

THE STEEL OCTOPUS

THE STORY OF BHP



BY ERIC AARONS

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Current Book Distributors,
40 Market Street, Sydney.

May, 1961.

Set up and printed by
NEWSLETTER PRINTERY,
21 Ross Street, Forest Lodge,
for Current Book Distributors,
40 Market Street, Sydney.

FOREWORD

SEARCHLIGHT ON MONOPOLY

At the close of 1960, B.H.P. issued a glossy and expensive book aimed at whitewashing its 75 years' exploitation of the thousands of workers who toil for it, and of the nation as a whole.

Defending and justifying itself — Australia's biggest monopoly — B.H.P. aimed to defend and justify the monopoly domination of the economic and political life of our country which prevails today.

Some of the stark realities of this monopoly domination were highlighted in the first days of 1961 when B.H.P. provoked a strike of tradesmen at the Newcastle steelworks by sacking 12 job delegates of the Amalgamated Engineering Union.

The men struck for what the N.S.W. Labor Council correctly described as "elementary but basic trade union rights", and their action won support and stimulated interest everywhere.

The issue of for or against monopoly in general and B.H.P. in particular was widely debated, and the affairs of this company were dragged more and more into the light of day.

It is the aim of the present booklet to further this public scrutiny of B.H.P., and assist the examination of what is the central issue of economics and politics in Australia today — the people versus monopoly.

Round figures are given as a rule for ease of reading and because frequent changes make calculations to the last shilling of little importance in providing a basic picture.

(For example, from the beginning of March to the middle of April the price of B.H.P. shares increased from the 65/- used in the text to 73/-!)

My thanks are due to the many people who assisted with material and made suggestions for the improvement of the first draft.

ERIC AARONS,

Newcastle, 1961.

1. Biggest Hungriest Profiteers

The show of candour with which B.H.P. lays bare its affairs in the 75th Anniversary book rapidly vanishes when it comes to revealing the true extent of its exploitation and profiteering.

The picture is in fact deliberately obscured by bonus shares, capital gains and other hidden forms of profit-making, in addition to dividends actually paid.

The pamphlet "B.H.P." published by the Ironworkers' Union in 1941 reveals that from the founding of the company in August 1885 up to November 1917, the *actual cash* subscribed by shareholders was only £186,402, and that the total of dividends and bonuses paid out to them during that period was £13,031,654—£75 for each £1 paid in!

Since then B.H.P. has taken pains to hide its true profits and some calculations are needed.

In the fifteen years since the war, declared profits alone amount to about £70 million, of which about £35 million was paid to shareholders in the form of dividends.

But these days the monopolists regard dividends as merely pocket money to cover their current consumption, which, however luxurious, absorbs only a tiny fraction of their enormous wealth . . . besides dividends are taxable whereas "capital gains" are not, and with relatively small dividends they can talk about "low returns on capital" to disarm critics.

But this figure of £70 million profit in the 15 post-war years, huge though it is, is meant only for public consumption, and somewhat more accurate figures have to be supplied to the taxation department for assessment of company taxation.

Taxation on company profits has varied between 6/- and 8/- in the £ since the war, so from the taxation paid we can calculate the "true" profit.

Company tax paid by B.H.P. from 1946 to 1960 amounted to over £75 million. Profit before tax calculated from this is over £210 million and "true" net profit therefore about £135 million — *nearly double the £70 million disclosed!*

TAX-FREE CAPITAL GAINS

But even this pales beside the "capital gains". If 100 £1 shares are held and their selling price goes up to £2, the capital of the holder has increased from £100 to £200. The extra £100 is called a "capital gain", and not a single penny in taxation is paid upon it.

This is the main method used to conceal profits these days, and with this in mind let's look at B.H.P.

Year	Paid up capital (£ millions)	Approx. market price of shares	Approx. total value of shares held (£ millions)
1940	11.4	45/-	25
1945	13.9	40/-	28
1950	17.8	50/-	45
1955	27.7	40/-	55
1960	64.4	90/-	290
1961	96.6	65/-	315

The paid up capital of B.H.P. at the end of 1918 was £2,100,000. Much of this, as revealed in the Ironworkers' pamphlet, was not actually paid by the holders in cash. But even if this is counted, the total cash subscribed by B.H.P. shareholders in the whole 75 years is only £60 million.

So *in addition* to the dividends paid out B.H.P. shareholders have made a tax free capital gain of £255 million!

There is more "in the bag" to be turned into visible capital gains at some future date.

At the end of 1960 B.H.P. announced that it would make a bonus (free) issue of shares — one share for each two held — from what they call their "assets revaluation reserve."

Announcing the bonus issue and the writing up of the fixed assets to a truer figure than then shown in the books, Chairman of Directors Syme said:

"Although we do not know at this stage what amount will be placed to the credit of the assets revaluation reserve, it is, we think, quite clear that it will *considerably exceed* the amount required for the fully-paid share issue."

In other words, they still had something up their sleeve, and Rydge's business journal commented:

"Probably the write up will not be as great as one shareholder suggested at the 1958 annual meeting: he urged that fixed assets be written up to £450 million — a 'realistic' figure — to guard against the disadvantages of conservative asset valuations in the event of government nationalisation . . . *It is some indication of the enormity of B.H.P. that this was not an incredible figure.*"

Taking this figure (now three years behind the times) as near the mark, the *net* capital gain of B.H.P. shareholders is about £400 million during its 75 years' existence, *of which about £350 million has been revealed in the last 10 years*, in addition to about £30 million in dividends.

That is, B.H.P. shareholders have made about £380 million total rake-off in 10 years *without doing a tap of work*, while tens of thousands of workers who toil in the heat and glare of the furnaces, on the ships and down the mines received only £300 million in wages during the period.

That is, out of every £1 in value they produce the workers get 9/- and the bosses 11/-!

A check on this figure is provided by statistics in the Commonwealth Year Book on "Smelting, Converting, Refining and Rolling of Iron and Steel", which is

dominated by B.H.P., although it includes a few other enterprises.

