

Financial Crash Is On!

Nations Must Turn to LaRouche

August 19—The world's present globalist, hyper-speculative international monetary system is now imploding. It can not be stopped; the only question now is when it will finally blow, whether it is next week, in the next month or two, or just slightly longer. Your superannuation, which has been invested in this system? Forget it, it's gone. Macquarie, and other Australian banks? Forget it, under the present system, they're gone.

The world's financial markets and central bankers exude panic from every pore: The day before we went to press, the U.S. Federal Reserve suddenly cut its lending rate to banks, its discount rate, by 0.5%, from 6.25% to 5.75%, because the hundreds of billions of dollars which the world's central banks had poured into the crisis—US\$323.3 billion on August 9-10 alone—did almost nothing to stop the implosion of a speculative bubble estimated at US\$700 trillion. In 1998 a mere \$2 billion loss by hedge fund LTCM almost blew out the system, while international losses in this crisis are probably already 1000 times that.

This is not a "sub-prime mortgage crisis", or a "hedge fund crisis", it is the banking system itself which is blowing.

The end of the Bretton Woods system

The present crisis began on August 17, 1971, when a group of international financiers convinced U.S. President Richard Nixon to take the U.S. dollar off gold. This ended the Bretton Woods system of fixed exchange rates and national sovereignty established by U.S. President Franklin Delano Roosevelt in 1944 (to which Australia under Prime Minister John

Curtin and Treasurer Ben Chifley had signed on) designed to foster the growth of the world's physical economy. Instead, a new system of unbridled private credit creation through ever more exotic debt instruments and the looting of the physical economy was unleashed.

The resulting crisis was already uniquely forecast by American statesman and physical economist Lyndon H. LaRouche back then, as he also forecast the steady succession of crises from then until now, such as the October 1987 collapse of the world's stock markets, the 1997-98 "Asian crisis" and LTCM collapse, etc. At each point, the London/New York financial oligarchy created new forms of financial speculation which bought the system a few more years of life, only to make its present, final explosion that much more cataclysmic.

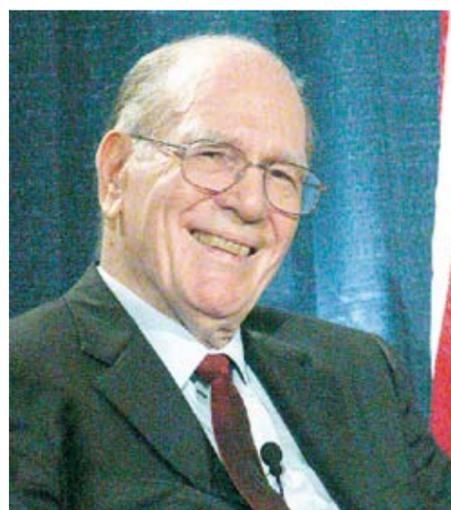
Such were the creation of the "IT bubble", the derivatives markets, the speculative mortgage markets and accompanying real estate bubble, and the yen carry trade. Recently, hundreds of billions or trillions of new money was pumped into the system based upon mortgages which could not be paid by those losing their jobs in a collapsing economy, while banks and others can no longer borrow hundreds of billions in zero interest yen from Japan to speculate with, because the yen is soaring in value and they are losing their shirts in having to pay back yen worth 6% or more than the yen they borrowed. Thus, the central banks are flooding a bankrupt system with credit in a fashion unprecedented in history; this may buy them some time, but at the expense of a hyperinflationary explosion like that of 1923 Germany, and this time on a world scale.

Their programme, vs. LaRouche's

A desperate, maddened financial oligarchy is attempting to come out on top of this crisis by launching "terrorist" incidents such as the 9/11 attack orchestrated by Britain's BAE colossus and its Saudi partners to justify police states (see the July/August 2007 *New Citizen*); new wars such as U.S. Vice President Dick Cheney's planned war against Iran and provocations against China and Russia; and through seizing whatever physical necessities of life, such as water, food, and raw materials which they can get their hands on.

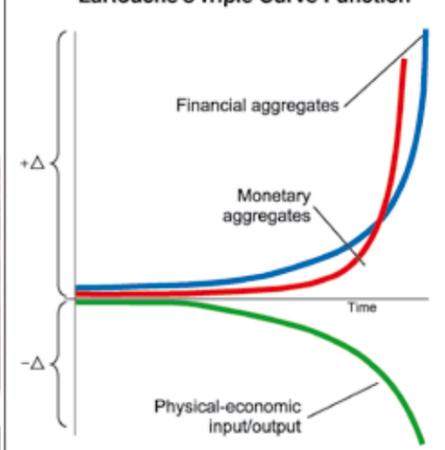
On a small scale, you see this process underway in Australia, where Howard and Costello, knowing the crisis was coming on, offered tax breaks to induce suckers to pour billions more into superannuation (which is the bulk of our A\$1.03 trillion "managed funds" market) before June 30, as liquidity for the banks and financial markets; Howard's seizure of Aboriginal land in the Northern Territory, site of some of the world's richest uranium deposits; and the Howard/ALP seizure of control over the water of the entire Murray-Darling Basin in order to privatise it. This also drives the Coalition/ALP's spate of ever more draconian "anti-terror" laws, such as the latest authorisation to police and security agencies to break into people's homes and burglarise and bug them, all without court warrant, on top of the powers already granted the army to "shoot and kill" civilians at will. (For a roster of these Nazi-style laws, see <http://www.cecaust.com.au/pubs/pdfs/Section4.pdf>)

LaRouche is spearhead-



Left: Physical economist and statesman Lyndon H. LaRouche, Jr. Right: LaRouche's "Triple Curve Function" is a pedagogical device to show how the real physical economy (bottom curve) is looted at the expense of financial aggregates (stocks, bonds, mortgages, derivatives, etc.). At a certain point the rise in monetary aggregates (money issued by central banks to "liquify" financial aggregates) surpasses the rate of increase of financial aggregates and hyperinflation like 1923 Weimar Germany takes off. The world economy had already passed this point well before the central banks' injection of almost US\$400 billion over the last week.

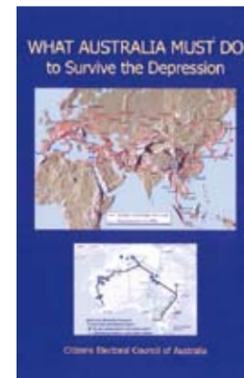
LaRouche's Triple Curve Function



ing the opposition both in the U.S. and internationally to the oligarchy's plans for fascism, war and a new dark age. At every turn of the growing crisis of the past 35 years, he has put forward elaborated programs for a return to national banking, infrastructure-led recovery, in the context of an international New Bretton Woods system of sovereign nation states collaborating on infrastructure and related projects of global scope, to set in motion an agro-industrial recovery programme for the next fifty years. As a leading figure in the U.S. Democratic Party, he has most recently written a platform, the "End of Our Delusion!", to shape the political/economic process in the U.S. in the 2008 presidential election already underway. His wife, international Schiller Institute chairwoman Helga Zepp-LaRouche, has issued a call for this New Bret-

ton Woods international monetary system (see p. 2), earlier calls for which have already been endorsed by thousands of statesmen, trade union leaders and others over the past several years, including hundreds from Australia.

Here in Australia, you can join LaRouche's international efforts by supporting the Citizens Electoral Council and the LaRouche Youth Movement (LYM), and by voting for CEC/LYM candidates in the upcoming Federal election. The CEC/LYM are "not credible", you think? On the contrary, our track record on this present existential crisis for Australia and for the world, is astonishing in its foresight and accuracy, as evidenced in the *New Citizen* over the last decade and in the CEC's 2001 book, *What Australia Must Do To Survive the Depression*. Should you choose to vote for any of the parties who



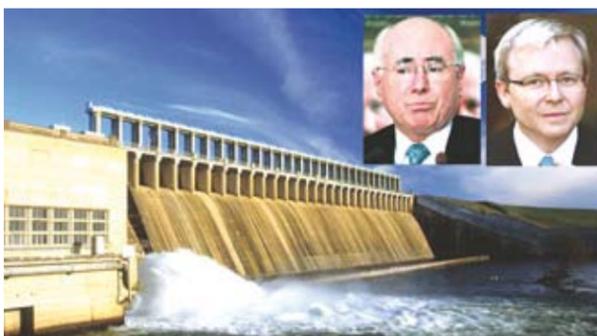
If you want to save your ass(ets), you better get this book.

have brought us this disaster—the Coalition, the ALP, or the Greens who are the very quintessence of the anti-industrial, anti-development policies underpinning the present global collapse—it is you who are "not credible", and who are signing a death warrant for yourself, your family, and your country.

Howard, ALP Privatising Murray-Darling Water

After a farcical one-day "hearing", and with the full support of the ALP, PM John Howard rammed a bill through Parliament on Friday August 17, to pave the way for the Federal Government to seize control of all of the water in the Murray-Darling Basin. Its purpose is to sell off the already-corporatised state water utilities to private companies such as Macquarie Bank, who will then loot consumers of tens of billions of dollars in increased water charges.

