted to celebrate God's will being revealed by the moral dissolution displayed in the credit crunch may have cause instead to note rising unemployment and lost homes for those who may not have been immoral or were certainly not fat cats (2). By 2009 the 'credit crunch' had become the easy popular explanation for the recession. Yet the Indian stock market had peaked in January 2008. The financial markets were signalling problems ahead way before Northern Rock and Lehmans collapsed. China's export collapse does not stem from Lehmans. It is the 'real' economy with a crisis here. The bankers are a lead and highly geared indicator.

## IS CHINA'S BOOM FALLING DOWN?

Problems even in the global economic boom of the 90s is not new – remember Korea, Indonesia and Thailand in '98 and Russia before the oil price hikes (3). This time however there is a global recession in all the major manufacturing centres – from Spain and Sweden in Europe where industrial output at the end of 2008 was down 15 per cent and 12 per cent, to Japan and Korea down 16 and 14 per cent in Asia. By early 2009 the statistics were coming thick and fast: US unemployment has already more than doubled from a low of 3.2 per cent in 2000 towards 8 per cent. More than a million Americans lost their jobs in the last two months of 2008. Spanish unemployment is now at nearly 18 percent. With Germany and Japan more dependent on exports than most, Germany was the first EU country into recession. Japan's exports had fallen by a half in early 2009 (4).

The key difference this time could be that it is the two boom centres of the 90s may now be catching a bust virus – the US and China. Normally the mainstream China analysis, aside from a worry about human rights, runs a long the lines of pointing to their 10 per cent per annum growth rates and the consequence of demand pressures on oil and commodity prices like copper (which has saved Chile). Massively expanding manufacturing output from China – a fair chunk of it from the 400 top US corporations – seems to have had a deflationary effect in the 1990s. It seemed to be fuelling inflation in early 2008, now with recession on the way - some are talking of a global Japanese stag-deflation.

In China, between 130 to 150 million people have moved to the coastal cities with another 50 to 80 million made redundant from State industries since '96. Despite the mainstream media's emphasis on the new rich in China, real wages in China for the majority have been falling – as they have for most in the USA. With a poor peasant labour force of 325 million the much vaunted internal Chinese market is 'elusive' so the local consumer base for continued expansion is stalling. While the world's ability to keep on absorbing China's exports slows, a 15 per cent pa growth in industrial exports, which would increase Chinese exports to an unsustainable \$5 trillion by 2020, is simply economically and mathematically impossible to sustain. The US corporations who have resisted labour reform in China and a 'rustbelt' China often ignored in the stories of a 'sunbelt' boom is based on a Chinese Capitalism 'barely distinct from piracy' (5).

Will the bust eventually catch up with China too? As for the political fall out who knows? However bad Putin's Russian oligarchy may be, here is the world's largest dictatorship potentially on an edge. Could it be that the much vaunted Chinese boom is running into the sands of its own social inefficiency? Shoddy school buildings killing children may be a dreadful symbol of the new China. A repressive authoritarian State which has made a few rich at the cost of massive rural unemployment and a huge surplus cheap population moving to the urban Coast. What we have seen so far will be like a little gentle breeze against the tidal wave that a real upheaval in China could bring.

## **THE STATE NATIONALISES BANKS INSURANCE AND MONEY**

The ideological deception of the past 30 years has been the pretence that the neo-liberal global boom has been about 'free markets'. George II used the term 'our free market' repeatedly while nationalizing AIG. The reality is – and the US and British States have just announced it loudly – that these so called free markets have always been a tool of the State and vice versa. When the USA spends nearly \$600 billion a year on its military, this is not about 'markets' it is about State Capitalism on a grand scale. The danger now is that we are returning to a more open State Capitalism – with authoritarian overtones to boot. There will be an endless imperial war. The State has only pretended to withdraw, and rules through a wonderfully Foucauldian set of delegated quango powers. The State actually underpins the whole system –nowhere more clearly than in underpinning banking and money. Riccardo Bellofiore in Italy called the drive to increase consumption via credit, financed by the banks, the 'privatised Keynesianism' of the last 30 years. This is the practical outworking of bastard Keynesian theory. We are now reaching its limits.

When a right wing Republican administration nationalizes the largest US insurance company – AIG - it tells us that nationalisation never had much to do with a genuine participative socialism. Whatever the ethics of the City traders 'short sellers' they have done the British Government one favour – by driving down the prices at which the Government stakes in the banks have been purchased. Pace Ulrich Duchrow, those in Germany and Latin America should know better than most the dangers economically and politically if the middle classes lose their faith in banking and in the Capital that underpins it. If their savings or salaries or pensions are wiped out at the stroke of a traders pen does not that make them more susceptible to vote for a Berlusconi? From here stems the fear of the 'fat cats'. It is a fear about the wealthy having too much power not only over the poor but about the ordinary working middle classes – using instruments in the 'City' ordinary people cannot fully understand.

For me, Bishop Tom Wright at Durham delivered the best of the moral critiques. To my mind he likened our rulers to a loan shark; making promises that vanish into the air, while leaving a sense of hopelessness. Although most people see a bail out of the banks, what the new State injections show is that the nation State still effectively underpins the whole concept of money itself. Since this is basically capitalist money, it means the State underpins Capital. As the Archbishop of Canterbury pointed out in a nuanced speech, money is not a thing but is based on social relationships we create (6). The point Rowan Williams makes about Money is actually what Marx says about Capital. Underpinning money - and as Marx would argue thereby today Capital - the State effectively underpins the social relationships on which it is based. Iraq and elsewhere show this underpinning can ultimately be violent. Our Kings today still put their heads on their coins. The long 1950s boom after the Korean war ended around 1968. Marx also pointed out in 1853 that every major revolutionary political crisis since 1789 had been preceded by a commercial and economic crisis (7). When the global economy goes from boom to bust – as in 1968 - the political possibilities take on new turns. The fervour with which the political elite have rushed to save the banks is part a lesson from the 1930s part a consequence of their dependence on Capital. Our twenty first century problem remains that the produce of our social endeavours is controlled and owned by a few, who spin us a lie about 'free markets' and fight wars that are for their imperial interests.