In 1957-58 new value added by the labor of the workers in this industry was £70.4 million, and wages paid amounted to £31.5 million. After allowing for depreciation the monopolists' share was £36.2 million, or 11/- profit for each 9/- paid in wages!

(Directors' fees and salaries of the top brass are included in the figure for "wages," retail profits have not been counted, and B.H.P. share prices are still rising rapidly, so what the workers actually get is overstated, and what B.H.P. gets is understated.)

WHO GETS BENEFITS OF HIGHER PRODUCTION?

Under the rule of monopoly capital it is crystal clear who gets the benefits of increasing productivity.

In 1950 each steelworker produced on the average about 100 tons of steel worth £1800.

In 1960 each steelworker produced on the average about 150 tons of steel worth £6,400.

The extra £4,600 worth of production has gone £4,000 to B.H.P. and only £600 to the worker — practically all of this being eaten up by inflation.

New techniques, including the L.D. oxygen process, are now being introduced by B.H.P. Productivity per worker will be greatly increased, but B.H.P. will grab it all. The only "reward" for the workers will be that thousands will be displaced and thrown out to get by as best they can as the miners were before them.

No wonder the workers refer to B.H.P. as "Big Hearted People"!

MONOPOLY CAUSES INFLATION

Inflation hits the workers, farmers, pensioners and others living on small fixed incomes, but as shown in the table above big capitalists find their fortunes multiplying as prices rise.



They find this no obstacle to spreading the lie that inflation is caused by wage rises, but occasionally the truth comes out.

The financial editor of the Sydney Morning Herald on May 3, 1956, commented on an increase of £3 a ton in the price of steel, making an increase of over 13 per cent in less than a year:

"In the eight months there has been no pronounced rise in steel-making costs; and in fact the chairman of B.H.P. has made it clear that the reason for the latest increase is a different one."

It is not hard to guess what the "different" reason was.

A pamphlet "Wages, Prices, Profits, the Unions' Answer" published by the Labor Council of N.S.W. states concerning a new increase in steel prices in 1960:

"Two decisions increasing steel workers' wages were given at the end of 1958 and the end of 1959. Average increase from these decisions for all B.H.P. workers was not more than 10/- per week.

"Total cost of these increases would equal approximately only one-eleventh part of the B.H.P. net profit declared for 1958-59" (i.e. less than £1 million — E.A.).

"Obviously there was no need to raise steel prices to meet these small wage increases. But the new price rise will add approximately £7 million to the income of B.H.P. and will greatly increase the already swollen profits of this wealthy monopoly."

B.H.P. FAILS AUSTRALIA

The B.H.P. has not felt impelled by any sense of shame at its colossal profits or complete monopoly to ensure at least that Australia was always adequately supplied with steel.

In fact at many times during this company's sole reign, Australia has found itself short. The Menzies Government advanced the big imports of steel made necessary by the internal shortage as one major justifica-

tion for the stringent economic measures introduced late in 1960.

On November 8, in an article entitled "High Price of the Steel Shortage", the financial editor of the Sydney Morning Herald wrote: "If any particular category of imports were to be singled out with pained surprise, it would not be from among the consumer goods either. It would be steel," and on December 8 he estimated that "the steel shortage is costing Australia some £70 million a year in overseas currency reserves by comparison with the trend in the same period of last financial year."

These shortages are at bottom due to the anarchy of capitalist production with its lack of plan, and boom-bust cycle.

But although B.H.P. has expanded, and very considerably at that, there has been a deliberate policy of trying to keep supplies behind demand.

This was revealed in the article just quoted above:

"... when a single company is entrusted with virtually all the best iron-ore resources in the country (including the most important of recent ore discoveries at Constance Range in the north), and these resources are seen to be much greater than was previously believed, and to permit exceptionally cheap, exportable production, the people are entitled to require that company to set itself a consistent target capacity having a margin always above rather than below domestic requirements.

"It is several years since the former chairman of B.H.P. openly expressed a contrary philosophy: the philosophy derived from U.S. experience that over-production was the greatest bane of the steel industry". (The writer then expressed a pious belief that B.H.P. had recently "changed its viewpoint" on this question. This remains to be seen).

2. B.H.P. Who's Who

A favorite myth of apologists for monopoly capital is that the original investment was earned by its owners by honest toil in the sweat of their brows.

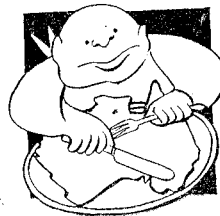
In fact, the owners of B.H.P. grabbed for themselves much of Australia's richest mineral deposits at Broken Hill, and, out of the labor of thousands and over the bodies of hundreds of miners killed, maimed and poisoned with lead, reaped a harvest of gold, silver and base metals.

This "goldmine" yielded, until played out in 1939, silver, gold, lead, zinc, antimony and copper, worth at present day prices something over £250,000,000.

The smelting of these base metals required ironstone as a flux, and B.H.P. "acquired" Iron Knob and other rich iron ore deposits for this purpose. Later, realising that the silver-lead mine must sooner or later be exhausted, and hoping to cash in on "its" iron ore and the demand for steel (especially with war coming), B.H.P. switched to steel smelting which began in Newcastle in 1915.

Because of the great wealth at its back and the excellence of the raw materials, B.H.P. was in a better position than the other producer, Australian Iron and Steel, to withstand the depression of the '30's. A.I. & S. was swallowed up in 1935 and B.H.P. gained a complete monopoly of steel production in Australia.

During this period B.H.P. also acquired control of Stewarts & Lloyds, Commonwealth Steel, Lysaght Bros. (Sydney) and a number of other large enterprises, demonstrating that "take-overs" are by no means a recent invention.



By means of these take-overs, by its own expansion, and by association with other monopolies in new ventures, the B.H.P. has built an enormous empire dominating the basic economic life-lines of the nation — a position it uses to further

enrich itself and to control governments and their home and foreign policies to that end.

Besides a complete monopoly of steel production, B.H.P. now also controls factories turning out a vast range of steel products — all grades and forms of wire, nails, tools, cutlery, tubes and pipes, golf clubs, fence posts, reinforcing, beer barrels, etc.