Contrary to the propaganda of Howard and his Water Minister, the merchant banker Malcolm Turnbull, there will be no "price signals" from increased water prices, to spur on private investment in water infrastructure, much of which is over 50 years old. Rather, under the guise of "overallocation" and similar environmentalist buzzwords, farmers will be largely stripped of the 70% of the Basin's water which they now use, bankrupted, and their water will be sold to the cities, with little



The Hume Reservoir near Albury-Wodonga is the main storage for the Murray River system, supplying irrigation, domestic, stock and urban water needs. Inset: Bankers' stooges John Howard and Kevin Rudd.

or no new infrastructure investment built. Already, one Australian farmer commits suicide every four days; that number will soar, as we as a nation become dependent on foreign food. Even the Howard legislation itself speaks of "buying back water entitlements and assisting irrigators in the unviable or inefficient parts of schemes to exit the industry". Indeed, farmers' water allocations have been cut even in the present drought, in favour of "environmental flows" flushed out to sea.

Although Howard organised this latest phase, the plot to privatise water was started by Labor PM Paul Keating, and it has been a joint Coalition/Labor project all the way, with all of the Labor state governments currently in discussions with the banks to sell their water utilities, while state Labor governments attempted to sell off the Snowy Scheme last year. For the full story behind this scandal, see "The Real Story Behind Howard's Murray-Darling Water Laws", p. 3.

Call by the Ad Hoc Committee for a New Bretton Woods

August 12, 2007

Following up the previous calls of 1997, 2000, and 2006, in which thousands of prominent personalities from all over the world, among them former heads of state, members of parliaments, unionists, entrepreneurs, city officials, church members, members of the military, and so forth, demanded a reorganisation of the world financial system, the Chairwoman of the Schiller Institute, Helga Zepp-LaRouche, has written the following new call, which will be circulated worldwide by the Schiller Institute. It will be published on the Internet and in various newspapers with the names of the signers, and will be presented to the U.S. Congress and to the parliaments of the world.

The systemic crash of the world financial system is in full swing. Shaken loose but not caused by the collapse of the sub-prime mortgage market in the U.S. and the end of the inflationary yen-carry-trade in Japan, the house of cards of "creative financial instruments," as Alan Greenspan has dubbed various credit derivatives, has thereby caved in. Because the takeover craze on the part of the hedge funds and private equity funds has been rising higher and higher over the recent years and months with ever wilder predatory raids, the investment banks which have financed the majority of these takeovers, are now left sitting on these worthless credits. More U.S. mortgage financiers will declare insolvency, more banks will go under in the vortex of the credit crisis. In the U.S. there are currently almost 10 trillion dollars in mortgage loans, over a third of which are bad credit risks. In Germany the examples of the IKB-Bank and the Westdeutsche Landes-Bank have shown that boards of directors are finding it hard to admit the quantity of their losses.

The myth that the central banks have an endless number of possibilities to always bring a crash under control, is exploding: they now find them-

selves between the Scylla of the fight against inflation with higher interest rates—which is urgent in the face of the obvious inflation of food, raw materials and oil, but would lead to bubbles like that of the U.S. mortgage market, and the like, bursting even more,—and the Charybdis of the credit crisis, which has been unleashed by the reversed leverage collapse. If the central banks try to stop a chain reaction by infusing liquidity in the range of hundreds of billions, as just occurred within 24 hours during the second week of August, this only means that there will be a hyperinflation like that in Weimar Germany 1923—only this time not in one country, but worldwide.

It is a dilemma from which there is no way out: the system is finished.

Catastrophic consequences are threatened for the world population. If countries can no longer finance their functions, societies threaten to sink into chaos. The model of so-called globalization is today totally bankrupt, just as the communist model was in 1989-91. All the principles which are associated with it, such as "outsourcing" (that is, the shifting of highly qualified jobs into cheap-production countries), "shareholder value" society, "money-makes-money," "just-in-time" production, "benchmarking," etc. have been rejected. The condition of collapsing infrastructure in the G-7 countries is the best indicator of the wreckage of the unregulated free market economy.

In order to stop the intolerable suffering which an uncontrolled collapse of the world financial system threatens to unleash on the population, we, the undersigned, demand, the immediate convoking of an emergency conference which must decide on a new global financial architecture in the tradition of the Bretton Woods System initiated by Franklin D. Roosevelt in 1944.

We, the undersigned, also point out, that the Italian Parliament has taken up LaRouche's proposal, and in a resolution on April 6, 2005, called on the Italian govern-

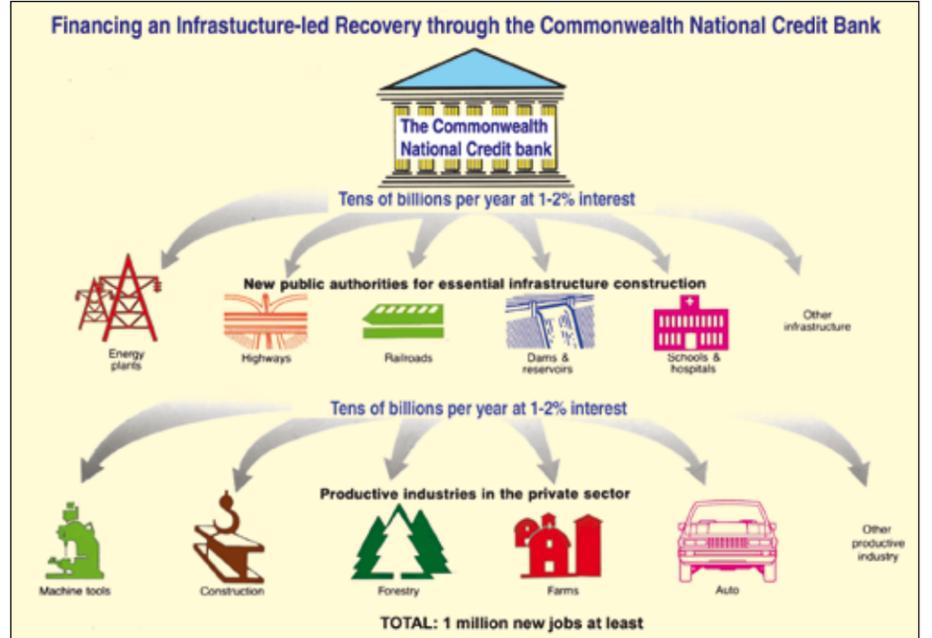


Helga Zepp-LaRouche, Chairwoman of the Schiller Institute, and of the German political party Civil Rights-Solidarity (Bueso).

ment to convene "an international conference at the level of Heads of State and Government, to globally define a new and more just monetary and financial system."

The necessity for such a fundamental reorganization is all the more urgent today, but the potential for its realization has also grown. For an irony of history is responsible: Because when the Soviet Union began to unravel in 1991, the neo-conservatives in the government of President George Bush, Sr., saw to it by their policy of preemptive wars and régime change, that the process of cooperation among the nations of Eurasia and Latin America, which normally would have taken decades, has accelerated, under the influence of the American unilateralist policy. An array of heads of state of important countries have made it clear, that they have decided to defend the general welfare of their populations against the encroachment of the financial institutions associated with globalization. Therefore, the chances of putting the question of a just new world economic order on the agenda, have enormously increased.

But it would be a dangerous illusion to believe that a successful reorganization of the bankrupt world financial system could succeed without, or against, the United



The CEC's 2001 book, *What Australia Must Do to Survive the Depression*, features draft legislation to establish a new national bank in the tradition of King O'Malley's original Commonwealth Bank. Each \$1 billion of Federal funding in infrastructure creates approximately 50,000 jobs and \$6 billion in economic activity, thus demolishing the Coalition/ALP claim that "we can't afford it".

States. Therefore, we, the undersigned, declare ourselves in favor of cooperation with the "real" America, in the tradition of the American Revolution and the Declaration of Independence, that America which is connected with names such as Alexander Hamilton, John Quincy Adams, Abraham Lincoln, Franklin D. Roosevelt, and Martin Luther King, and which is inspired by Lyndon LaRouche today. America must be a part of the new community of principle of sovereign republics, which is bound together through the common interests of mankind.

In recent months Lyndon LaRouche has pointed out again and again that only the combination of a transformed America, together with Russia, China, and India, would be strong enough to put the question of a new monetary system on the agenda. But that does not mean that other nations could and should not participate as partners with these four large nations.

In order to correct the failures of development, which have occurred due to the para-

dig shift of the past 40 years, and above all, since the abandonment of the system of fixed exchange rates by U.S. President Richard Nixon, in 1971, and which led, after the dissolution of the Soviet Union, with unrestrained globalization, to today's brutal vulture capitalism, we must implement the following measures:

The emergency conference for a New Bretton Woods must immediately thus resolve:

1. The current world financial system must be declared hopelessly bankrupt and be replaced by a new one.
2. A system of fixed exchange rates must be agreed upon immediately.
3. Derivatives speculation must be prohibited through an agreement among governments.
4. There must be put into effect a comprehensive reorganization, or, as the case may be, a cancellation of debts.
5. There must be put in place new credit lines, through state credit creation, in the tradition of Alexander Hamilton and the American System, which will make possible productive full

employment, through investments in basic infrastructure and technological revival.

6. The completion of the Eurasian Land-Bridge, as the kernel of the reconstruction of the world economy, is thus the vision which will not only bring about an economic miracle, but also can become a system of peace for the 21st Century.

7. A new "Treaty of Westphalia" must guarantee the opening up and development of raw materials for all nations on this Earth, for at least the next 50 years.

We, the undersigned, are of the belief that the system of "globalization," with its brutal vulture capitalism, has economically, financially, and morally failed. In its place, man must again be put in the center, and the economy must serve the general welfare first and foremost. The new economic order must guarantee the inalienable rights of all mankind on this planet.

Signed:
Helga Zepp-LaRouche, Federal chairwoman of the BueSo and the Schiller Institute.