## THE CHASE ACROSS THE GLOBE

The challenge to re-assert a civic and social ownership of what is being appropriated for private profit by Capital is what confronts any radical critiques of global capitalism. Dick Bryan's analysis of the power of Capital in the financial markets is especially important then for it has a meaning beyond the financial markets themselves. For today's socialist alternatives we will still need to confront the power of Global Capital. Although Dick's three books have Australia at their core, they are not theoretically just about Australia. In his first book, Dick argued that in its 'Chase across the Globe', the Capital that we all face is not susceptible to 'patriotic solutions' or national alternatives (8). Nor is an analysis of the real competition between global companies captured theoretically by a national economic macro model. Since 2008, even the Financial Times has accepted that we are all Keynesians again now. Yet conventional Keynesian economics on which this is based is still stuck in a time warp – of around 1945. For this reason perhaps the global justice theorists who are often implicit Keynesians, tend to slide into a global economic model based on 1945 (9). Now in the 'credit crunch' there is much loose talk of more and better 'global regulation' instead. Conventional economics has not caught up with actual global economic reality. As Dick put it in his 'Global Economy in Australia', both neo-classical and Keynesian monetary theory is 'played out', while conventional 'macro-economic' analysis is trapped in a world view of 'bastard Keynesianism' (10).

Bryan's work stems from the problem of national economic modelling for Australia. This was especially true under the Australian Labour party in the 1980s, with the massive borrowing of the 'mates' culture of Murdoch, Packer, Bond and Elders. Switching from bank credits to bonds, Australian companies borrowed around \$10-12 billion between the early 1980s and 1995. Under the Australian measure of 'net external liabilities', debt increased from 23 to 59 per cent of GDP. Conventionally calculated 'national' debts were ascribed to Australia from 'Australian' conglomerates that were increasingly less and less 'Australian'. Indeed, the 'Australian' debts were being used to build global businesses – nowhere more clearly seen than in Murdoch's success. National financial flows or the traditional 'balance of payments' did not calculate or reflect the real global reality. Rupert Murdoch and News International were not Australian anymore, but the conventional accounting of his corporation in a national model assumes that its debts in some way 'belong' to those of Australian citizens. Yet only six Australian companies accounted for 80 per cent of 'Australian' debt (11). Even worse, these corporate debts become a disciplinary stick with which to beat the average Australian to enforce his newly flexible, competitive behaviour in the 'global market place'.

Despite the formal axioms of international trade theory – as in Ricardo's old oft repeated text book example of England and Portugal - nations do not compete against nations under capitalism. Global companies compete against each other (12). Brown's limp and obvious comparisons with India and China merely serve the interests of Global Capital by their frequent assertion of the need for 'flexible' and mobile labour. We are the flexible and mobile labour and they are using it to subjugate and defeat us.

## CAPITALISM WITH DERIVATIVES

Bryan and Rafferty's path – breaking work has come in their third book – Capitalism with Derivatives, published in 2006(13). They argue that the role of derivatives and the global financial market in general is to create a new global gold standard of Capitalist valuation, which underpins the power of Capital and I would argue gives us the political and economic base for the global capitalist Empire and the ideological base for what is called neo-liberalism. Although Australia is used here for some examples, the focus is not on Australian accounts but in coming to an understanding of the global impact of the financial markets and institutions, especially the role of derivatives. They start by tracing the historical development from the joint stock corporation of the late nineteenth century to the financial derivatives of today. Marx saw this development as potentially the 'abolition of Capital as private property within the confines of Capitalism' (14). The need for some certainty in future prices in the vastly increased global production of commodities in the late nineteenth century had already led to the importance of futures exchanges in say cotton.

Against only those who see 'casino capitalism' the producer who does not hedge in this situation is the biggest speculator of all. As the global economy opened out afresh after 1945, the US futures markets traded largely in commodities. The Chicago Board of Trade wheat contracts grew fourfold in 1954-64. After the US came off gold in 1971, Chicago opened its first currency futures market in 1972. Commodity futures contracts which accounted for over 90 per cent of trade in the 1960s fell to 63 per cent in 1970, and to less than 33 per cent by 1983. Global currency trading increased 50 times from the early 1980s to the late 1990s. Increasingly this trade was derivative and futures linked. Turnover in over the counter derivatives on currency and interest rate swaps rose from \$180 billion a day in 1987 to \$2.4 trillion by 1999. Two third's of the currency trade is now linked to derivatives, with a daily turnover of \$6 trillion; three days of this trading would meet the world's requirements for financing actual physical trade (15).

This is not to indulge in moral indignation about speculators or 'globalisation'. Over 90 per cent of 'respectable' companies' now use derivatives to manage their interest and currency risks. The financial markets have become the largest 'industry' in the world, yet conventional economic theory sees them as marginal (which is what the moralists would like). A broader historical and social analysis reveals how this new perspective on finance and on seemingly esoteric finance in particular enforces the real social relations of Capitalism. The power of Global Capital is underpinned by what Bryan and Rafferty call the 'grounding and materiality' of finance.

The role of the global financial market is to create a new global standard of minute by minute Capitalist valuation, which underpins the power of Capital. What we are now seeing, in the use of derivatives particularly, is global Capitalism's creation of a new – and considerably more sophisticated – equivalent to the old gold standard. The development of futures and derivatives means that the price of any asset – and the trading that can take place – is separated from the needs and rights of actual ownership. The trading importance stems from a new ability to strip out the value components of an asset - minute by minute, day by day - with having to actually own the asset. Derivatives provide an instrument anchoring the financial system and enforcing the logic of Capital.

## AUSTRALIAN IMPERIAL FINANCE

The Australian elite's continued subservience to an imperial inheritance is reflected today by being the USA's most important coalition ally in Asia. Like the British, Australia provided troops in Iraq and Afghanistan, as well as in the local smaller neo-colonial fiefdoms like Timor, Fiji and Papua New Guinea.

Australia has a crucial role in the financial markets partly because it sits as an English speaking nation, dominated by Western banks, in the Asian time zone at a time when Japanese banks have been weak and the other Asian banks underdeveloped. Australia is at the heart of capital flows to the area. Especially when the US and UK markets close, the Australian time zone takes on the minute by minute assessment. To travel by ferry from Dick's home in inner West Sydney we pass through the old working class industrial districts like Balmain and Drummoyne that have been swallowed up in the 1990s with Sydney's new setting as one of the financial centres of the global economy. Here is a symbol of the new financial Sydney, whilst the marginalized flexible workers of the new Australia are sent out to be 'Westies' (16).