But that is far from exhausting the list. Cement, aircraft, chemicals, fertilisers, road building and a host of other interests are centred in B.H.P. as we see from the tables below. (See also end of booklet).

Though incomplete, some idea of the extent to which monopoly has been developed in B.H.P. can be obtained by listing the biggest shareholders in the B.H.P. and the other companies with which B.H.P. directors are associated.

SHAREHOLDER	Approximate present value of shares held in B.H.P.	Main Associated Interests
Howard Smith Ltd.	£5,800,000	shipping and coal
Darling family	£4,800,000	see below
Perpetual Trustee Co. Ltd.	£4,600,000	various
Bragg family	£2,700,000	squatters
Hoskins family	£2,300,000	insurance, cement
A.N.Z. Nominees Pty. Ltd.	£2,250,000	various
J. Anquetil	£2,200,000	
Baillieu family	£1,800,000	non-ferrous metals, banking, insurance, rubber, breweries, textiles, retail trade (the Baillieus are the dominant family in the Collins House group)
Australian Provincial Assurance Ltd.	£1,700,000	various
Richard Thomas and Baldwins Ltd. (London)	£1,600,000	steel

National Mutual Life Assurance Co. Ltd.	£1,500,000	various
A.M.P. Society	£1,250,000	various
Bank of N.S.W. Nominees Pty. Ltd.	£1,250,000	various

B.H.P. DIRECTORS AND ASSOCIATED INTERESTS

DIRECTOR	Other Companies in which Directorships held	Approx. Market Value of Share Capital of these Companies
C. YORK SYME	Goldsbrough Mort (Wool, stock and station agents) Imperial Chemical Industries of Australia and N.Z. Ltd. (C. York Syme's uncle, D. York Syme, also directs Melbourne Steamship Co. Ltd., National Bank of Australasia, Mt. Lyell Mining and Railway Co. Ltd.)	£7,000,000 £63,000,000
THE HON. SIR W. G. DUNCAN (M.L.C., Sth Aust.)	Adelaide Steamship Co. Ltd. Goldsbrough Mort Wallaroo-Mt. Lyell Fertiliser Ltd. Bagot's Executor and Trustee Co. Ltd.	£8,000,000 £500,000 £100,000
M. A. CUMING	Commonwealth Fertilisers and Chemicals Ltd. Imperial Chemical Industries of Aust. & N.Z. Ltd. Cuming Smith & Co. Ltd. (Chemicals and fertilisers)	£3,000,000 £3,500,000
L. DARLING	National Bank of Australasia John Darling & Son (Aust.) Ltd. (Grain merchants, flour millers and bread and animal feed manufacturers)	£20,000,000* * Footnote
L. G. DARLING	Austral Bakeries (Holdings) Ltd. John Darling & Son (Aust.) Ltd.	£300,000

L. G. DARLING
(Continued)

(Other members of the Darling Family also direct—
B.P. Australia Ltd.
Consolidated Metal Products Ltd.
Perpetual Trustee Co. Ltd.
Goldsbrough Mort)

* The importance of the National Bank and of banks in general is not necessarily determined by the size of their share capital. For example, the National Bank disposes of funds totalling over £300,000,000.

The book, "Gold and Paper, a history of the National Bank of Australasia," by Geoffrey Blainey, records (p. 390) that "the nine directors represent a range of interests . . . in retail stores, banking and accounting, wool and cattle or grain, ships and steel, the press and the law, and a band of manufacturing industries from glass to beer."

The other B.H.P. directors (Essington Lewis, I. McLennan, N. E. Jones and Rear-admiral C. C. Clark) are not listed as directing any other companies. While wealthy in their own right (especially Lewis) these in the main have concerned themselves with the technical aspects of B.H.P.

From the above it is clear that the leading lights in B.H.P. form the centre of an enormously powerful circle of interests, controlling capital that lies somewhere between £500,000,000 and £1,000,000,000 and therefore holding decisive economic and political power.

BIG BOYS GET REAL CREAM

B.H.P. makes much play of the fact that there are today 65,000 shareholders—the implication being that "the people" therefore own it ("people's capitalism" it is sometimes called).

The fact is that the bulk of shares, and therefore control, rests securely in the hands of a few big multi-millionaire holders, the most wealthy of which are listed above.

In 1953 the 40 biggest shareholders (0.1% of the total shareholdings at that time) held over 14% of the shares, and the 173 shareholdings of 10,000 and over (0.4% of the total) held over 20% of the shares.

Take the Darlings, the biggest family shareholding.

In 1954 they held 393,078 shares. At their 1954 value of 45/- each this was a fortune of £900,000.

Assuming they have taken up all the share issues since then (and why wouldn't they?), they would hold today 1,494,317 shares. At their current value of about 65/- each, this is a fortune of about £4 $\frac{3}{4}$ million.

Since they would have paid only £500,000 for these extra shares, their *net* gain is over £3,000,000 or £10,000 a *week* completely tax free. Every 1/- rise in the price of B.H.P. shares increases their fortune by £75,000!

In addition dividends in the period total £337,000 or an average of over £1,000 a week, to which must be added directors' fees and lavish "expense accounts," to say nothing of their income from their chain of flour mills and other **holdings**.

Nice work if you can get it? But it would take a worker earning £1,000 a year 1000 years to save up his first million even if he lived on the proverbial smell of an oil rag and spent nothing at all!

The wealth of capitalists like the Darlings is not got by *working* for it.

Other people are forced to work for them because they own the means of production, and in return for their toil the workers receive in wages only a fraction of the wealth they produce—barely enough to keep them in "working order" and bring up new wage workers to toil for the master.

3. Big Handouts and Plunder

Another favorite and false picture of capitalism is that of tough, self-reliant captains of industry, taking a pride in standing on their own two feet and scorning the assistance of governments.

Actually, the history of B.H.P. discloses that governments, Federal or State, Labor or Liberal, have been the servants of this monopoly, freely dispensing the natural resources of the country and the taxpayers' money to minister to its every need, and those favors have been demanded by B.H.P. as of divine right.

The original wealth, as we have seen, came from the richest silver-lead deposit in the world at Broken Hill.