During a mid-May trip to Moscow, Lyndon LaRouche was interviewed by the popular Russian web portal km.ru, in which he said, "Before the end of the year, the major, present crisis will come to a head, this year. I'll be 85 in September. I expect a great crisis for my birthday. ... By that time, we may have a new world, of one kind or another, to celebrate! No major dates are necessarily inevitable in history. But you can pick a date to indicate the area in which a great confrontation could oc-

cur. The world strategic volcano is going to erupt some time earlier than September, or some time later than September, either one. The present world system, the present parameters, cannot survive. The present system will never get better: It will get worse. There are no solutions within the framework of the present system. The party is over! Gone! My birthday will come; maybe we'll have a world around still. But, to think about the year 2008 as big events, that's too late! It's coming now."

The "Global Warming" Scam: Myths vs. Reality

Purveyors of the myth of man-made global warming were so incensed at the ABC's decision to broadcast *The Great Global Warming Swindle*, that under intense political pressure the ABC drastically revamped its July 12 broadcast. What was initially intended as a balanced debate on global warming, was reduced to a farcical, one-sided assault on the filmmaker, and a rigged non-debate.

Three Australian scientists who have refuted man-made global warming, including University of Adelaide geologist Professor Ian Plimer and William Kininmonth, the head of the Australian Bureau of Meteorology's National Climate Centre until 1998 and a former Australian delegate to the World Meteorological Organization Commission for Climatology, were first invited, but then disinvented to be on the panel of eight so-called experts. Professor Bob Carter was the only scientist out of the three

"skeptics" on the panel.

The ABC also showed their hand when they used Dr. Stephen Schneider as their choice of climatologist to attack "Swindle" producer Martin Durkin. In the world of climatology, Schneider has a reputation worse than a used car salesman, having infamously stated that we "have to offer up scary scenarios, make simplified dramatic statements and make little mention of any doubts we may have. Each of us has to decide what the right balance is between being effective and being honest." In the early 1970s, Schneider jumped on the global cooling bandwagon. He whined that "a cooling trend has set in, perhaps one akin to the Little Ice Age." From a paper Schneider co-authored in 1971, he stated, "Temperatures do not increase in proportion to an atmospheric increase in CO₂... Even an eight-fold increase... might warm earth's surface less than two degrees Centigrade, and this is high-



CEC NSW State Secretary Ann Lawler was one of several CEC/LYM members who intervened in the ABC's rigged global warming debate on July 12, following the screening of the *Great Global Warming Swindle*, to bring reality to the proceedings. Ann asked the panelists if they would address the fact that the "global warming" scam had been created by those pushing the Nazi doctrine of eugenics, and for the same reason: mass population reduction.

ly unlikely in the next several thousand years."

Myths vs. Reality

Myth: There is a "scientific consensus" that there is man-made global warming; the debate is over.

Reality: Despite the ABC hatchet job, 1.6 million view-

ers saw clearly that there is definitely no such scientific consensus.

And the much-banded claim of a "scientific consensus", along with its supposed "certainty of 90%", came not from the IPCC report, which shows no such consensus, but from its introductory Summary

Continued Page 6

The Real Story Behind Howard's Murray-Darling Water Laws

Written by Jeremy Beck, Victorian State Chairman, Citizens Electoral Council, and Allen Douglas.

Prime Minister John Howard has presented legislation to the Parliament, authorising the Federal Government to seize control of all of the water of the Murray-Darling Basin from the states, and to put it under a new Federal agency with dictatorial powers. Just before Victorian Premier Steve Bracks and his Water Minister John Thwaites suddenly resigned on Friday, July 27, Bracks charged that Howard's actual intent was to privatise all of the Basin's water. Caught, Howard bellowed that Bracks was "desperate, stupid, inaccurate and just totally wrong."

It is Howard who is desperate. The global financial system is now crashing down, and the financial oligarchy which owns Howard is attempting to grab control over such vital assets as raw materials, food, and water, so as to maintain their political power when their paper, and even their banks vaporise. Howard's legislation will give his owners control over the Basin's water for which they will charge whatever they want, and, by bankrupting most of the farmers there, in Australia's food bowl—as this legislation assuredly will—will make us dependent on multinational agribusiness for our food.

Howard lied that he had no secret plan to privatise the Basin's water, but the plot is hardly a secret: it has been underway since another rabid privatiser, Prime Minister Paul Keating, initiated it in 1994 through an agreement of the Council of Australian Governments (COAG), and as part of the same National Competition Policy which led to the other privatisations in gas, electricity, transport and telecommunications. It picked up steam when the Murray-Darling Basin Commission started interstate water trading in 1998, and accelerated rapidly when Howard created his National Water Initiative (NWI) in 2003, and then the National Water Commission (NWC) in December 2004, to implement the NWI. Its final phase is the legislation just passed by Parliament, with the full backing of Kevin Rudd's ALP.

Howard's enraged reply to Bracks notwithstanding, Howard, his Water Minister Malcolm Turnbull, and all of the key personnel of the institutions named above have constant-

ly trumpeted their intent to privatise water, often under such typical NWC euphemisms as the "principles of consumption-based pricing and full cost recovery". Or, when NWC Chairman Ken Matthews lectures all over the country, he emphasises such "Reform Challenges" as, in his words:

* The water stewardship concept engages the private sector in improved water management. To [sic] often, water is seen as just the business of governments and in my view this is both myopic, and wrong;

* pricing reform not keeping pace with the task (e.g. recovery of water management costs; recovery of urban investments);

* strengthen competition and innovation and private sector opportunities;

* significant government subsidy of infrastructure still says the sector is not 'normalised'.

The Prime Minister and Cabinet's own website even features the study, "A Discussion Paper on the Role of the Private Sector in the Supply of Water and Wastewater Services". Echoing Bracks, NSW's Minister for Lands and Regional Development, Tony Kelly, declared on August 2, 2007, "I am just a little bit worried this is all about making water another commodity so that Macquarie Bank can

stake, therefore, is the security of our national food supply, as well as the social and economic viability of regional Australia throughout the Basin. Deregulation of the dairy industry and the initial phases of water privatisation have already contributed to the collapse of Australia's farms by 20,000 from an official figure of 150,391 in 1994 to 130,526 today, though in reality there are far fewer, because the Australian Bureau of Statistics has changed their definition of what constitutes a farm, from one with \$22,000 of agricultural output to only \$5,000, inflating the farm numbers.

The Privatisation Scam

Privatisation has a simple premise: the less water there is, the more can be charged for it. Thus, there was and has been no serious Federal Government attempts to expand water supplies throughout the entire, horrific drought-ridden period which began coincident with Keating's initial moves toward water privatisation in 1994-95, right through until today. Water supplies to farmers have been shrinking throughout that period, not solely—or perhaps even mainly—due to drought, but to governmental action or inaction, including, most recently, the cut-off of water allocations, and the diversion of ever-larger quantities into "environmental flows".

The whole process of privatising government assets, including water, was begun internationally under the Thatcher government in Britain, and was designed by a London-based think tank, the Mont Pelerin Society (MPS), the granddaddy of all right-wing, deregulationist, pro-globalist think tanks internationally. The MPS was set up after World War II by the British Crown and its chief financier, Harley Drayton, to organise against the type of strong national government represented by President Franklin Delano Roosevelt in the U.S., which would not kneel to the financial oligarchy. Given the Crown's role in privatisation, it is lawful that the President of the Murray-Darling Basin Commission is the Rt. Hon. Ian Sinclair, a member of Her Majesty's Privy Council. On behalf of, and answerable only to the Crown, the Privy Council is the ruling body of Britain and its still-existing empire ("Commonwealth"). Upon induction, all members swear sole allegiance to the Crown, and an oath of complete secrecy regarding any Privy Council business—which includes any financial business of substance throughout the empire.

All of the chief personnel involved in Howard's "water reforms", from the Murray-Darling Basin Commission through his National Water Commission, are either hardcore privatisers or radical environmentalists. Notably, Howard stacked the MDBC and NWC with former officials of the radical right-wing, Big Business-financed National Farmers Federation (NFF), and with en-

vironmentalist fanatics, notably from the notorious Wentworth Group of Concerned Scientists [sic]. (As in the global warming scam, Big Business is in bed with the environmental lobby, which it has heavily financed.)

The Role of the NFF

The single most important figure in determining water allocations in the Murray-Darling Basin, has been Dr. Wendy Craik, Chief Executive of the Murray-Darling Basin Commission since 2004, and the Executive Director of the NFF from 1995-2000.

However, since the MDBC could not force changes in water flows and allocations, Howard founded the NWC to establish the infrastructure and policies for such mandatory changes, and two of its seven ruling Commissioners were top figures in the NFF: Peter Corish, the national president of the NFF from 2002-2006 when he left to join the NWC, and longtime Howard hit-man, David Trebeck, the founding Deputy Director of the NFF and the mastermind of the 1997-98 plot to bust the Maritime Union of Australia (MUA). NFF personnel also co-wrote the *Workplace Relations Act 1996* as the precursor to the present, anti-human *Work Choices Act*. Many think that the NFF'er and MDBC boss Craik is the obvious choice to head up the new Murray-Darling Basin Authority, which will dictate what her Murray-Darling Basin Commission could only suggest.

The NFF itself has endorsed Howard's new legislation, though it is obvious that it will decimate regional Australia. Their endorsement is not surprising, since the NFF is known by most farmers as "No Family Farms", and was founded to help push free trade and deregulation throughout the economy, as it is now doing with water.