When Australia was first settled by free-ish farmers after Britain had run out convicts, buying land seemed to be a key in the vast Continent – as big as the lower 48 States of the USA or of China. The price of land was deliberately set high by the colonial rulers so as to prevent landless workers from buying it. Come the 1930s recession and problems in the wool exports (still Australia's major export until the 1950s) then farmers going bankrupt were naturally sympathetic to the populist critique in Australia which has often seen the banks as their number one enemies.

The Australian Labour party was the first modern Labour Party to be in power anywhere and ruled briefly before 1914. The populist critique of the banks continued in the 1920s and 1970s when the ALP was in power again; one Prime Minister being dismissed by the British Governor General, so feeding Australia's Republican movement (17). This is perhaps why Bryan & Rafferty's critique has found little favour in Australia - despite being embedded in Australian experience - because it directly confronts the populist delusion of seeing the banks and financial institutions as parasites on the real work in the outback, wool stations, goldmines, oilfields and big towns.

Arguing as a radical that financial institutions and flows are essential to the global movement of Capital is not popular for those who look to set it against the real economy. Thereby the immense power of finance to integrate, value, 'bind and blend' needs to be seen for what it is; creating money as a truly global commodity (18). Capital through the financial markets and derivatives regulates itself for itself. Analysis is not aided by false conceptions that finance plays no role in the 'real' economy. By making finance only parasitic, we misunderstand its power completely.

## **TWO HUNDRED AND TWENTY YEARS ON: AUSTRALIA AND EMPIRE**

'Modern Australia' was 'created by the British Empire'. From the first settlement of 1788, Australia's eighteenth and nineteenth century development came under British hegemony (19). The global lessons from and context for Australian political economy must still stem from this. Australia's crucial place in the Asian imperial arc holds as true today as it did two hundred years ago.

It is possible to write an Australian development history that focuses on the three givens of neo-liberal economics: land, labour and capital. The imperial colonialism of Australia was based first on the most rapacious attitude to taking the land. The colonists wanted land and they took it. The European settlement of what became known as Australia was based on a 'bloody history' of a hidden low intensity war with its own massacres and resistance (20). The original Australians – the people henceforth known as aboriginals – may have numbered around 750,000 in 1788. After the original settling in period, which lasted less than ten years, Aboriginals could then be pushed by the new occupants from one bit of land to another – for wasn't it all the same to them? With convict labour provided by the British State, the Australian settlements of the early nineteenth century, unlike the earlier settlements in the Americas did not need to be based either on the further subjugation of the native Indians or on the use of slaves. Where there were enough convicts, the aboriginals were not required. As they had no economic value, they had no value as persons.

Sporadic resistance was met by massacre, so the only other long run alternative was an uneasy adaptation to a totally new lifestyle. Most aboriginals died – through disease as much as anything else – rather than adapt – up to 600,000 had gone to leave an aboriginal population as low as 100,000 in 1900 (21). The colonial government eventually discovered a conscience and gave the aboriginals limited protection rights, but as in North America or Palestine today the occupation of somebody else's land became the reality. Where aboriginal labour could be used – with their tracking skills on the more labour intensive cattle ranches – or in the sugar plantations, alongside imported labour (Irish or Pacific Islanders) the aboriginal population survived in larger numbers – in the Northern Territories, for example. Today's aboriginal is more likely to be a member of a black lower proletariat in the cities.

Modern Australia came into the world like North America without the encumbrance of European feudalism (22). But the colonial import of capital was to be controlled by the British to make sure that a ruling class was created with a sufficiency of power or Capital that deliberately excluded any fast rise for the labouring poor. Australia was to be for Pommies – Prisoners of His Majesty – and the convicts were to be given no easy rags to riches. This was done by setting high prices for the purchase of the newly occupied land. So only the incoming 'squatters' with at least middle class incomes could afford to buy the large tracts of land, as they became available in the first fifty years. So the classical three factors of production - land, labour and capital - were in Australia at all times to be produced, reproduced and subordinated to the needs of the Empire of Capital and of its principal hegemon until 1918 - British colonialism. Only the principal ruler has changed in the twentieth and twenty first centuries; the principles of economic and political power in Australia have not changed.



## LAND, WOOL AND FINANCIAL DOMINATION

The first decision to create Australia stemmed from colonial and imperial competition and because a rapidly changing population was generating, rather like New Labour Britain, a growing number of convicts. Looking East after losses in the Americas, early British geographers scoured the globe for a useful Guantanamo Bay – looking at Nova Scotia in Canada, the Gambia the South African Cape, East India and the Scottish Highlands before settling on Botany Bay, Australia (23). Sydney was planned as a naval base for the ‘supply lines of war’ and as a plantation to block further French or Dutch expansion. Until the 1820s the convicts and their jailors were hemmed into the Coast, 100 miles North and South of Sydney, 50 miles to the West. The broad footprint of today’s Greater Sydney – still containing 25 per cent of the Australian population. The Blue Mountains were first crossed in 1813 but the white population in 1830 was only 35,000 of whom at least 14000 were still convicts. There were only 5000 free migrants (24).

Yet the prospects for sheep and wool, as they had aided the growth of the British economy, were soon seized upon. There were 7000 sheep in 1801, 20,000 by 1805 and by 1817 the first Australia wool was sold in London. By 1840 sheep and therefore wool exports had already become the basis and the major export of the colonial Australian economy. In 1845, Australia had already become the chief overseas supplier for the fast growing British woollen industry. From 1835-40 another 50,000 free immigrants arrived, of whom 30,000 settled in New South Wales (25).

In the key period of 1830-60 the colonial State was determined to establish the basis for capitalist property relations on the land. Learning from less capitalist driven experiences in the UK – in Scotland or Ireland – or from the problems already associated with the Indian peasant experience, a settler dominated Australia was to move quickly from patronage to sale, from land grants to a deliberate capitalist colonial land policy. With the Swing riots in the Southern English counties in 1831, the Ripon Land Act in Australia symbolised the policy of Australia as a source of cheap agricultural commodities and eventually for excess unemployed labour from Britain and Ireland. By 1851, the white Australian population was 10 times higher than 1835, reaching 350,000 (26).