Some of the best iron ore deposits in the world also—Iron Knob, Iron Monarch, Yampi Sound and others have been given away for a song.

What these are worth is shown by the fact that £4 a ton is the price anticipated for the (lower-grade) iron ore it is expected to ship from Australia to Japan and other countries now that the export ban has been lifted (B.H.P. leases being exempted).

B.H.P. pays a royalty to the governments of the magnificent sum of 1/6 a ton, and even allowing for costs of quarrying, B.H.P. gets its ore for less than £1 a ton.

Since the company now uses over 4,000,000 tons of ore a year, it is clear that government largesse with the country's resources is worth many millions a year to B.H.P. Other resources, of limestone, dolomite, etc. (used as a flux for steel-making and in cement) have also been graciously handed over.

"The Story of Government Enterprise in Australia" by L. L. Sharkey (General Secretary, Communist Party of Australia) and E. W. Campbell reveals further:

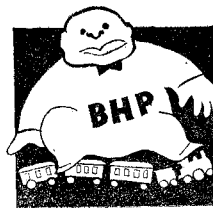
The directors of B.H.P., for all their scorn of Government enterprise, have never been too proud to let the State help them to increase their profits.

"The Newcastle Iron and Steelworks Act of 1912-13 empowered the State Government to grant a 50 years' lease of 34 acres of waterfront land to the B.H.P. The Government also undertook, without cost to the Company, to dredge and maintain a channel, 500 feet wide and 25 feet deep at low water, from Newcastle Harbor to the Company's wharves. It also filled in, with sand and silt dredged from the channel, the mangrove swamp which covered much of the Steelworks land.

"Other concessions had been made even before the Steelworks were established. In South Australia, the B.H.P. Hummock Hill to Iron Knob Tramways and Jetties Act leased a strip of land 34 miles long for a tramway and gave the Company the right to construct and operate the line. John L. Lewis, father of Essington Lewis, was in charge of passing this Bill.

"In New South Wales, two Bills were before the State Parliament to enable other companies to supply water to Broken Hill when, in 1892, B.H.P. brought in a Bill with the same object. They persuaded the other companies to withdraw their Bills and after an interview with the Premier (Dibbs), they got him to set aside a Government night to force the B.H.P. Bill through all its stages. Members of the Government pledged their help in every possible way.

"In Tasmania, the State Government built a railway line in 1916 to connect the newly opened B.H.P. limestone quarries at Melrose with Devonport. The Mersey Marine Board of Devonport dredged the Harbor and extended and improved wharf facilities to meet the needs of the Company.



"In 1941, the South Australian Government began construction of the Morgan-Whyalla pipeline, to provide water from the Murray for the B.H.P. port. The pipeline is to

oe. 240 miles long and its construction was estimated to take three years.

“Many concessions have also been made in railway freight charges. As early as 1888 the B.H.P. General Manager’s Report stated: ‘The South Australian Railway Dept. and the Silverton Tramway Company have made some important reductions in our freight charges, and I am still asking for further concessions.’ In N.S.W. also, rebates on freight are granted to the B.H.P. Total freight paid by B.H.P. and its subsidiaries in 1940-41 was £1,199,294; of this, rebate was allowed on £586,549 and amounted to £220,774 — 37% of the amount on which rebate was allowed and 18% of the total freight charges.

“Thus even the B.H.P. monopolists in the intervals of extolling the virtues of ‘private enterprise’ and ‘individual initiative’, can occasionally be magnanimous enough to accept the help of the poor, ‘inefficient’ Government.”

It is noteworthy that when the lease of land was made by the N.S.W. State Labor Government in 1912, plank 6 of the Labor Party platform was “the establishment of a state iron and steel works”! The fact that that lease is up in 1962 is a circumstance that could be made good use of by a resolute government.

The extent of the concessions made by the state railways today are certainly not less than those mentioned above.

In 1959 the N.S.W. and Victorian Government Railways concluded an agreement with B.H.P. to carry 100,000 tons of steel from Port Kembla to Melbourne for £5 a ton. The rate to “outsiders” — £15/1/10 a ton. The saving to B.H.P. — £1,000,000!

On the other hand the Governments have not hesitated to raise fares to the public or to deny railway

workers decent wages (for example the refusal by the N.S.W. Government of the demand for £2 a week rail industry allowance).

Bounties have been generous at various times on pig iron, fencing wire, galvanised iron, etc., and tariffs up to £4 a ton have been imposed on imported steel to protect B.H.P.

The inner harbor at Port Kembla has been constructed by the State Government at a cost so far of £5,000,000 solely for the benefit of B.H.P., and in Melbourne and Adelaide “especially constructed wharves and crane facilities have been provided by the Port Authorities” (P. 129 “B.H.P. 75 Years”).

The Australian National Line has been built and is maintained and run mainly for the benefit of B.H.P. who wanted to save the money necessary to build ships for “other purposes”, two thirds of the total tonnage of this line being used by B.H.P.

The B.H.P. also gets a further rake-off from building many of these ships at its Whyalla shipyards.

The post-war mass migration program was adopted largely to satisfy the demands of B.H.P., G.M.H. and other monopolies for more labor.

In Whyalla, besides aiding B.H.P. with a water supply line and preferential housing treatment, the S.A. Government exempted the town from ordinary provisions concerning local government and passed a special Act making Whyalla in effect a company town. Formerly the B.H.P. directly ran it, now it does so a little less directly — three members of the commission of seven running the town are appointed by B.H.P., three are elected, and the Chairman, who exercises executive powers, is



appointed by B.H.P.'s good friend, the S.A. Government.

The B.H.P. is also the main beneficiary from the Menzies Government's war program with supplies of steel in all forms (guns, shells, armour plate, engines, ships, tubes for rockets, etc.), cement, steel and bitumen for installations and roads, aircraft and chemicals from its subsidiaries of Commonwealth Aircraft Corporation and Newcastle Chemical Company in which it partners I.C.I., etc., and supports to the hilt Menzies' slavish subservience to the war plans of the U.S. monopolists.