The full story of the NFF is told in the Citizens Electoral Council's 1998 96-page pamphlet, *Stop the British Crown Plot to Crush Australia's Unions*. We will summarise the essentials here.

When Howard first came to power in March 1996, six members of his government were closely affiliated with the H.R. Nicholls Society, a radical deregulationist spin-off from the Crown's Mont Pelerin Society. These included Howard himself, Defense Minister Ian McLachlan (a former president of the NFF), Treasurer Peter Costello, Minister for Workplace Relations Peter Reith, Assistant Treasurer Rod Kemp, and Minister for Employment David Kemp. The H.R. Nicholls Society was named after the turn-of-the-century editor of the *Hobart Mercury*, who crusaded against Mr. Justice Higgins, the President of the Commonwealth Court of Conciliation and Arbitration, for his finding in the famous 1907 Sunshine



Howard and the ALP have just passed legislation whose purpose is to privatise the water of the Murray-Darling Basin, which accounts for 71% of all our irrigated crops and feeds 61% of all Australians. The Greens demanded even more draconian legislation.

Harvester case, that labour must be paid a "living wage" sufficient to support a worker, his wife, and three children.

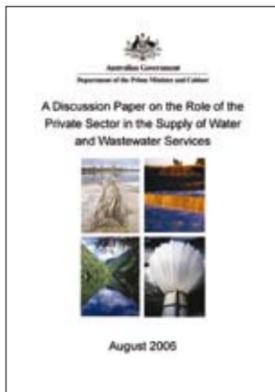
The H.R. Nicholls Society, in turn, was indistinguishable from the leadership of the NFF, who had helped found H.R. Nicholls. The NFF itself had been founded in 1979 by members of the blueblood, Anglo-philic Australian Woolgrowers and Graziers Council, to lobby for free trade and to bust up the farmer-labour alliance policy of longtime Minister of Trade, the legendary John "Black Jack" McEwen, based upon a policy of rapid economic growth generated by a policy of "Protection All Around", for both agriculture and for manufacturing. The AWGC's Executive Director was David Trebeck, soon to be the founding Deputy Director of the NFF. Money poured in from Big Business to finance NFF actions against the unions, including the "wide combs" dispute in the shearing industry, and the Mudginberri abattoir conflict.

When then-Transport Minister John Sharp in early 1997 commissioned a report into "waterfront reform", he awarded an \$80,000 contract to the Canberra-based industrial consultants, ACIL Economics (later known as ACIL Tasman), whose principals were NFF officials David Trebeck and Paul Houlihan, who was to be one of three authors of the union-busting *Workplace Relations Act*. Without tender, ACIL was then given a further \$600,000 to develop the master plan to smash the MUA, complete with Dubai-trained strikebreakers from among Australian military veterans, overseen by Defense Minister and former NFF president Ian McLachlan.

To help crush the MUA, Big Business poured in funds to the NFF's Australian Farmers Fighting Fund (AFFF), which newspapers reported totaled \$100 million. It was overseen by two well-known farm-

ers: former Coles Myer chairman Nobby Clark, who was a partner with Rio Tinto in the world's largest diamond mine, Argyle in WA; and H.R. Nicholls cofounder Charles Copeman, who as a CRA executive had sacked his entire unionised workforce at Robe River in WA. Its trustees included NFF Executive Director Dr. Wendy Craik, who later headed up the National Competition Council until Howard tapped her to head the MDBC in 2004.

Besides the NFF'ers, another Howard appointee is Professor Peter Cullen, a member of the Wentworth Group, which advocates cutting off water supplies to agriculture and similar genocidal actions. In fact, contrary to Howard's phony pledge of "no forced reduction in allocations", Cullen openly calls for precisely that, as in *The Australian* on January 10, 2007. Among his other posts, Cullen is a member of the Natural Heritage Trust Advisory Committee, which specialises in locking up land in perpetuity. The Wentworth philosophy is most famously expressed by the quack "scientist" Tim Flannery, who demands that Australia's population be cut back to six million, and by fellow



This "discussion paper" is posted on the website of the Prime Minister and Cabinet.

be able to buy and sell it and make an absolute fortune".

An absolute fortune, indeed: under the 1994 COAG agreements, governments corporatised their water utilities, which are worth over \$70 billion, but would be sold for far less. The real money would be made in charging consumers and the few remaining farmers tens of billions more for water.

The Murray-Darling Basin is the breadbasket of Australia, which accounts for 71% of all of our irrigated crops, and feeds 61% of all Australians. At



Murray-Darling Basin Commissioners/privateers, l. to r.: Dr. John Radcliffe, Mr. David Trebeck, Mr. Ken Matthews, Ms. Chloe Munro, Mr. Peter Corish, Dr. Wally Cox.



The CEC's 1998 pamphlet featured the role of Rio Tinto—of which the Queen is the largest private shareholder—and the National Farmers Federation in busting the unions and the living standards of all Australians.

Wentworth member Professor Mike Young of the University of Adelaide, who also calls for compulsory acquisition of water allotments because “the market is too small”, as in his recent discussion paper. In fact, “buying water on the market should come before spending on water infrastructure, to allow the market to show which irrigation systems warrant future investment and which should be scrapped,” Young told *Stock & Land* on June 12, 2007. “Some systems will inevitably be abandoned as water flows from them, with associated impact on rural communities”, but, he chortled, “this would be a sign that the market is working.”

Still another Howard appointee to the NWC is Chloe Munro, who oversaw the electricity sector “reforms” (i.e. wholesale privatisation) under former Victorian Premier and Mont Pelerin stooge Jeff Kennett.

How the Scam Actually Works

In January 2007, Howard gave merchant banker Malcolm Turnbull the newly tailor-made Cabinet post of Minister for the Environment and Water Resources, precisely for the purpose of overseeing the privatisation of the Murray-Darling under the MDBA. Turnbull is unabashed about his enthusiasm for water privatisation. In a speech quoted in *The Australian* on July 26, 2007, Turnbull summarised the sweeping powers of the new MDBA:

“It will represent the biggest reform of water management in Australia’s history, and it will see the Murray-Darling Basin on the path of a sustainable and secure water future. For the first

in favour of solely relying on “rainfall as the primary source of water”, while the NWC’s chairman Ken Matthews has denounced the idea of bringing some of the huge water supplies in northern Australia south, as “fanciful”.

The intent to privatise is obvious in the Act’s objectives. As summarised by the NWC, its key points are:

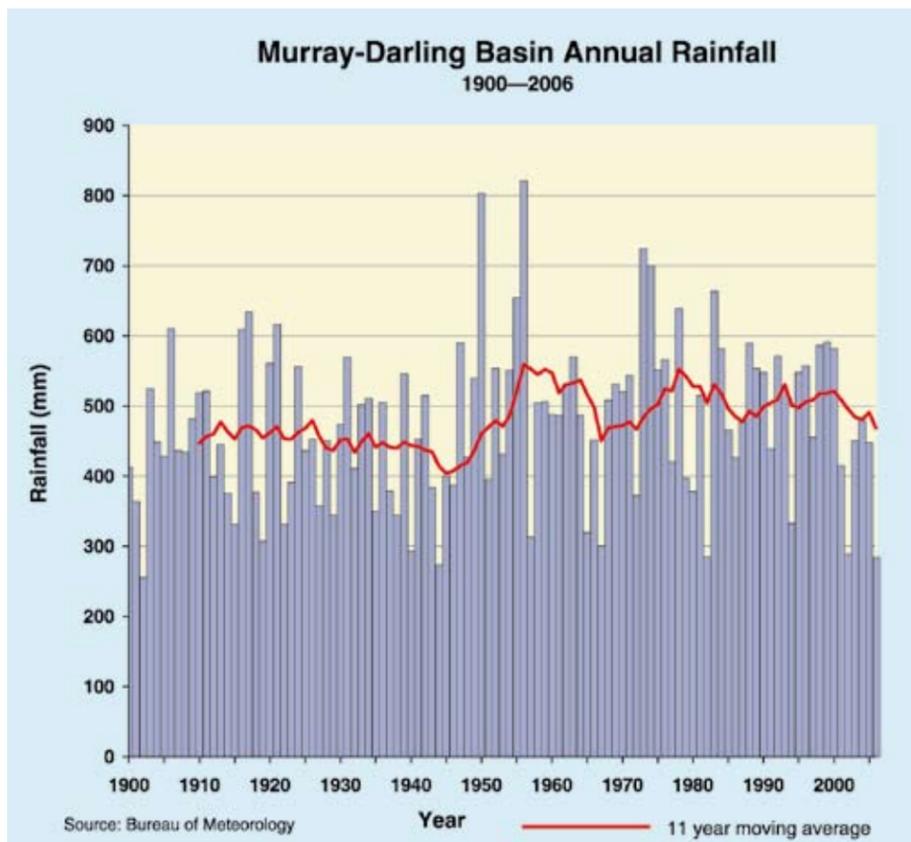
- 1) water access entitlements and planning;
- 2) water markets and trading;
- 3) best practice water pricing;
- 4) integrated management of water for environmental and other public benefit outcomes;
- 5) water resource accounting;
- 6) urban water reform;
- 7) knowledge and capacity building; and
- 8) community partnerships and adjustment.