A ‘land system was invented to keep the poor man off the land’ – presumably as an owner, if not a worker. A price of £2/acre (equivalent £20,000 today) was first suggested but then set at a £1. Those who did buy – often did so with borrowed money. Twenty five per cent of the land cost was to be paid up front, while interest would be charged at 5 per cent on repayments after three years. Thereby from the very beginning the financial domination of ‘wool finance’ was to be enshrined at the heart of Australia’s colonial settler capitalism. The first Australian bank was established in 1817 – the same year as the first sales of wool in London. By 1840 there were seven major banks and paid up Bank capital was twenty times that of 1834. Australia with only a third of Canada’s population was pulling in more imports from Britain and by 1857, with a million people Australia was taking 9 per cent of British exports. Wells argues that without any of the old feudal blocks and traditions, capitalist landed property in Australia was if anything by this time already more advanced than that of Britain. Wool accounted for 22 per cent of Australian trade in 1861 and for 33 per cent in 1890. Australia provided 68 per cent of raw British wool in 1875-89 (27).

## **THE LABOUR MARKET AND BRITISH CAPITAL**

The other developments that helped create the new Australian labour market of the second half of the nineteenth century were the discovery of gold in Victoria in 1851 - just two years after the California Gold Rush - and partly as a consequence the increasing investment and penetration of British Capital as the century progressed. The prospect of riches now lured in not just farm hands, but urban middle class workers – clerks and clerics - and budding politicians. The population expanded quickly, causing a speculative land boom in Victoria's Capital, Melbourne.

The Australian wool boom of the late 1820s and 1830s was driven by the needs of English capitalism; now the 1850s gold boom was driven by global demand and continued throughout the British recession of 1857-8. At its peak 147,000 were involved in gold mining. By 1861 out of a rapidly expanding Australian population of 1.1 million, 540,000 lived in Victoria which remained larger in population than New South Wales until 1900. 'Marvellous Melbourne' was built with all the confidence of a new imperial city. The importance of Australia to early global developments, carried on via the financial markets today, is reflected in Melbourne's size. In 1888, only New York, Philadelphia and Chicago were bigger cities on the new continents. Gold also aided the early growth of both Queensland (with further confrontations with the Aborigines over land), and then Western Australia after discoveries in 1871 and 1892 respectively.

Wool and gold may have provided the basis for the long Australian boom from 1850-90, the penetration of British Capital also stands out. Australia received more total investment by 1913 (£415 million) than South Africa (£370m) or Argentina (£358m) or even India (£380m). Australia's open-ness to the global economy was reflected in exports and trade/capita equivalent to that of the imperial centre in Britain (£17 and £34 compared to GB's £15 and £33). British and Australian banks played a crucial intermediary role in financing this trade. Nearly 1000 British, colonial and foreign banks with offices or agencies in London held far more foreign assets than those held by the purely domestic banks. Australian 'public' debt – as in the railways, there to provide the infrastructure for Capital – was already £50 a head and £70 in Queensland versus a British equivalent of £18 or £12 in Canada. Fitzpatrick concludes that if the early role of the Australian State was to provide British Capital with cheap labour and land, its later role was to service the dividend earnings on capital investment. This increased the power of the banks, whose power in turn became concentrated in fewer hands. By the 1880s the Bank of New South Wales was the largest single consignor of wool; by the end of the 1880s the Bank was the largest holder of pastoral leases. The merchants (like Dalgety), the landowners and landlords were the old Australian mates; the Australian client elite within the larger imperial Capital base. Their links with British Capital were to set them against their own workers and entailed playing an important part in the imperial War to come (28).

However, in common with the prices of foodstuffs and other raw materials, wool prices went down in the 1870s. Exports fell from nearly 30 per cent of Australian production to 15 per cent by the late 1880s. 40 per cent of Australian export earnings were being used to service foreign debt by 1890. Defaults by Argentina plus the failure of some of the riskier land companies, meant that by 1893 most of the banks suspended new loans. Two thirds of Australian banks – 22 - failed; 10 were left (29).

## WHAT ABOUT THE WORKERS?

The finance economy built on the wool and mining base was therefore primarily urban, as it is today, despite the huge rural spaces. Melbourne grew with the gold boom, although gold output peaked in 1902. Sydney became increasingly a merchant town in the late nineteenth century. Australia's population in 1891 was already 51 per cent urban. The countryside was simply conquered and re-made for Capital. By 1890 Australia's past use of the land had already pushed environmental limits. It suffered from over grazing and drought; rabbits and dustbowls became a plague. The number of sheep halved between 1891 and 1902 from a peak of 106 million.

Between 1891 and 1895, the Australian economy shrank by 30 per cent. Unemployment even of skilled labour rose to 30 per cent. (The statistics for the unskilled were not recorded). If nineteenth century Australia was dominated by the wool finance economy, it is perhaps not surprising that the symbolic strikes which marked the end of the 'long boom' of 'free trade imperialism' in Australia were the Shearers and Maritime strikes of 1890-91. A whole series of strikes from 1890-96 from the wool stations to the waterfront, the coal pits and the BHP mines marked an 'overt class war' (30). The strikes affected each independent colony and every major Australian industry. It was a struggle that marked the future for a twentieth century federal Australia and revealed the likely direction and limitations of the Australian Labour Party.

The first trade unions were formed on board ship to Australia in the 1850s; by 1856 and '71, Melbourne and Sydney had trade councils. The Shearers Union had been slowly building and was already 13,000 strong in 1861 and 23,000 in 1872. But the depression hurt membership which was back to its level of thirty years earlier by the late 1880s. The first serious Union trouble began in South Queensland in 1889 over the use of un-qualified, non union labour on the shearing stations. This quickly spread to the Waterfront at Brisbane where workers refused to ship 'non Union' bales. The two sets of workers were linked by more than trade unionism as some waterfront workers also worked on a seasonal basis in the sheep shearing stations. The Shipping companies were now spoiling for a fight. In the following year, the famous Maritime Strike began but its name slightly misleads – of the workers on strike in 1891 half were shearers and another third were coalminers. BHP miners were locked out in 1892. Refusing to use non Union coal, the power workers strike in Melbourne led to a city without light, whilst police were used in Sydney to clear a way for wool deliveries to Circular Quay through a hostile crowd (31).

In 1891, the Queensland pastoralists attempted to re-negotiate their previous deal with the Shearers, taking the chance given by a growing employer reaction, which included use of the Riot Act, troops and the Courts to break this strike. MacIntyre describes the class solidarity on both sides as so strong to be 'almost tribal in its intensity'. The ongoing resentment at the continued repression through the 1890s had a nationalist dimension as the Southern Cross flag flew over the camps of striking shearers and as fences, buildings and grass was set on fire. Parts of the bush were under armed occupation. Nevertheless, MacIntyre concludes that the strikes up to 1896, as in Britain under a similar employer counter offensive, were defeats. Having seen some of the limits of trade unionism, the Australian Labour party now began to take centre stage.