The importance of these war contracts to B.H.P., and its consequent vested interest in cold and hot wars, is highlighted in the person of the most recently appointed director. A directorship of the B.H.P. is one of the top prizes in the world of Australian monopoly, and on October 16, 1959 Rear-Admiral C. C. Clark, C.B., O.B.E., D.S.C., R.A.N. (retired) had this greatness thrust upon him. At the time of his retirement, Rear-Admiral Clark was Third Naval Member and *Chief of Construction* of the Australian Naval Board!

STATE MONOPOLY CAPITALISM

With the growth of monopoly the very close links always existing between private capital and the apparatus of government have developed to a new stage.

Increasingly the power of the monopolies which springs first of all from their economic dominance, is united with the power of the state, developing to the point where the biggest monopolies directly control the government apparatus.

This is called *state-monopoly capitalism*.

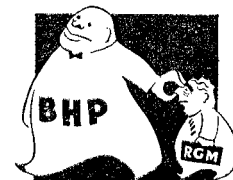
The process is most clearly seen in America, where the cabinet of President Kennedy (himself from a millionaire family) contains, for example, Douglas Dillon

of Dillon, Read, one of the largest banking houses in the U.S., as Treasurer, Robert McNamara, President of Ford Motor Co., as Defence Minister, and many other scions of the biggest American monopolies.

In Australia the process is a bit more concealed and devious, but is partially revealed in the instances quoted above, and in taxation policy, war contracts, etc.

Whatever monopoly wants, monopoly gets. Menzies has always been a willing servant of B.H.P. and the Collins House group in particular.

When, on October 2 1935, Mr. Beasley read in the House a list of shareholders in B.H.P. Menzies said: "It is a great entertainment, because I hear so many names of



my friends read out."

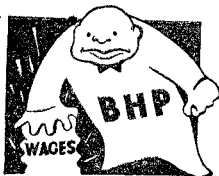
In 1940 Menzies appointed Essington Lewis, then Managing Director of B.H.P. as Director-General of Munitions and boasted:

"On Monday afternoon Mr. Essington Lewis comes to me and produces two or three pages of paper involving some trifling expenditure of three, four, five or ten millions, and says, 'There it is, Mr. Prime Minister,' and I sign the bottom corner, 'Approved.'" (Sydney Morning Herald 7/8/1940).

The development of state monopoly capitalism places before the people of Australia critical issues, and the necessity to struggle against monopoly on every front.

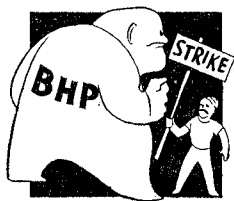
In this struggle the working class has the leading role.

4. Working Class Leads Fight



The vast wealth of the B.H.P. rests above all on the intense exploitation of the 37,000 steelworkers, miners, seamen and others who must toil for the octopus, making but a bare living in return for their labor, and for 75 years a bitter class struggle has been in progress between B.H.P. and the workers.

Lock-outs, the provoking of strikes, blacklists, dossiers, bribery through positions on the "staff", use of the "court of pains and penalties", police, etc., have all been and are weapons in B.H.P.'s anti-working class armoury.



At Broken Hill in 1889 the miners had to strike to enforce recognition of the union, and in 1890 to win reduction of hours from 48 to 46.

In 1892, following the big strikes throughout Australia against the employers "open" (non-union) shop offensive, the miners had to wage a bitter four months strike during which police were used to protect scabs, and miners' leaders were jailed. Subsequently the B.H.P. and other mine owners imposed a wage cut and increased hours to 48.

It was in this period that a director of B.H.P. announced his intention to "devote his life to beating unionism out of existence."

In 1909 the B.H.P. imposed a lock-out of six months duration to reduce wages.

From May 1919 till November 1920 a strike (said to be the longest on record anywhere) won considerably improved conditions.

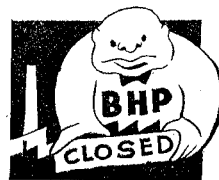
STRUGGLE GROWS WITH SWITCH TO STEEL

The anti-working class and anti-union hates of B.H.P. intensified rather than abating with the switch to steel

in 1915, which signified a new stage in the development of monopoly in Australia.

In 1916, claiming it was losing money, B.H.P. applied for wage cuts, and a reduction of about 6d in the £ was graciously handed out by the Court.

In 1919, despite substantial profits, they applied for and again obtained a reduction of 50% in margins for shiftworkers, from 10d to 5d a day.



In 1921 they closed the works, demanding a reduction in the basic wage from £3/18/0 to £3/10/0 and an increase in hours from 44 to 48. Failing to achieve this by the usual means, B.H.P. entered into an agreement with a compliant A.W.U. to reduce some of the wages and

resumed operations, making handsome profits in the following years.

During the '30s, the steelworks at Newcastle and Port Kembla were notorious for their callous, inhuman treatment of the unemployed who were forced to gather each day outside the gate to be "chosen" like slaves at the market place, for the "privilege" of a few hours' work.

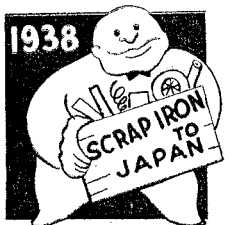
NEW LEADERSHIP ARISES

The growth of monopoly and the experiences of working class struggle against its power at home and abroad produced a new political party — the Communist Party of Australia, which was founded on October 30, 1920.

The vigorous and militant leadership given won the confidence of large sections of the workers, and in the '30s Communists were elected to the leadership of a number of unions including the Ironworkers' Union.

One of the first tasks was to unionise the steelworks themselves, which were largely unorganised, and this was achieved as a result of strike action at Port Kembla in 1935, Newcastle following suit not long after.

B.H.P. made strenuous efforts to stem the tide. In



1938, the Port Kembla steelworks were shut down as part of pressure to force waterside workers to load pig-iron for Japan.

In 1940 Newcastle steelworks were closed due to shortage of coal and B.H.P. took advantage of the situation by refusing to re-engage officials of the sub-branch of the Ironworkers' Union and a number of delegates when the plant re-opened.