The initial premise from which everything in the new legislation will flow, is an “audit” of exactly how much water “exists” in the Murray-Darling Basin. That, of course, can be a highly subjective matter depending on the criteria of those doing the audit, not only as to quantity, but also depending on their calculations for salinity, “climate change”, the need for “environmental flows”, etc. not to mention whether or not they intend to create additional supplies. In plain English, they can say that the water supply is whatever they “find” it to be; determine whatever supplies should be allocated for whatever uses they want (70% currently goes for irrigation); and can thus cut off the tap to farmers at will, causing the price of water

the state premiers in November 2006. Ken Pattison of the Pyramid Hill-Boort Water Services Committee has reported that he told Howard at the time that a disaster was coming and that he should shut off water to recreational lakes in South Australia, and hold more back in the Snowy, Dartmouth and Hume reservoirs or “face a crisis within 24 weeks”. Howard did nothing, the result of which was summarised by Wakool Shire Mayor Ken Trewin: “hundreds of thousands of megalitres of stored water has been squandered to SA where it largely evaporated in Lakes Alexandrina and Albert at the expense of the rest of the communities upstream.” (*Herald Sun*, April 20, 2007)

Bankrupting Agriculture

Two preconditions for privatising water are to separate the ownership of water from the land, so that it is “tradeable”, and then jack up its price so that it is profitable for the new water barons. The first took place several years ago, and helped lead directly to the second, in large part through huge government purchases of water, which forced up the price dramatically. Chris Lahy, a dairy farmer from the Murray Valley, recently described the process, “As soon as they separated land title from water title it allowed trading. This happened just after 2000, about 2002. When the water title was separated from land, we saw water prices go up by virtually 300%, from your modest \$30 per megalitre up to on average \$100 per megalitre and in the drought times we were paying \$200 or \$270 for water and at that price it was unsustainable



This is not “the worst drought since Federation”, as claimed by Federal Water Minister Malcolm Turnbull. Rather, the ALP/Coalition’s failure to build water infrastructure in the face of growing population, and the present environmentalist scam of diverting water from agriculture for “river health”, makes it seem so.

ing increasingly shut for farmers, through the actions of the MDBC/NWC and the host of government-funded radical environmentalist authorities.

“With farmers, management authorities and governments laying claim, the battle for water in the Murray-Darling Basin has reached fever pitch.

“Competition for water in the Murray-Darling Basin has gone from a non-event monopolised by farmers to an aggressive multi-billion-dollar game in a few short, remarkable years. In Australia’s food bowl, irrigators have been crowded by the likes of RiverBank, the Murray-Darling Basin Commission, the National Water Commission, Water for Rivers, catchment management authorities, the Living Murray, the Achieving Sustainable Groundwater Entitlements Program, the National Water Initiative, the Australian Government Water Fund and the NSW Wetland Recovery Plan.

“So many vehicles for restoring water health and security in response to so many suffering farmers, thirsty towns, stressed rivers, aquifers and wetlands. Now the Prime Minister, John Howard, has trumped the lot with his \$10 billion national plan for water security. . . .

“All this competition for water means it looks more like liquid gold than ever before.”

Lewis and Wilkinson cite the case of Water for Rivers to show why water prices are soaring.

“Water for Rivers was set up in 2003 after an inquiry into the ailing Snowy River. Construction of the Snowy Mountains Scheme saw the iconic river reduced to two per cent of its natural flow in the upper reaches. With \$375 million from the NSW, Victorian and Federal Governments, the Albany-based enterprise has the job of finding 212 gigalitres so 21 per cent of the Snowy’s natural flow is restored. It also has to find 70 gigalitres for the Murray System.

“A recent paper written by the chairman, Richard Bull, said Water for Rivers reclaimed its first 80 gigalitres for \$80 million. . . . But other water-procuring schemes have proliferated and ‘as an outcome of these forces, project prices have dramatically increased from about

\$1 million a gigalitre to \$3 million a gigalitre,’ Bull says. Some project proponents suggest \$5 million per gigalitre as a going rate.’ Once the National Plan for Water Security starts operating ‘it is not outlandish to suggest that further project costs may increase a further 100 per cent—\$6 million per gigalitre’ . . . he predicts that once the Federal Government starts spending its \$3 billion dedicated to buyback, the cost of water licenses will ‘go through the roof’ . . .”

To show how far that process has already advanced, Lewis and Wilkinson cite their interview with Cliff Twigg.

“Cliff Twigg is a dairy farmer who sits on the management board of the West Corugan irrigation scheme near Corowa, on the Murray. The district has been unsuccessfully targeted by the Living Murray. ‘The Government offered \$1000 [a megalitre] and we just laughed at them,’ Twigg says. ‘They came back and said we will give you \$2000. They wanted 10,000 megs. You will hear some of the deals they are doing are up to \$5000 a meg now.’

“Twigg said he was determined to see no water leave Corugan and undermine the investment he had made in irrigation. ‘We have only got to lose 10 per cent of our allocation and

ate farmers trade in their “General Security” allocations for a much smaller level of allegedly guaranteed “High Security” allocations, and at a substantially higher price. But then, the MDBC (through the state governments which it directs), delivers only a fraction of the “High Security” water. Chris Lahy described how it has worked:

“High security water is divvied out to wine grapes, table grapes, nuts of all sorts—almonds in particular and vegetable growers. It’s not a great amount of water, but their use per hectare is a lot lower. For example for a dairy farmer, your water usage per hectare was quite high. Then they started putting in a new equation—dollars per hectare per megalitre, so what that meant was it didn’t matter what you do with irrigation water, it was all unproductive, because they say flood irrigation is an evil, because the dollars per megalitre per hectare did not stack up well against high security users. But the thing is the dairy industry says, ‘That’s crazy man, we’re producing milk. Every person in this country has milk in their house—in their fridge and we need wine to live?’ So we said dairy farmers should be a priority for water delivery, even if we don’t get high se-



Protagonists in the plot to privatise the Murray-Darling Basin. l. to r.: Her Majesty’s Privy Councillor, the Rt. Hon. Ian Sinclair; Wentworth Group kook Peter Cullen; NFF hack Dr. Wendy Craik; and merchant banker (and Water Minister) Malcolm Turnbull.

time there will be one body setting and enforcing a sustainable diversion limit across the basin that recognises the interaction between surface water and ground water. There will be a basin-wide approach to establishing a water market and water pricing. The Murray-Darling Basin Authority will set salinity and water quality objectives and develop and implement a Basin Environmental Watering Plan. . . .”

Turnbull said nothing about creating new water supplies, because the new Act is not intended to, but is entirely aimed at privatisation. Indeed, the NWC’s chief scientist Dr. Colin Chartres has repeatedly come out against creating new water supplies, as by desalination,

to zoom and bankrupting farmers by the hundreds and thousands. The CSIRO is currently doing an audit for the NWC, and—lo and behold!—is apparently going to find out that there is much less water than thought. “If the CSIRO’s water calculations emerge as forecast by Dr. Chartres they may spell disaster for many farmers in Victoria, South Australia and NSW . . . Mr. Howard said the audit would determine the sustainability of irrigation.” (*The Age*, July 26, 2007)

Howard already announced in April this year, that the general allocation of water for the water year from August to May 2008 will probably be zero. That could result in staggering losses of as much as \$36 billion (\$6 billion in direct production and the rest in associated industries) according to Prof. Wayne Meyer, Professor of Natural Resource Science at the University of Adelaide (*The Age*, April 20, 2007), even before considering the much higher prices for food. There is additionally a question as to how much Howard himself is responsible for the predicted zero allocation. Howard held a “Drought Summit” with

and you could not grow or produce anything that was going to make money. That was going to send you broke. For us on our farm, \$175 a megalitre once you got to that point, there was no point irrigating anymore because the cost of buying water and delivery exceeded your income.”

Craik’s MDBC gives each state an allocation, which it then divides up among its users, a process easily open to abuse, particularly as states are under pressure to increase environmental flows. Lahy described how it worked in NSW: “100% water allocations were reduced by the NSW state government in real terms by 13% down to 87%. That 13% was to allow for evaporation, infiltration and environment. That water was taken away from farmers’ allocations without a single cent of compensation nor discussion. Then what started happening, at the end of the season, was that parcels of water that were tagged ‘environment’, they were selling it back to us. What the hell is going on—these guys are taking our allocation and selling it back to us!”

A June 30, 2007 *Sydney Morning Herald* article by Daniel Lewis and Marian Wilkinson summarised why prices are soaring, and the tap is be-



Macquarie Bank is one of the world’s top privatisers of infrastructure, including water. Fortunately, its days are numbered. Photo: SMH/Brendan Esposito

it’s non-viable. If we don’t get that allocation we are running at a loss. I want to keep water because I want to stay as an irrigator. It’s our lifeblood. You can’t dairy without water.”

In terms of water allocations, Craik’s MDBC is running another scam, in which desper-

curity water. Fortunately they saw the sense in that, and said maybe we should supply something called ‘modified stock and domestic’ or ‘modified water’ for dairy farmers during the drought time, but it still was not enough. It was too little action too late. A lot of farmers just

Breaking Strategic News

turn to

www.larouchepac.com



went broke.”

And Howard’s claim that there will be no forced acquisition of water is of course a fraud, because desperate farmers will have to sell their water.

Further, when private companies take over the water, they will obviously spend the bare minimum on repairs or upgrading of vital water infrastructure, all the NWI/NWC propaganda about “full cost recovery for infrastructure” to the contrary. University of Adelaide’s Prof. Wayne Meyer pointed out the obvious: “We have public water systems that are 50 to 80 to 100 years old all in increasing need of upgrading and replacement.” If such repairs/replacement is not done, “there is no way out short of going into catastrophic closure”. Does anyone seriously think that the (bankrupt)

Macquarie Banks of this world are going to pour tens of billions of dollars into water infrastructure? They clearly do not intend to, but to grab the 70% of the Basin’s water now used for irrigation, bankrupt the farmers, and divert that water at skyrocketing prices to the cities.