## **FEDERAL AUSTRALIA: IMPERIAL LABOUR PROTECTION**

Wells concludes that the pastoral financial bloc was seriously weakened by 1890 at the end of first phase of the construction of Australian capitalism. The subsequent adjustment, with some of the trade union arbitration systems then put in place lasting until the 1990s, centred around the creation of a new Federal Australia in 1901, out of the six separate colonies of New South Wales, Victoria, Queensland, Western Australia, the Northern Territories and Tasmania. Even New Zealand was closing to join this free trade zone; the key to the new era. Previously, as symbolized by different rail systems and as in Africa, each of the colonies were more linked to the mother country via their ports than they were to each other.

Australian tariffs operated within an imperial system which encouraged the export of agricultural and mining products and the import of manufactured goods, finance and investment capital. The Australian compromise was between the two major colonies which gave Victorian industry protection while opening up the potentially big market of the rest of Australia to New South Wales. This set in train the development of Australian industry which was to peak in the 1950s, although Australian industry was also not highly competitive by international standards. It also meant long periods of higher wages, particularly in skilled trades, in settler Australia than in the UK itself, with domestic corporations and industries protected by an interventionist State (32).

To control what labour disputes did arise, Australia now had the arbitration procedures that were also introduced in the UK in the era of new liberal imperialism after 1890. Victoria introduced wage boards in 1896, South Australia in 1900 and New South Wales in 1901. This meant powerfully protected trade unions and their consequent political weight. After their industrial defeats of the 1890s, the trade unions created a Labour Electoral League that in 1892 won 35 seats out of 141 in the New South Wales assembly. From 27 per cent in 1911, Australian unionisation had already reached 53 per cent of all wage earners, the highest globally then. The Australia wool finance bloc may have been weaker, its protected industrial bourgeois was not strong enough to take power on its own.

Nor, unlike Argentina, did Australia have a ruling class entrenched on the land. For 'reform' the Australian bourgeois radicals could co-opt the skilled working class' trade union movement. Winning on the back of the poor sugar workers in Queensland in 1899, by 1914 the Australian Labour Party (ALP) won five more State elections and was in office everywhere. It fell to the ALP to enact the kind of liberal welfare reforms in Australia that in the UK came from a Liberal government in 1906. The ALP had little trace of socialism but much new liberalism. Compromising with power came early (33). Nevertheless, Australia is the country with the first Labour Governments anywhere in the world - in Queensland in 1899 and in Canberra from as early as 1904, twenty years before the minority British Labour Government in London. Living under imperial protection, the newly created Federal Australia of 1901 could espouse a high wage White Australia which kept out cheap foreign labour while supporting embryonic domestic industry against 'unfair' foreign competition.

## **THE AUSTRALIAN LABOUR PARTY, MONEY POWER AND WAR**

The class accommodation between the liberal bourgeois and the working class from the 1850s led to parliamentary democracies in the Australian colonies that met most of what had been the failed aspirations of the Chartists in Britain. It was no wonder that British radicals like Tom Mann found Australia a fertile ground for recruiting. With no traditional landed aristocracy, it was only the financial wool bloc that needed placating – by being allowed to keep making money - for this mainstream class accommodation to prove effective in Australia until 1914. So, as in Britain, in Victoria the Labour activists stayed within the radical wing of the Liberal party until 1902. This liberalism profoundly influenced the political thinking and formation of the Australian working class movement.

The powerful Labour movement of early twentieth century Australia also needed to link up with a strong rural populism – the small tenant farmers on the land – and akin to the US New Deal, thirty years before that in North America, the rural vote also helped the ALP come to power in the less urbanised colonies like Queensland. Apart from the super rich at one end and the Communists eventually marginalised at the other, here is an Australian 'mates' style all class alliance that would have done Gladstone proud – or indeed a Peronist Argentina, thirty years before Peron. Gollan concluded that the ALP was 'emmeshed in the capitalist system'. With agricultural and raw material prices under pressure, and the consequent power of the banks over the small farmers' mortgages, this populism was more inclined to overspill the boundaries of the mainstream alliance strongly built on the hatred of the 'King Shylocks' of 'Money Power'. This tended to give the ALP's radicals a populist critique of the banks, which survived on in radical Australian political economy until the present era (34).

Unlike the British Labour party which gained a stake in government because of the need to control labour in the Great War, the ALP in power, in a tradition which lasts today, gave its whole hearted support to the imperialist war. The Labour prime Minister argued that they would support the war 'until the last man and the last shilling'. As GDP fell 10 per cent in 1914/15, and although conscription was voted against, there were lots of volunteers, aided by high army wages. It was left to Rupert Murdoch's father to spin the slaughter of Gallipoli into the nationalistic tale of the anti-class mates in the Anzacs. The ALP's propaganda for the war would have done many a Colonel Blimp proud. Anti conscription rallies were broken by the police, the homes of anti war leaders raided and strikers labelled as wreckers and traitors.

Yet the war broke any further momentum in the Australian boom for a generation. Real wages fell during the war despite the ALP's efforts to prevent it. Tensions came to a head again, both inside and outside of the ALP in the New South Wales General Strike of 1917. Irving concludes that the ALP was 'politically self seeking, cowardly, unwilling to alienate the Australian middle class', or to over-ride the conservative Legislative Council that was blocking its pension and welfare legislation (35). Here is New Labour in Britain before New Labour had been thought of – so much for the progressive alliance with liberalism. Indeed the fight between Capital and Labour now emerged again in earnest. Coal troubles as in the UK continued through the 1920s. The new leader of the ALP, Jack Lang campaigned in their cause in the 1925 election with child benefits, wider pensions and a 44 hour week introduced .