In 1943 one shift of blast furnace men in Newcastle struck for the shift in protest at the employment in a particular job in violation of usual seniority procedure of a staff man who was actually supposed to be rostered off work on that day. The men were sacked (despite manpower regulations prohibiting this) and the works were immediately closed down although other shifts reported normally for work.

The fact that a life and death struggle against fascism was at its height did not count for anything in the B.H.P.'s implacable vendetta against unionism.

The Arbitration Court on this occasion ordered the B.H.P. to immediately reopen the works, but the company, which prates about "obedience to arbitration" on other occasions, arrogantly refused to comply, and only did so when Prime Minister Curtin, prompted by the leaders of the unions, threatened a Government take-over.

Foiled in this attempt, B.H.P. returned to the attack in 1945, five weeks after the end of the war, bringing about a strike which lasted for three months. Their aim was also to teach the workers that in the view of the monopolies the talk about a "new deal" current during the war was just so much hot air.

A union delegate at Port Kembla steelworks was ordered to fill a vacancy on the coke oven lids in violation of seniority and was sacked. The company resisted all efforts to effect a settlement. They put staff men on the coke ovens and deliberately sent the staff-

produced coke to the blast furnace, thus causing a complete strike and a prolonged stoppage before the re-instatement of the delegate was forced and union organisation was once again preserved.

Defeated by the mass action of the workers in these direct onslaughts on unionism, B.H.P. then adopted other methods as well, giving all possible assistance through their money and political power to get rid of the militant leadership of the Ironworkers' Union, which was replaced by the present Grouper leadership of Short, who was installed by a Court order.

With B.H.P. backing, Short swallowed the Federated Engine Drivers and Firemen's Association men (key workers in the steelworks) and for quite a period B.H.P. had practically an open go to exploit the workers and amass the huge profits revealed earlier.

STRUGGLE RENEWED

But the workers cannot be kept down for long, and discontent erupted again in July 1959, when, after three years' delay the Court brought down a new steelworks award with contemptible increases ranging from 8d to 6/- a week! The tradesmen held a lunch-hour meeting and walked off for 24 hours in protest, followed by the ironworkers.

There followed a long series of struggles for wage increases—B.H.P. workers' struggles played a big part in the margins increase won at the end of 1959—and against attempts by B.H.P. to intimidate and dictate to the unions, victimise delegates, etc.

Desperate at being unable to break the resistance and growing militancy of the tradesmen, and alarmed that it was spreading to the ironworkers despite their reactionary leadership, B.H.P. took a deliberate decision to force a showdown.

The shortage of steel in the country and the serious effects this was having on the balance of payments, naturally did not enter their calculations for a moment.

They were prepared to sacrifice hundreds of thousands of pounds in profits through lost production if need be, knowing they could get it back several times over

later on by increased exploitation if they could break the unions.

On January 2, 1961, a delegate of the Amalgamated Engineering Union was sacked for his union activity on the job in representing a member who was protesting against ironworkers completing a job which he had been engaged on.

When the news of the sacking became known, the A.E.U. men decided to hold a lunch-hour meeting. Getting wind of this, the company tried to stand over the delegates. They told them that if they attended the meeting they would be sacked and that *if any of the men in their department attended, even if they did not do so themselves they would still be sacked!*

Naturally the workers would not submit to such arrogant dictatorship; the meeting was held and the 12 delegates were sacked.

The A.E.U. men then walked off in protest and all other tradesmen followed suit. The ironworkers felt they should have been "in it" also, and were only restrained with difficulty by their "leaders".

The Court, as usual, immediately made an order that the men resume work—without their delegates and under pain of heavy fines from the penal clauses of the State Arbitration Act.

This order was naturally rejected by the workers and their stand was unanimously endorsed by the Disputes Committee of the N.S.W. Labor Council, which condemned B.H.P.'s actions as "arrogant and provocative."

That basic trade union rights were at stake was clearly and immediately recognised by workers everywhere, whose support was vigorous and generous.

Other sections of the people also realised the justice of the workers' case.

The men advanced positive claims, demanding the reinstatement of the sacked delegates, that the rights of delegates to represent their members should be clearly recognised and fully upheld, that they should have the right to hold meetings on the job in their own time, and that union officials should have unrestricted right

of entry to the works to attend to union business.

The workers not only got busy explaining the issues and organising financial support, but saw the need, in fighting such an enemy, to put demands upon the Labor politicians and State Labor Government they had elected supposedly to represent them and protect their interests.

They demanded that the State Government intervene in the Court in their support, and that pledged Labor Party policy be carried out and B.H.P.'s N.S.W. interests nationalised.



The Government however would not respond to the demands of the men, and actually permitted State uniformed and Federal and State security police to attempt to intimidate them and prevent them holding a peaceful march and demonstration to the Court with banners expressing their views.

However, so united and determined were the men, so great was the support, so isolated was B.H.P. and so much did they and others fear the exposure of their anti-union and anti-democratic actions and the growth of demands for government intervention and nationalisation, that a retreat was devised.

The Court, reconvened with the strike still in progress, reversed the previous Court decision, and ordered the reopening of the works and the immediate re-employment of all tradesmen including all but one of the dismissed delegates, with other issues to be reviewed later.

Mr. Justice Richards, President of the re-convened Court, said:

"The men on strike have defied an order of the Court that they should return to work to allow the matter to be litigated.

"They demand that their delegates be reinstated before they return to work and they demand it here in Court.

"That is a serious state of affairs. They are defying the total system."

They did and they won, with the Sydney Morning Herald ruefully admitting that the Arbitration Law was "bent" thereby.

Although not complete, this was a tremendous victory, proving that the workers' own united strength can defeat the most powerful monopolies, backed though they may be by the Court and the whole apparatus of state. Far from being smashed, unionism was strengthened and the militancy, solidarity and organisation of the men was further enhanced.

STRUGGLE STILL ON

Still smarting under its defeat, B.H.P. has returned to the attack, and the Court has refused to reinstate the last delegate.