Howard’s new water legislation will devastate the rural sector in the MD Basin, a fact that is so obvious, that the Federal Government has absolutely refused to conduct the normal “social impact” study for such far-reaching legislation. However, an independent study at the Australian National University warns of “social dislocation from small and medium-sized farms being forced out of the market by the price of water. Local communities would be devastated.”



Above: Buggies and sulkies in the dry bed of the Murray River near "Riversdale" during drought of 1914. Right: The Murray River Commissioner, Sir Ronald East, astride the Murray at Nyah during the drought of 1923. In its natural state, the Murray runs dry, but since the completion of the Hume Dam in 1936, the Murray River always flows—even during drought. Photo: State Library of NSW.



Interview

Jeremy Beck interviewed Lester Wheatley, Chairman, Murray Valley Community Action Group on 9th August 2007 on behalf of The New Citizen.

JB: We’re going to cover this water issue, particularly looking at Howard’s National Water Initiative. There doesn’t seem to be any new water infrastructure proposals in it at all. There’s accounting measures and water trading—it seems to be a financial document ... it appears that they just want to privatise all the water and have the Macquarie Banks of the world trade in water.

LW: Well I think that’s a reasonable sort of assumption.

JB: And it’s not that we’re promoting the State governments. As far as I’m concerned, the Labor State governments have done a pretty pathetic job themselves, but if you read Howard’s plan, it sounds like it could have come out of the Greens Party, if you look at it, it’s all cloaked in “green” language and environmental flows. Really, if we want our farmers to survive, they need water.

LW: That’s right.

JB: The plan seems to be trying to deny farmers water and wipe out the farmer. So, I just want a sense from you, how it is on the ground out there where you are and how you see it.

LW: Well, what we see—the biggest fear that we have, really I suppose now, is the fact that water trading—once water and land were divided—that you could own water separately to land, was probably the beginning of all the problems. If water were attached to land, so only people who owned the land could have access to the water, with respect to farming, that would’ve probably to a large degree, avoided the problems that are occurring now, with water trading. I think one of the prime issues that we’ve got now is the government entering into the water market to buy environmental flows with taxpayers money, or if it’s not for environmental flows, it’s to reduce the water.

JB: They call it “over-allocation”. It seems laughable to me.

LW: Well that’s right. The problem is that we have not been able to get any information at all despite requests over probably more than five years

now, from the government, of the likely social and economic impacts of the removal of large quantities of water from the farming sector. And that’s the main issue that we have now. If that large amount of water is removed from the farming sector, by being purchased as proposed in the water plan, what impact is that going to have on regional communities and how is it going to be addressed. That’s predominately the issue for us at the moment. And we haven’t had any real explanation and nor do I think there’s been any work done on it, about how those impacts are going to in fact be dealt with—by the willy-nilly sale of water rights at random by people who are supposed to be willing sellers.

JB: Yes. Well that’s the thing. They say we’re not going to force people to sell it, but does that really wash?

LW: Well no, it doesn’t really wash, because of course the fact is, the government are entering the water market at the time when a lot of people are under duress; that’s the first thing. The second thing is that a willing seller is something that can be created by the escalation in the value of the commodity. So at \$500 a megalitre there might be no willing sellers; at \$1,500 a megalitre there might be heaps of willing sellers and at \$3,000 a megalitre everybody might be a willing seller. So really, the government, depending upon how wide they are prepared to open the chequebook, can create the willing seller situation. So that’s a furphy as far as we’re concerned and that is a real danger, that the government entering the water market at a time when a lot of these people are quite vulnerable because of drought conditions and so on.

It creates huge holes in economic activity in regional Australia, not the least of which is how to deal with stranded assets and with the fact, if people sell water rights out of irrigation schemes, who’s going to be left carrying the can and with respect to infrastructure maintenance and so it goes on and on and on. So the more you look into it, the more complicated it becomes. We see a huge Pandora’s box of problems ...

JB: I was speaking to a dairy farmer, or former dairy farmer who I believe might be part of your action group; Chris Lahy, and he was saying that the price of water—it gets to a point when it’s not worth irrigating because it’s just too much—it’s not going to cover your costs. Now, previously water has been as cheap as \$30 a megalitre. Does that sound about right?

LW: That’s temporary water—that’s right.

JB: And then it goes up to \$100 or \$200 a megalitre. Now, what I don’t understand, is that here the government is offering to pay people a thousand or two thousand or even as much as \$5,000 a megalitre to buy it out—now that’s way over the price that it would be viable to farm—certainly in dairy farming—I don’t know about high value crops like almonds...

LW: It’s over the odds in any value at that level.

JB: With high value crops you can obviously afford to pay more, because your produce is going to get more on the markets, but how can the government offer a thousand dollars a megalitre—that seems like quite a lot of money actually?

LW: Well, look, it’s not sustainable. The problem is that

we really should be ceasing the debate about it and waiting until season return to normal, because when you’re dealing with these types of circumstances where there are people in extreme circumstances, everybody has got a sort of convoluted view of what’s going on and the prices that have been paid in the last two or three or four years have not been representative of the real affordable price of water because people have had to purchase it either to maintain dairy herds, maintain pasture, make hay or finish crops or do something in the normal course of events would not be done. So prior to the onset of these dry conditions, the average affordable price of water was somewhere around about \$30, maybe \$40 a megalitre of temporary. Now, if you say an investor in water would need about a ten percent return in profit, ten times forty is four hundred. If it was an eight percent return, it would be twelve times forty, which is four hundred and eighty, so in the normal course of events, the value of a megalitre of water is approximately, or general security water, is approximately between \$400 and \$500 dollars a megalitre. Now, it’s not a thousand—it’s not \$1,500 or \$2,000 and those prices are just absolute total nonsense that are outside reality.

There will be a few crops that will be able to—high value crops like almonds or grapes or one of those, but they are small amounts of crops that are in a niche market—they are very easily flooded and so it’s a market that can turn on you very quickly, so what is today a high value crop could tomorrow be a disaster because they are so easily oversupplied. So you get a commodity which appears to be a high value crop today and

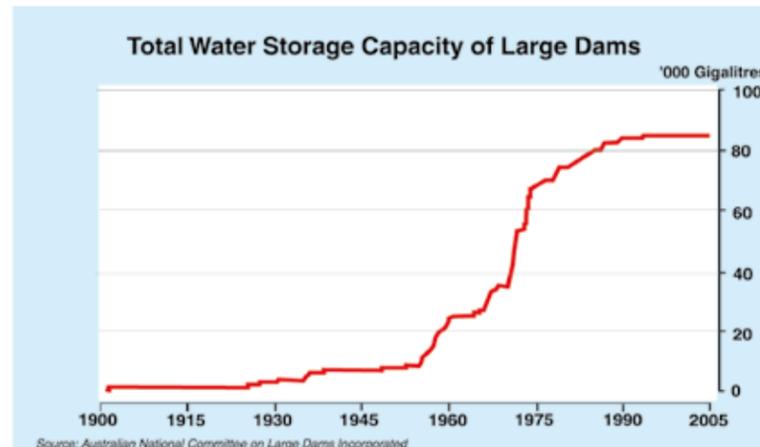
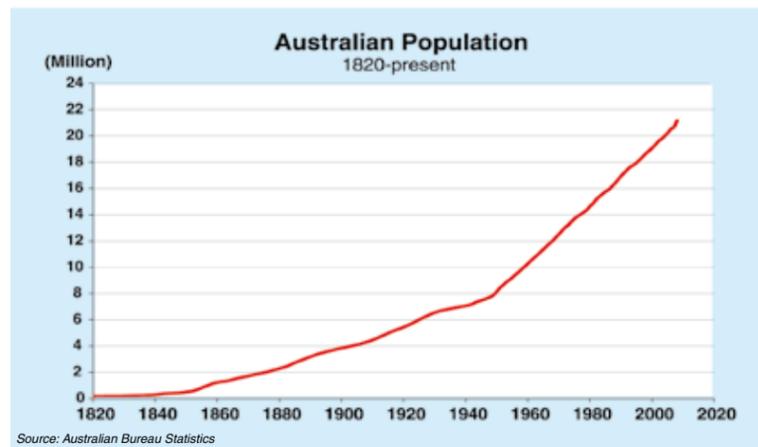
a lot of people start producing it and before you know it you’ve gone from a high value crop to a surplus and we’ve seen that happen in the wine grape industry just in the last two years. Grapes went from \$2,000 a tonne down to \$200. So there’s a hell of a lot of nonsense being talked about prices at the moment, because they’re unrealistic.

JB: Yes. And also, I look at dairying as a good example, because we all need milk, and you might say that’s a low value output—you’re never going to get the value per megalitre of water for a litre of milk, but we all still need milk.

LW: That’s right.

JB: So it just seems absurd to say, oh well, we can’t supply the dairy farmers water because their value is less.

LW: But it goes beyond that and this is the point that the economic theorists all say if you allow the free market—if you allow people to sell and trade water and shift it all around the countryside, it will flow to the highest and best use. Technically that is of course correct, except that we don’t just need one or two or three different commodities. We need a whole range of commodities, which have a whole lot of variable with respect to the production costs and so on. It’s nice for somebody to produce almonds and wine grapes and pistachios and high value crops with drip irrigation or whatever, but we also need things like milk, cheese, beef, lamb, corn and cotton and everything else. So you have to have a mechanism, which allows those, and some of those will be low value with respect to the amount of water they use, but they are still necessary to produce.