## **FROM DEPRESSION TO MANUFACTURING UNDER US TUTELAGE**

The onset of the Great Depression hit Australia hard, as GDP fell from A\$800 million to 550m in 1929-32, imports fell to a third of their previous level and real wages fell by 10 per cent. Unemployment rose from 13 per cent in 1929 to 23 per cent in 1930 and to 28 per cent in 1931. When the British sent financiers out to sort out the Australian budget, as indeed the Treasury and City had connived to bring down Britain's Labour Government, the resentment against financiers was sustained. The ALP could not protect either jobs or the jobless, even though some had suggested repudiating international debts. Lang was dismissed in 1932. From the mid '30s to the end of the '60s marked a manufacturing led Australian recovery, which after 1940 came under US tutelage. A third of the labour force had worked on the land or in the mines in 1900, which accounted for around 30 per cent of GDP and in 1955 they still accounted for 25 per cent of the labour force. Agriculture and mining (10 per cent) accounted for less than 18 per cent of GDP in 1955. Manufacturing had grown from 12 per cent of GDP in 1900 to 28 per cent in 1955. The Australian dollar fell sharply in the 1930s and by 1938 a protected manufacturing now accounted for 25 per cent of the labour force, while manufacturing output was up 40 per cent from 1929.

Pilger argues that Australia's rulers' psychological dependence on the USA stems from the experience after 1940. After the fall of Singapore, Australia was virtually defenceless until the middle of 1942. Darwin was destroyed by the Japanese. The US and UK had agreed that they would let Japan take Australia if necessary whilst they initially concentrated on Germany. Australia's political subservience to the USA – sending troops to both Korea and Vietnam in their 'Asian' theatre stem from this period. With the ALP winning the elections of 1943 and 1946, this not only reinforced the continuing role of the party as a Cold War warrior, but also as an accomplice in putting down unwanted strikes – as again with further coal strikes in 1949. With a third of the world's uranium supplies, the US signed a friendship treaty with Australia in 1946, which marked the hegemony of the new imperial power in the region (36). As with Lang, the new labour Prime Minister from 1945-9, Ben Chifley made a feature of trying to take on the Banks – but if was defeated by an explicit bank led ruling class mobilisation against him. Putting down the coal strike meant soldiers in the pits, imprisoning strike leaders and talk of a 'communist' conspiracy. Not unlike a British Labour Government with economic weakness, the ALP had run out of steam by 1949, three months after the miners strikes, and it was defeated at the polls. The Attlee Government's equivalent domestic stumbling block was with the steel industry. Despite many words about the banks in British Labour party manifestos only the Bank of England was nationalized in this era. The debate under the new Menzies regime shifted to the right, as it was to do in 1996(37).

As Blair and Brown have had so little back from the George II Presidency since 2001, Pilger argues that Australia historically had now been locked into US foreign policy with no commitment from the USA for the defence of Australia in return. Anti Communism now became a propaganda theme borrowed from McCarthyism. Attlee's Labour regime in the UK had insisted on the use of an area the size of Wales and Ireland combined in the Northern Territories for a nuclear test. As the Australian ambassador to the US put it, LBJ (a Texan like Bush) regarded Australia as the 'next large State beyond El Paso' and treated it accordingly (38).

## **HAWKE AND KEATING AND THE SELL OUT TO WEALTH AND POWER**

Australia's manufacturing growth continued until the late 1960s. In 1950-60 Australian GDP/capita was roughly on a par with New Zealand; by 1970 it was 10 per cent higher. But Australians were increasingly conscious in the era of the American challenge that by the late 1960s the top 200 manufacturing firms in Australia were responsible for 50 per cent of output and of these 87 were foreign controlled.

The ALP's winning campaign in 1972 – Its Time – symbolised the need for a change, while the new Sydney Opera building, since then a symbol of the brash new continent, was completed in 1973. Even with the oil shock of 1973/4, Australia was not as badly off as in Europe, as she was self sufficient in oil. Whitlam's new ALP government doubled public and education spending, with a national health service and abolished university fees. For the USA, now under pressure round the globe Australia was her 'big jewel' in South East Asia.

Post Allende's Chile, and despite Whitlam's patrician status as a QC, the CIA and the British establishment took fright of this 'left' government and the British appointed Governor General sacked Whitlam in 1974. As it had in Italy and Iran, the CIA could work behind the scenes and deny any involvement. What is known is that the money available to the Australian intelligence services went up after Whitlam, as it has in Britain under Blair Brown. Whitlam was no socialist radical but any attempt to break the cosy US/UK/Australia relationships on Asian foreign policy – under US command - seems to have been a sufficient reason to remove him.

The ALP took time to recover from the daze it entered into after Whitlam's removal. When its new leaders came to power they had learnt what it meant to be client rulers and which domestic 'mates' they needed to keep in with. Bob Hawke became Prime Minister in 1983, after a right wing putsch had propelled him into the ALP leadership from the trade unions. His main aim - perhaps his only aim - rather like the British PM he preceded by 14 years, was to see if he could manage the hand of history to have more than one term in office. Besides the CIA who appear to have looked on him favourably, Hawke had odd 'mates' even for a right wing ALP leader: one was a member of Nixon and Reagan's Cabinets, Bob Shulz, the others were the rich Australian magnates, like Bond and Murdoch.

Despite Hawke's wish to eliminate child poverty, which sounds familiar, the fawning on wealth and power - a feature of New Labour's Britain - was well practiced by Hawke. As one Cabinet minister is reputed to have said to Hawke 'why don't you just tell us what your mates want?'. Like the press, Hawke became an 'echo chamber' for the new Australian rich; 'cheats were to become nation builders'. Pilger describes the ALP as the first 'Thatcherite Labour party'. If Pilger bemoans the lack of commentators in Australia there is no-one in Britain with his repertoire of pithy description for contemporary British politics. No political commentator has dared to call Blair a 'lying, perjuring pimp'(39) as one Australian Labour Senator called Murdoch, but the two would appear to have been made for each other. To read the New Statesman's insipid a-historical 'special report' on the 'lucky country' we are told that Murdoch approves of Australia's new ALP Prime Minister Kevin Rudd, in power since 2007(40). If Blair and Brown are anything to go by this is being damned by faint praise.

## THE ALP AND NEO-LIBERALISM

As the Australian boom struggled in the 1980s with unemployment reaching nearly 10 per cent, the currency fell 40 per cent in 1985/6 – a reflection of falling commodity prices for Australia's oil, gas and mining outputs. The economy since has been dominated by commodity prices. Australia's largest company in 2008 was BHP – starting off as one mine at Broken Hill in New South Wales it is now a global mining company. Commodity exports have enabled Australia to ride out the 2008-9 recession rather better than most. Hawke's successor Paul Keating, his Finance Minister, became leader in 1991 and was a product, according to MacIntyre, of the brutal right wing labour politics of New South Wales. Keating put himself on the international map with his warning of Australia becoming a 'banana republic' in 1986. He argued that Australian success had been built on stolen land and borrowed capital, but the message to the workers still supporting the ALP was that labour productivity was too low.