The workers in turn are intensifying their activity to win their log of claims —

- State Government legislation to guarantee workers the right to hold meetings on the job in their own time, the rights of delegates to represent their members without victimisation, and the unrestricted right of entry to workplaces by union officials.
- The repeal of the penal clauses in the State and Federal Arbitration Acts.
- Higher basic wage and margins as demanded by the A.C.T.U.
- 20% increase in wages as a special steel industry loading.
- 35-hour week.
- An additional week's annual leave.
- Restoration of seamen's weekend penalty rates.
- Pensions for steelworkers at 60.
- Bonuses to be on a clear basis known to workers and subject to union agreement.
- 25% shift allowance.
- Job amenities in line with modern standards.

Last, but not least, the demand for nationalisation of B.H.P. is growing every day.

5. The People Versus Monopoly

B.H.P.'s plunder of Australia's resources and disregard of the nation's needs in pursuit of private profit, its vested interest in war preparations, its drive to dominate, crush or swallow actual or potential rivals, its intense exploitation of the workers and hatred of unionism, and the political domination it exercises, all pose vital and inescapable issues before the working class and the Australian people as a whole.

The brief examination of the true face of monopoly and the B.H.P. made in this pamphlet exposes as a hollow sham the airy-fairy talk about "democracy," "freedom," "respect for the individual," "patriotism" and "love of peace" which is supposed to be characteristic of "our" way of life—i.e. state-monopoly capitalism.

Monopoly's idea of patriotism is "what is good for the B.H.P. is good for Australia."

"Love of peace" is a phrase to conceal fat profits from war contracts and a relentless striving to dominate foreign markets and sources of raw materials, by war if need be.

"Respect for the individual" is a shabby cloak for a barely concealed contempt for the mass of the people as material fit only for exploitation and to be thrown on the scrap-heap when no longer required or able to produce profits for the boss.

"Freedom" means freedom for B.H.P. to extend its monopoly grip, freedom to continue exploiting and denying elementary democratic rights to those forced to work for it, and freedom to control the country's economic life in the interests of its own private profit.

"Democracy" is a sham to hide the real totalitarian domination B.H.P. strives to exert over the nation and within its enterprises. The publicity issued by the unions in the great struggle in Jan. 1961 truly said "if there is no democracy in the workshop there can be no democracy in the nation."

But "private property" forbids the workers who slave to make the profits to gather for a meeting in their own lunch-hour and wants the "freedom" to sack and victimise workers' union delegates at will!

What a contrast to the real democracy existing for the workers and unions under socialism! The management of an enterprise in a socialist country can dismiss workers only for the gravest misdemeanors, and must first secure union agreement. Happenings such as that in B.H.P. would be met with instant dismissal—of the management!

LENIN ON MONOPOLY

B.H.P. demonstrates with the utmost clarity the analysis of monopoly made by Lenin in his work "Imperialism"

"Domination, and the violence that is associated with it, such are the relationships that are most typical of the 'latest phase of capitalist development'; this is what must inevitably result, and has resulted from the formation of all-powerful economic monopolies."

The problem of monopoly cannot be side-stepped. All parties must accept the challenge and the attitude adopted to B.H.P. is *the* test, for there can be no argument about its monopoly of steel or its intense exploitation of its own employees and of the nation as a whole.

The Menzies Government is talking about legislation to "control" monopolies. What will they do about B.H.P.? It is nonsense to think of Menzies controlling B.H.P. when it is B.H.P. that controls him!

Federally, the Labor Party has not made a definite statement on what it intends to do about B.H.P., but when Mr. Calwell became leader of the Party following the retirement of Dr. Evatt, in a TV interview he specifically named B.H.P. along with G.M.H. as monopolies the Labor Party would *not* nationalise!

In N.S.W. the State Labor Government also refuses to face up to the question of nationalisation of B.H.P.'s interests in the state, although there is no question whatever about the constitutional powers of the State Government to do so (a problem that is raised federally).

In August 1960 Mr. Connor, Labor Member for Wollongong-Kembla, asked the State Government to inquire into steel prices and to consider imposing price controls.

The Government replied that "the B.H.P. was a great national industry" and that "it was not considered necessary to hold an inquiry into the steel industry with a view to imposing price control."

FALSE ARGUMENTS AGAINST NATIONALISATION

Some ask "where is the money for nationalisation to come from?"

Actually, there should be no compensation for the big shareholders who have exploited the community long enough. But as an initial step, Government bonds, carrying bank rate of interest could be issued in exchange for the shares. This would bring substantial revenue which the Government could then use to raise the workers' wages and carry out a program of building of schools, hospitals, homes, roads, etc., at present starved for funds.

Others claim that government-run industries are less efficient than those privately run.

This is completely exposed by the consistent rate of growth of production in socialist countries which is three, four or five times as rapid as that in the capitalist countries.

Even in the capitalist countries themselves, the efficiency of government enterprises is usually greater than that of their private monopoly counterparts.

For example, in Australia, Ansett-A.N.A. has (successfully) used its influence with the Menzies Government to clamp down on the Government-owned T.A.A. which was winning hands down in competition with the private airlines.

Other industries (such as Amalgamated Wireless, Commonwealth Oil Refineries, etc.) are sold out cheaply by capitalist governments to private monopolies who fear their competition and hunger after their profits.

The railways with their deficits are often quoted as an example of what happens under government control.

But the railways are a necessary service, and along with other services such as water and sewerage should not necessarily show a profit, though in fact substantial profits are made which are turned into deficits because of the millions paid to bondholders.

There would have been no railways at all in Australia if it had been left to private enterprise because it was unprofitable at the time due to the sparse population and vast distances.

And that same private enterprise, while criticising the railway deficits, finds no contradiction in demanding and taking huge freight concessions and grabbing its tens of millions annual rake-off in interest!

None of these arguments against nationalisation holds any water at all. And how is the political domination of monopoly to be tackled except through these means? The opponents of nationalisation have no answer.

The Communist Party fully supports all efforts and measures aimed at curbing monopoly, from the workers' fight for higher wages, trade union and general democratic rights, ending of monopoly price fixing, abolition of restrictive trade practices, constitutional reform, increased taxation of monopoly profits, and the defeat of the Menzies Government, to the nationalisation of the B.H.P. and other monopolies.