It’s pretty obvious, isn’t it? If you don’t build new water infrastructure while your population grows, then you are going to have a water crisis.



Murrumbidgee irrigation area. Howard, the ALP, and the Greens want to shut this down. Photo: Pratt Water

works and so on, then it will cost almost as much to deconstruct them. So if the water disappears out of the district and it's no longer available, then those areas have to be reconverted if you like or reconfigured into dryland areas, which is going to cost money and who's going to pay for that?

It will get to a point where people will be able to sell their holdings and they'll give the land in, if you like for the sake of selling the water because the volume of money at the end of the day is all that really counts. Now that will cause huge problems—it will cause huge problems with communities, of loss of people and productivity and it will cause huge problems with irrigation corporations, because they'll end up with a whole lot of channels that have only got a relatively few number of people or at least a reduced number of people operating on them, so the cost of infrastructure, maintenance and all those things has to be shared by fewer and fewer and fewer people. Who's going to pay that?

JB: Do you know what the highest values that the govern-

ment has offered?

LW: Well I think it's about a thousand dollars a megalitre so far. I think there's been expressions of interest—the government have been particularly cagey about this, because what they're doing, is that they are asking for expressions of interest without actually advertising a price, because they're trying to obviously buy water for the lowest possible price. And so they are getting all sorts of ambit expressions of interest for two or three or four thousand dollars a megalitre and all sorts of stuff. And I guess if any farmer was offered two or three thousand dollars a megalitre for water and didn't take it they have to be seriously consulted.

JB: What if they were offered that kind of money? What would they do?

LW: They'd just sell up and walk away.

JB: What do you see just generally about the environmental flows—is it a big joke or does the river need more flow?

LW: Well I don't think it's a joke, but I think that we're

probably in a situation seasonally where we shouldn't be making judgements. I mean, I guess that the scientists argue non-stop about the environmental flows. Some tell you that we need X amount of gigalitres of water, some from 1,500 to 3,000. I don't think any of the scientists really agree and I think that probably we've got to say in the last few years, seasons have been such that you wouldn't have had very much environmental water, if any anyway. If the dams were not in place, the rivers would be dry.

JB: The reason why I mentioned the joke is that I know historically before the big Hume Dam was in place, that the Murray River went completely dry in drought. The riverbed was down to nothing!

LW: That's right. And it would be again.

JB: So, is it really necessary to have these environmental flows, because naturally the river did go bone dry even fifty or even hundreds of kilometres upstream.

LW: That's right.

JB: So, is it a big deal?

LW: I don't think so personally, but that's another argument in itself and the sustaining of those forests and things like that—it probably is a very hollow argument, but of course it's also one that's strenuously defended by both sides—whether you'd be for it or against it. So it's a hard one to answer that. I think that the main thing that we need to do, is to protect the local economy from unreasonable adverse impact and that's what we're trying to do at the moment.

JB: I know there has been this big campaign for the Red Gums—all these River Red Gums they "need" all this water and there's a big campaign on environmental grounds, and I'm thinking, what happened hundreds of years ago, before these dams were in place, the river went completely bone dry and they got nothing?

LW: Yes that's right, but if you look at what's happened in the last five years, and we live on the river here where we are, there wouldn't have been any water in the river at all—hardly at all except at Springtime and that's what happened throughout history—that you had a flush as the snow melted, which is where most of the water comes from; we get very little water from localised flooding, but you get heavy rain, you get water in from the Ovens River and the King River and those eastern Victorian tributaries, but a lot of the water comes from the high country and as a result of Spring and snow thaw and all the rest of it and after which, it's a winter rainfall area, so in the Summer-time, the river's dry—that's it. And it's always been like that since time began. So no, it's a complicated one, that one and it probably is unjustified. It's just a typical environment argument that the forests should be able to be regularly watered like clockwork every season, but then in reality of course it would never have happened.

JB: Would you say that a lot of farmers have gone bankrupt right across the whole basin?

LW: No, not at the moment, but I think that it's probably very likely there will be some severe impacts. This year will be the worst of all, if we don't get a season, and at the mo-

ment, if you were a pessimist and even if you were not, you would have to say the chances of a season this year are becoming extremely grim—extremely grim. We can end up with a reasonable season here even if it doesn't rain much, provided that we get an irrigation allocation, but at the moment the Hume Dam is only twenty percent full, so unless something extraordinary happens, there won't be an allocation of any description this year. I heard on the radio this morning that the Murrumbidgee are going to have about a 30% allocation for high security users. There is a nil allocation planned at this stage for general security users, so that means we go through another year of nothing. So unless we get some form of water allocation, then the season is looking grim. We've got people already talking about bailing cereal crops. Now that means, well we're now at the 9th August, so we've probably got about three to four weeks, if we haven't had rain in three to four weeks here, all the crops that we've been growing here are finished.

JB: That's big.

LW: So this year could be the worst of all, without trying to be overly pessimistic and that will sort out a fair few people, because even last year we had a bit of carryover water, whereas this year will be nothing, you see.

JB: So we could be forced to dramatically increase imported food?

LW: Oh yes, it's possible—it's decidedly possible.

JB: Well if there's these zero allocations for all this period of

time, we are still getting some rain—I know it's not enough, but are there some farmers managing to get the allocations in certain regions?

LW: No, it's finished here.

JB: In the entire basin?

LW: No there's none at the moment, but when the season opens, in the Murrumbidgee area, which is the Burrinjuck Dam and the Murrumbidgee River, as I said there will be about a 30%, I think that was right, 30% for high security only, but there will be no general security at all, so that's right across the basin. The Goulburn Valley is about the same.

JB: Who actually sets those allocations?

LW: They're set by the NSW government, the Victorian Government. Each state has its own share.

JB: So basically, we don't have enough rain, but it's also obviously political.

LW: A lot of it is political, I think, yes.

JB: Well that's the way we certainly see it. Obviously it's true, we've had limited rain, but we've known about this for decades, of the potential problems we are facing—governments have known for decades...

LW: They haven't done anything.

JB: ...of the population growth, all these regular things that occur—they know all these things. We used to plan long-term—we built the Snowy Mountains Scheme, we did all these things. We've hardly done anything in terms of major infrastructure...

LW: That's true.

The "Global Warming" Scam: Myths vs. Reality

Continued from Page 2

written by non-scientific bureaucrats and politicians.

Myth: Any groups that oppose the view of man-made global warming are a front for the fossil fuel lobby.

Reality: This turns reality on its head. Big oil and coal multinationals are some of the biggest promoters of the man-made global warming theory. Of the eight-person ABC panel, three had noteworthy connections to the fossil fuel industry; two of those, including former BP chief and now World Wide Fund for Nature CEO Greg Bourne, promoted man-made global warming.

Myth: Although CO₂ levels in the atmosphere are small, its quantity is not a measure of its impact; a tiny amount of Ebola virus can kill you.

Reality: The Ebola virus analogy is pseudoscientific mumbo jumbo, as a virus multiplies—a gas does not. The amount of Ebola in your body at death will be exponentially higher than at the start. And the fact is, most of the Earth's greenhouse effect (95%) is due to water vapour and clouds, not CO₂, which accounts for a mere 0.038% of the atmosphere by volume. And, if we did not have the greenhouse effect, the planet would be at -18 degrees C.

Myth: In the "Swindle",

the chart of temperatures going back 1000 years, shows the medieval warm period was hotter than today, but the chart stops at about 1980. This ignores the rapid warming of the last 20 years, and the fact that the last five or seven years have been warmer than any time in the medieval warm period.

Reality: Satellite records show no dramatic warming in the last twenty years. The hottest year in the last two decades was 1998, and temperatures have been measurably cooler since.

Myth: 1998 was the hottest year on record in the U.S.; the 1990s was the hottest decade.

Reality: Al Gore's PowerPoint presentation is based entirely on the temperature data and climate model results produced by global warming fanatic Dr James Hansen, director of the Goddard Institute for Space Studies. Now, however, Hansen has been exposed as faking his conclusions. A Canadian scientist, Steve McIntyre, showed that Hansen had used raw temperature data from the Global Climate Historical Network weather stations, instead of the average data, i.e. he took the highest temperatures and ignored the low temperatures. The Goddard Institute has been forced to acknowledge the "mistake" and has posted a notice on its website

thanking McIntyre for correcting them. The corrected data shows that the hottest decade in U.S. history was the 1930s, not the 1990s, which blows a giant hole in the theory of man-made global warming. See <http://data.giss.nasa.gov/gistemp/>

Myth: The sun is not driving climate change, because in recent years, temperatures have gone up while solar activity has gone down.

Reality: An educational CD-ROM, available on a NASA website, shows that the Sun is the primary driver of climate, and that scientists do not agree that CO₂ is the cause of global warming. The CD can be downloaded or ordered at http://sohowww.nascom.nasa.gov/free-stuff/cd_info.html.

The section of the CD on the subject of "Sun and Climate", shows convincingly how variations in the Sun's irradiance, solar wind, the Sunspot cycle, and Earth's orbital variations affect Earth's climate. "The Sun is naturally the primary driver and energy source for atmospheric and ocean systems and the Earth's surface climate", the NASA CD reports.