As Sydney took over from Melbourne as the finance capital of Australia, the 'white tribe' of Asia seems to have re-invented itself in the 1990s as a mining, financial and tourist centre for the East. By the end of the 1980s, while Britain had taken 50 per cent of exports and imports a hundred years before, Asia now took the same 50 per cent (41). Keating managed to sustain the ALP inheritance after ten years with an election victory in 1993; but after 1996, Howard's Liberals lasted 10 years.

Politically the whole agenda in '90s Australia had been sifted right by Australia's New Labour party, in bed with its own financial 'mates'. Australia is a dangerous sign post to the British future. For after Hawke and Keating came Howard and after Blair and Brown will come Cameron. On an equivalent basis we could expect Brown to have a few years left before Cameron's Conservatives are back in power in Britain for at least the next decade, if not the next generation (42). From its convict settlement to its present role as a junior client in the global Empire - with special reference to Asia – Australia provides a salutary lesson of the power of Capital to make a new world in its own image. Australia became home to the first New Labour government, that of Hawke and Keating in the 1980s. Fifteen years before Blair/Brown's New Labour, the Australian accommodation to Capital and Empire was well underway.

For a discussion of radical alternatives to Capital, Australia is important. Given that Australia had the first Labour government in power, is there anything we can therefore learn from the Australian experience over the last 100 years? When our British Kevin Rudd re-appears in the shape of let us say a kind of much older and greyer David Miliband in 20 years time we will need more than appears on offer from Rudd, if we are not just to repeat another cycle of betrayal. Listening to Miliband as foreign secretary accepting all the old platitudes about supposed Iranian failings tell us already that he who would be Labour's next leader is already in bed with Empire.



## CASINO CAPITALISM OR TRASFORMISMO?

The populist critique of the banks that dominated both the Lang Labour Government of 1925-33 and that of Chifley's from 1945-9 is instructive. Instinctively, the Lang and Chifley responses reflected the relative domination of Australian capitalism by finance, but they coped by trying to stress its parasitic rather than today's valuing and integrating role. The propaganda against bank nationalisation in the 40s was led by Murdoch's Herald (43). The very resistance and success of the Australian financial sector in leading the fight against this old labour populism it engendered, had the further knock on consequence ironically of strengthening the financial domination of Australian capitalism, as it moved out onto the global stage, in a number of sectors – in publishing, brewing and mining.

The global movements of the financial markets are not a 'casino capitalism' but its hidden hand. This is the executive committee of Capital's ruling elites at work. For those who have implicitly accepted the rule of the Empire of Global Capital, it is easier to blame the hand once it becomes visible – the bankers usually covers this for scapegoat purposes - then the system of Capital itself – which excludes so many from the real political decision making process within Capital itself. All the so called State regulation in the world will make no difference to this fundamental fact. You cannot regulate away Capital's inequality just because its boom and bust cycles occasionally do not quite suit.

Global financial flows act to validate and integrate Capital and capitalist logic and calculation across the entire global capitalist economy. It has one especially radical implication for my own earlier suggestion for separating the movement and valuation of capital from its ownership. Since derivatives in particular have removed the necessity and the normal attributes of capital ownership, it is possible to see a major step further and begin to give this power and control back to our civil societies.

As derivatives extend the socialization of Capital, civil society is confronted with the need to re-assert its ownership of the real social capital tied up in private profit that we have all produced. The State as a nationalising owner – or as a democratic representation of the people - would only have a limited role in this model (44). The State will normally act in Australia as it always has historically in capitalist societies, as a servant of Capital.

The UK government now is the majority shareholder in three major British banks. What has really changed? Beware of what the Italians call 'trasformismo': the party label changes but in terms of the support for Global Capital, nothing - as in Italian politics – changes (45). There is no better example than that of Australia for unveiling the relationship of the State, imperialism and Capital as raw as the outback heat.

## END NOTES

1. In his introduction to the General Synod's discussion on the financial crisis on 12 February 2009 the Archbishop of York also quoted from Yeats on 'anarchy' 'loosed upon the world' (see [www.archbishopofyork.org](http://www.archbishopofyork.org)). For Miliband, Guardian 30 July 2008, E-mail from Ulrich Duchrow, October 2008.
2. For more on the Great Crash - written in 2006 in anticipation that bust would follow boom see Wilde (2006) Chapter 5 p 128-38. Also see Galbraith, J.K. Great Crash 1929 1954, London, Penguin. Five Anglican Bishops see [www.news.bbc.co.uk](http://www.news.bbc.co.uk) 28 December 2008. Today the pressures on the US workers to own homes and consumer goods on credit is emphasised by Panitch, Leo, [www.workersliberty.org](http://www.workersliberty.org) . Also See Panitch, L & Konings, M. American Empire and the Political Economy of Global Finance. London, Palgrave Macmillan 2009 which came too late on my horizon to consider here.
3. Stiglitz, J writes on these 'crises' in Globalization and its Discontents. London, Penguin 2002 and my critique of him in Wilde (2006) p 148-9.
4. Financial Times 4 June 2009.
5. Hutton, W. The Writing on the Wall. China and the West in the Twenty First Century. London, 2007, this ed Abacus 2008 p 4, 21-2, 32. Also see Hore, C. China's Growth Path in International Socialism 118, April 2008 p 139-51. The quote on piracy is p 151.
6. Rowan Williams, Article in the Spectator, 27 September 2008. (see [www.archbisopofcanterbury.org](http://www.archbisopofcanterbury.org)). On Riccardo Bellofiore (p30) and China/US 'imbalances' see Harman, C. From Credit Crunch to the Spectre of Global Crisis, International Socialism 118, April 2008 p 27-41. Ferguson, N makes much of the 'Chimerican Express' interlinks between the US and China problem in his recent TV documentary, The Ascent of Money (Channel 4, December 2008).
7. Marx, K & Engels, F. On Colonialism. Moscow. p 22 in Article entitled 'Revolution in Europe and in China'. 20 May 1853
8. Bryan, D. – The Chase Across the Globe. International Accumulation and the Contradictions for Nation States. Oxford Westview Press, 1995 p 187-8.
9. See Wilde (2006) Chapter 5 on the US debt build up after Vietnam and for a critique of 'bastard Keynesianism' as applied to the IMF and World Bank.
10. Bryan, D & Rafferty, M – The Global Economy in Australia. Global Integration and National Economic Policy. Allen & Unwin, 1999 p xv and Bryan (1995) p 163, 175.
11. Bryan & Rafferty (1999) p12, 182-6 also discusses 'globalisation as discipline'.
12. This is a constant theme in both the first two works. See Bryan (1995) p 172 and Bryan & Rafferty (1999) p 68-71, 219-20. The analytical basis for the kind of

thinking is symbolised by Clinton aide, Reich's 'The Work of Nations, first published in 1991.