While supporting all such measures on which a broadly based united movement against monopoly can develop, the Communist Party believes that the final solution to monopoly domination will be found only by going forward to socialism.



Our Program states:—

“Socialist nationalisation is the foundation of the policy of a People’s Government. Socialist nationalisation abolishes private ownership of industry and substitutes public, socialist ownership. Instead of production for profit, there is production for the benefit of the people.”

Socialist nationalisation means nationalisation without compensation to big shareholders of ALL large-scale industries, banks, distributive monopolies, insurance companies, shipping and airline monopolies and the land of the large landowners, with the workers and the trade unions being actively drawn into their management.

It means in fact a complete change in social system.

With the burden of monopoly domination and exploitation thrown off, Australia would develop by leaps and bounds and her people would be assured of a peaceful, free and prosperous life which capitalism has conclusively proved it cannot bring.

APPENDIX

List of B.H.P. enterprises, subsidiaries and associated companies (see also part 2):—

Besides the steelworks proper at Newcastle and Port Kembla, there is the tinplate mill (Port Kembla), blast furnace, electric steel furnace and ship-building yards (Whyalla S.A.), the merchant steel rolling mill (Kwinana W.A.), the iron ore quarries at Yampi Sound (W.A.) and Iron Knob, Iron Monarch and other deposits in S.A., the dolomite deposits at Ardrossan (S.A.) and limestone at Rapid Bay (S.A.) and Marulan (N.S.W.).

Plans are afoot for the construction of a steelworks at Kwinana and a complete steel making plant at Whyalla.

B.H.P. has leases for the search for oil in Australia and is about to embark on large-scale production of oxygen for its new-process steel furnaces.

There are also:

Wire: Rylands Bros (Newcastle and Geelong), Lysaghts Bros. (Sydney), making wire netting, barbed and all other forms of wire, nails, etc.

Australian Wire Rope Works (Newcastle) — with a complete monopoly of wire rope in Australia. The products are distributed through Bullivants Aust. Co. Pty Ltd. (Sydney).

Special Steels: Commonwealth Steel (Newcastle & Port Kembla) axles, wheels, tyres for railway rolling stock, steel for guns, shells, armour plate, stainless steel, etc. Tasmanian Electro Metallurgical Co. (Bell Bay, Tas.) special alloys. Titan Manufacturing Co. (Newcastle, Wollongong, Melbourne, Hobart and Darwin) Mining equipment, hand tools, wire, nails, etc. Wiltshire File Co., Wiltshire Cutlery Co.

Tubes and pipes

Tubemakers of Australia is a holding company in which B.H.P. holds 42% of the shares, the rest being held by Stewarts and Lloyds (Glasgow) 44% and the Tube Investments (Birmingham)

14%. Tubemakers of Australia controls the following:

Stewarts and Lloyds (all States).

Stewarts & Lloyds (Distributors) for the "orderly marketing" of these products.

British Tube Mills (Adelaide).

Australian Steel Golfshafts (marketing these products of B.T.M.)

Mephan Ferguson (N.S.W., Vic., S.A., W.A.).

Tubewrights (Australia), (all States).

Automatic Tube Co. (Sydney & Melbourne).

Steel Reinforcements.

B.T.M. Agencies (agents for imported tubular products).

Stanton Pipes of Australia (Sydney).

Bundy Tubing Co. (Adelaide).

Farfrey Plastics (plastic pipes).

Other holdings:

Rheem, Australia Pty Ltd (all States) (in partnership with Rheem of USA) drums, stainless steel beer barrels, containers of all kinds, hot water services, etc.

The Structural Engineering Co, of W.A. (fabrication).

Southern Portland Cement (Berrima N.S.W.).

Newcastle Chemical Co. (in conjunction with I.C.I.).

B.H.P. By-Products (N.S.W. and Q.) (road surfacing).

Commonwealth Aircraft Corporation (Vic) (in conjunction with I.C.I. and the Collins House Group).

Coal: B.H.P. directly-owned pits are John Darling, Burwood, Lambton and Stockton Borehole (Newcastle) and Wongawilli, Bulli, Kemira, Mt. Kembla and Nebo (South Coast). New pits are being opened in this area also at Appin.

In addition B.H.P. Collieries Pty Ltd. owns Elrington Colliery (near Cessnock) in conjunction with Hebburn Ltd. which in turn owns Hebburn Colliery and is controlled mainly by the Huddart Parker shipping company

Recently Caledonian Collieries and J. & A. Brown Abermain-Seaham Collieries amalgamated into "Coal and Allied Industries."

Caledonian Collieries is controlled by Howard Smith (shipping) and Howard Smith is the biggest single shareholder in B.H.P. (Howard Smith also holds 170,174 shares in Goninan's—steel fabrication, Newcastle).

The Adelaide Steamship Co. controls J. & A. Brown, and Sir Walter Duncan who is on the Board of B.H.P., is also a director of Adelaide Steam.

Shipping: B.H.P. has its own fleet of twelve "Iron" ships, totalling 130,000 tons and has two ships totalling 13,000 tons on charter.

Two thirds of the total tonnage of the Australian National Line comprising eight "Lake", five "River", two "Mount" and two "T" class ships, is used by B.H.P.

Other shipping companies are closely linked with B.H.P. The case of Howard Smith (largest single shareholder in B.H.P.) has already been mentioned, as has Huddart Parker (associated with B.H.P. in ownership of Elrington Colliery). Burns Philp holds 28,000 shares in B.H.P. and the Melbourne Steamship Co. has the brother of the Chairman of Directors of B.H.P. as its chairman.

Stevedoring: B.H.P. directly owns Pt. Waratah Stevedoring Co. which operates in Newcastle, Pt. Kembla and Melbourne, the Kwinana Stevedoring Co., and the Pt. Kembla Stevedoring and Agency Co.

In addition it operates wharves and jetties at Brisbane, Newcastle, Pt. Kembla, Whyalla, Ardrossan, Rapid Bay, Kwinana and Cockatoo Island (Yampi Sound, W.A.), and has had special facilities built for it by port authorities in other States.