And, as demonstrated above, temperatures have not "gone up in recent years", but down. For more on the astrophysical causes of Earth's climate changes, both Ice Ages as well as warming,

see "Earth's Temperature Determined by Astronomical Cycles!" <http://www.cecaust.com.au/pubs/pdfs/nce03-07.pdf>

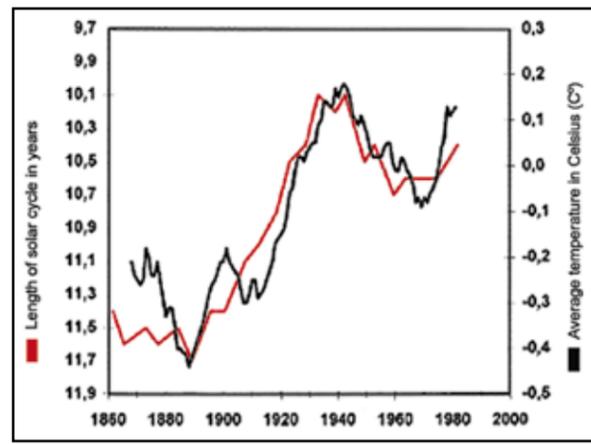
Myth: Levels of atmospheric CO₂ reached in the past decade are the highest in one million years, due to human industrial activity.

Reality: The IPCC's measurements of CO₂ pre-1957 were taken from recently drilled ice cores, and ignored more than 90,000 direct measurements by chemical methods from 1857 to 1957. Those measurements, by some of the most famous names in chemistry, showed that today's atmospheric CO₂ concentration of about 380ppm was exceeded in the period from 1936 to 1944, when the levels ranged from 393ppm to 454ppm; in 1866 (390ppm); and in 1857 and 1858 (416ppm).

Moreover, as Prof. Bob Carter hit the IPCC representative on the ABC's expert panel, "What is a million years?" Before then, CO₂ levels were many times higher than today, and 450 million years ago, when CO₂ was ten times higher than today, the earth went into an ice age.

Myth: CO₂ is a pollutant and a doubling of its concentration would be a disaster.

Reality: The atmosphere with respect to the greenhouse effect is now nearly



The Sun is the primary determinant of Earth's temperature. (The latest cycle of the Sun's activity, to the present, has not yet been quantified.)

saturated with CO₂ so any extra CO₂ will have an increasingly minuscule effect. Of the current CO₂ measure of 380ppm, the first 20ppm accounts for about half of the total effect; the last 20ppm (between 360ppm and 380ppm) accounts for less than 2%! More CO₂ would be a benefit as numerous studies show, crop yields and plant growth are greatly enhanced in a CO₂ rich environment.

For additional material exposing the fraud of anthropogenic global warming, see "CO₂: The Greatest Scientific Scandal Of Our Time" in the Spring/Summer issue of *21st Century Science and Technology*, http://21stcenturysciencetech.com/Articles%202007/20_1-2_CO2_Scandal.pdf, and the

just-released, excellent Dissenting Report of the Australian Federal Parliament's Standing Committee on Science and Innovation, which devastates that Committee's major premise in a recent report on "Geosequestration of Carbon Dioxide"—that mankind causes global warming.

<http://www.aph.gov.au/house/committee/scin/geosequestration/report/dissent.pdf>

Also, see the short, well-argued summary of the matter by geologist Prof. Ian Plimer, one of the scientists disinvited by the ABC from their "sceptics" panel. <http://www.theage.com.au/news/opinion/global-warming-zealots-stifling-scientific-debate/2007/07/11/1183833595634.html>

LaRouche Youth Movement in Action

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Will you be a lemming, or a leader?

By A.J. Reed,
LaRouche Youth Movement.

As we go to print, it is possible that this issue of *The New Citizen* may be the last before the 2007 federal election, likely to take place in early November. This author's uncle once commented that when he goes to the polls, he votes for the major party that is not in power. Why? "I'm a working man; I'm gonna get screwed whoever's in power." This author's uncle also happens to be a Baby Boomer. Not that the Baby Boomer generation holds the copyright on this attitude. The wise words of the American-Australian politician King O'Malley spring to mind: "The Australian is such a lovable fellow; so vigorous physically, yet dulled mentally for want of sharpening up with knowledge." This is an important quote to bear in mind. In one's less Agapic moments, the average Australian seems to inspire

less charitable descriptions: it is sometimes tempting to replace the words "dulled mentally for want of sharpening up with knowledge" with "raving lunatics who should be locked up for their own good."

The average Australian loves to whinge and bitch about those bloody pollies in Canberra. They'll complain bitterly as they try to juggle two or three jobs so they can somehow pay the rent or mortgage, buy petrol for their car, put food on the table, and keep on top of their ballooning credit card debt. Yet one Saturday in every three years, they'll grudgingly trudge down to the local primary school on threat of a fine, and either imitate my uncle, vote for the party they've always voted for, or the "swing-ers" among them will perhaps cast their ballot for the well-funded local candidate with the flash suit and the toothpaste advertisement smile who so in-

spired their imaginations with his earnest campaign and petition drive for the installation of a set of traffic lights at the High Street shops. Is it really the politicians who are at fault here? Or is it perhaps the brain dead idiots who voted for them in the first place?

To put the flippancy aside for one moment, this is no laughing matter. This is, in fact, the subject of Classical tragedy, taken from the standpoint of William Shakespeare or Friedrich Schiller. Consider this quote from Lyndon LaRouche's paper, *Ask The Man Who Owns One*: "So, in Classical tragedy, Shakespeare creates the voice of Horatio, to show that the tragedy is not that of Hamlet, but of his 'rotten' Denmark of that time, as Schiller provides the voice of the Queen in *Don Carlos* to the same end, and as Schiller creates the characters of the two 'Children of the House' in the



Wallenstein Trilogy with the same method and intent. These figures appear, on behalf of the playwright's service to his audience, to provide a view of the mind and senses of a figure outside the tragic process which is, otherwise, that of society as a whole, to make thus clearer to the audience that the tragedy expresses the guilt expressed as the fruit of the control over nearly all among the individual actors by a systemic flaw of the relevant culture as a whole. The shrewd Classical dramatist uses the image of the exceptional figure in history to make clear the systemic features of tragedy through which both the leading and popular strata of society participate in launching and sustaining the corrupt world-outlook by which the tragic culture ruins itself. The exceptional figure points to the need for the discovery of universal principle, physical or social, which is urgently required to

free the society of the removable fatal flaw which permeates that culture in its ontological whole."

Take, as a text book example of a modern Classical tragedy, the current political situation in the United States. Impotent, cowardly Democrats are refusing to impeach Bush and Cheney, despite mountains of evidence of "high crimes and misdemeanours," Cheney's beating the drums of war ever louder for armed conflict with Iran and Russia, and the collapse, now reaching its climax, of the global financial system, which will result in a catastrophe far worse than the Great Depression if governments don't immediately implement an FDR-style "New Deal." These same Democratic politicians are so afraid of being associated with Lyndon LaRouche's name, that they would rather turn their backs on the legacy of Franklin Roosevelt, the founder of the modern U.S. Democratic Party, and, like lemmings, lead themselves, their party and their nation straight to Hell. Are these politicians not a product of their culture, specifically the popular Western culture predominant following the insane rock/drug/sex "me, me, me" counter-culture of the late 1960s? And let's not forget who voted for these clowns in

the first place.

Please don't think for one second that this situation isn't going to have direct, and powerful, consequences here in Australia. And, tell me, are you honestly stupid enough to think that Kevin Rudd is going to deal with this crisis any differently than Howard would? Which brings us to the point: what are *you*, the reader, going to do about it? Will you have the courage to rise above the degenerate culture we now find ourselves in, and to educate yourself and those around you to identify not only the problems we face, but, more importantly, the solutions to those problems? And more to the point still, what are you going to do on election day? Will you be a lemming, and continue along your doomed path, only to be drowned in a sea of debt? Or are you going to vote for the only political party in Australia that, purely because of its unique relationship with Lyndon LaRouche, is the only party currently qualified to lead in this crisis? We will not beg for your vote; rather, we will demand it. With the financial markets choosing the perfect time to prove the accuracy of Lyndon LaRouche's method of economic forecasting, we have the moral authority to do so.



Top Left: Members of the LaRouche Youth Movement singing in Collins Street, Melbourne's financial district. Far left: Doug warns about falling bankers as the Australian stock market wipes out billions of dollars of share values. Left: Andrew aka Mr Destitute Banker pleads for liquidity as his hedge fund evaporates. Bottom left: Rams Home Loans, one of the sub-prime lenders in Australia, has lost 70% of their share value in three weeks. These other rams can't afford to lose their assets. Can you? Bottom right: The LYM organising in Collins Street. Photos: Aaron Isherwood



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AUSTRALIAN CAPITAL TERRITORY

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Federal Election 2007

Citizens Electoral Council

Fighting Platform

1. The establishment of a New Bretton Woods international monetary system.
2. The establishment of a National Bank and State Banks.
3. The repeal of all Federal and State anti-union legislation.
4. The repeal of recent fascist laws that have taken away the civil rights of Australians.
5. An immediate halt to the privatisation of Commonwealth and State assets and regulatory bodies.
6. An immediate moratorium on foreclosures of family farms.
7. The elimination of the disastrous National Competition Policy at a Federal level.
8. The elimination of the Goods and Services Tax.
9. The reassertion of National control over Australia's oil and gas and huge mineral resources.
10. A dramatic expansion of resources to State public health facilities.
11. A dramatic upgrading of State and Federal infrastructure.
12. A real war on drugs.
13. The establishment of generous immigration quotas.

VICTORIA

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