13. Bryan, D & Rafferty, M – Capitalism with Derivatives. A Political Economy of Derivatives, Capital and Class. London, Palgrave MacMillan, 2006.

14. See Bryan & Rafferty (2006) p 68-75, 105. The quotes are p 75 and p 84.

15. Bryan & Rafferty (2006) p 55-60, 91-6. The reference to hedging is p 91.

16. Bryan & Rafferty (2006) p 13, 19-22, 97. On Sydney see p 94. See also the detailed critique of Keynesian and neo-classical monetary theory in Bryan & Rafferty (2006) p 179-202.

17. The easiest to read radical introduction to Australian history for me is Pilger, J. A Secret Country London, Vintage 1989.

18. Bryan & Rafferty (2006) p 135-7, 212 argues that derivatives should be seen as 'capitalist' money not just as an asset or liability, as traditionally in monetary theory.

19. Catley, B. Globalizing Australian Capitalism. Cambridge University Press, 1996 p 43.

20. Rowley, C, D. The Destruction of Aboriginal Society Victoria, Australian National University 1970, This Edition Penguin Books 1974 p 16.

21. Pilger (1989) p 31-4, 74, 80. On the early encounters see Clendinnen, C. Dancing with Strangers. Melbourne, Text Press 2003 especially p 259, 286.

22. Davidson, A. The Invisible State. The Formation of the Australian State. 1788-1901. Cambridge University Press, 1991 p 16-17.

23. Crawley, F. A New History of Australia. Melbourne, Heinemann 1974 p 1-5.

24. Frost, A. Convicts and Empire: A Naval Question. 1788 - 1811 Oxford University Press, 1980 p xii-xxv.

24. Trainor, L. British Imperialism and Australian Nationalism. Manipulation, Conflict and Compromise in the late Nineteenth Century. Cambridge University Press, 1994 p 25, 45, Crawley p 6, 45-6, Davidson p 28.

25. Fitzpatrick, B. British Imperialism and Australia. 1783-1833. Sydney University Press, 1939. This Edition 1971 p 29-30, 200. Fitzpatrick, B. The British Empire in Australia. An Economic History 1834-1939 Melbourne University Press, 1941, This Edition 1949 p 19, 23 -32, 82. Crawley p 89.

26. Wells, A. Constructing Capitalism. An Economic History of Eastern Australia. 1788- 1901. Allen & Unwin, 1989 p 22, 26-31, Crawley p 106-7.

27. Fitzpatrick (1939) p 180, 230, 333, (1941) quote is p 21, also see p 25, 34, 95-101, Wells p 39, Crawley p 46.
28. MacIntyre, S. A Concise History of Australia. Cambridge University Press 1999 p 87,91, 110, Fitzpatrick (1941) p 105-17. Fitzpatrick (1941) p 127-35, Wells p 60-9, 124-9.
29. Denoon, D. Settler Capitalism. The Dynamics of Dependent Development in the Southern Hemisphere. Oxford University Press, 1983 p 28-31, 50-54. Trainor p 125.
30. Fitzpatrick (1941) p 219-20. BHP began in 1885, operating the silver and lead mine at Broken Hill in western New South Wales after which it is named. Today BHP Billiton (after the merger with South African based Billiton, which had been owned by Shell) is the largest mining company in the world and one of the biggest quoted Australian companies.
31. Svenson, S. The Shearers War: The Story of the 1891 Shearers Strike. University of Queensland 1989 especially p Kealey, G.S. & Patmore, G (ed) Australia and Canada: Labour Compared Labour History 71, November 1996 p 204.
32. MacIntyre Quote is p 128 and see p 124-130, Davidson p 223, Denoon p 147, Crawley p 278.
33. MacIntyre and see p 122-9. Pilger p 395-6, Wells p 166, Catley p 47-9.
34. Gollan quoted in Wells p154. On King Shylocks and Money Power see Love, P. Labour and the Money Power. Australian Labour Populism. 1870-1950. Melbourne University Press, 1984 p 56-61. For the Argentina comparison on both its ruling class and on Peron. See Wilde (2006) p
35. MacIntyre p 156-63, Irving, T and Seager in Kealey & Patmore (ed) p 261.
36. Pilger p 150-59, MacIntyre p 174-7, 202-5. Catley p 52-8, Nieuwenhutsen,J, Lloyd, P., and Mead, M. Reshaping Australia's Economy (Cambridge, 2001) p 37.
37. MacIntyre p 205, Pilger p 165-71.
38. See MacIntyre, the quote is p 139, also see p 225-6.
39. Quotes Pilger p 264, 283, 308 and 261.
40. New Statesman. Australia Special :Still the Lucky Country. 20 August 2007.
41. Kriesler, P. The Australian Economy Allen & Unwin, 1997 p 59-61, Pilger p 187-331, MacIntyre p 241- 278. The BHP deal with RTZ to fend off a Chinese stake in the latter was announced at the same time that Australia's GDP figures showed a rise in the first half of 2009; right against the 'Western' trends. (Financial Times 4/5 June 2009).
42. See Bryan and Rafferty (1999) p 236.

43. Chifley was seen by some within the ALP rather like the later Gough Whitlam – the ‘hope, inspiration and saviour’ of the Australian people’. See McMullin, R. The Light on the Hill. The Australian Labour Party. 1891-1991 Oxford University Press, 1991. p 250. The quote is p 284. Gollan, R notes that bank nationalisation had been in the ALP programme from 1919 and was a leading campaign argument from 1942. Revolutionaries and Reformists. Communism and the Australian Labour Movement. 1920-1955. Surrey, Richmond Publishers, 1975. p 24, 144, 157.

44. For my proposal on voting structures within the capitalist corporations that do not reflect present financial ownership See Wilde (2006) Chapter 9.

45. See Spain Chapter 10 and Italy Chapter 11 of Wilde (2011).