

# Citizens Electoral Council of Australia

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## Is Malcolm Turnbull another Goldman Sachs hit man?

Newly sworn in Prime Minister Malcolm Turnbull has a big black mark on his *curriculum vitae*, in the name of Goldman Sachs, that should ring alarm bells. Goldman Sachs's influence in government the world over has been a story of misery and economic destruction. This, the most powerful investment bank in the world was in large part responsible for causing the 2007-08 global financial crisis and the current economic crisis in Greece, among other nations; its business model, based on sleight-of-hand, takes from the majority to benefit an elite minority. Instead of growing the economic pie to benefit all, Goldman Sachs chokes funding for productive industries in favour of supporting asset and commodity price inflation.

Turnbull made his fortune as Chairman and Managing Director of Goldman Sachs Australia in 1997-2001. *BRW* magazine estimated his tenure at Goldman Sachs was worth \$50 million. Will he follow the same economic prescription of looting common to other former Goldman Sachs operatives? If history is a guide, Australia is in for trouble. In 2009 Matt Taibbi from *Rolling Stone magazine*<sup>1</sup> described the firm as "a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money." Taibbi documented Goldman Sachs's history of influencing policy by installing their economic hit men in government and central banks.

A list of prominent Goldman Sachs former employees<sup>2</sup> indicates the extent to which this firm dominates governments around the world. Henry Paulson is perhaps the most notable Goldman Sachs hit man. After serving as CEO for Goldman Sachs in 1999-2006, working closely with Turnbull, he moved to hold the office of United States Secretary of the Treasury in 2006-09 under President George W. Bush. Paulson was the architect of the 2008 bailout of Wall Street, funnelling trillions of dollars to his old friends who had caused the meltdown of the global financial system.

Other notable Goldman Sachs hit men include Mario Draghi, President of the European Central Bank, who has overseen quantitative easing money printing to purchase trashy bonds while ramming austerity on the population; Robert Rubin, who personally made \$126 million from the merger of Citicorp and Travelers Group, which he approved as US Treasury Secretary and which required the fateful repeal of Glass-Steagall; and Mark Carney, Bank of England Governor, who in addition to coordinating quantitative easing, as Chair of the Financial Stability Board, has been plotting with Draghi for a global bail-in regime à la Cyprus-style confiscation of bank deposits.

Taibbi identified how Goldman Sachs manipulated five bubbles starting with the speculative mania in the late 1920s leading to the October 1929 crash and Great Depression of the 1930s.

While Turnbull was boss at Goldman Sachs in Australia, his firm was key in pumping up the 1990s tech stock bubble. Taibbi quoted a prominent hedge-fund manager explaining that "their analysts were out there saying Bullshit.com is worth \$100 a share." It was clear they knew this was a fraud—everyone on the inside knew it! Nicholas Maier, the syndicate manager of Cramer & Co. said Goldman Sachs was the worst perpetrator: "They totally fuelled the bubble. And it's specifically that kind of behaviour that has caused the market crash. They built these stocks upon an illegal foundation—manipulated up—and ultimately, it really was the small person who ended up buying in." Turnbull personally profited from this bubble through OzEmail, the first Australian tech stock listed on the NASDAQ. He was concurrently chief at Goldman Sachs and Chairman of OzEmail Ltd in 1999 when he turned his \$450,000 investment in OzEmail into \$59.3 million in cash through the \$520 million sale of this internet service provider to the American telecommunications juggernaut MCI WorldCom, the rapid expansion of which was a phenomenon of the tech bubble. Turnbull's timing was good: just three years later WorldCom imploded in the largest bankruptcy in corporate history, and in 2005, iiNet acquired OzEmail for just \$110 million.

Next came the subprime housing bubble leading to the massive mortgage meltdown in 2007. By the peak of this boom in 2006, Goldman Sachs was underwriting US\$76.5 billion worth of mortgage-backed securities—a third of which were subprime—much of it to institutional investors including a hedge fund run by Australia's Basis Capital, which got stuck with US\$78 million worth of the notorious investment product called Timberwolf. Hundreds of Australian investors—including retirees, charities and councils—lost a fortune in Basis Capital. However, the bankers at Goldman Sachs behind the scam profited from everyone's misery. In 2006, the bank's payroll jumped to \$16.5 billion—an average of \$622,000 per employee.

In 2007-08 Goldman Sachs shifted focus from paper to commodity speculation, especially oil. They persuaded pension funds and other large institutional investors to invest in oil futures, which skyrocketed as the price of a single barrel went from around \$60 in the middle of 2007 to a high of \$147 in the summer of 2008. The bubble burst, Goldman Sachs made a fortune and once again the big losers were ordinary people.

The smiling assassins from Goldman Sachs are now deeply committed to a new bubble in carbon trading. Turnbull has long advocated an emissions trading scheme that will do nothing to change climate in any measurable sense, but will certainly help his investment banking friends make a killing in trading hot air. At the failed 2009 Copenhagen Climate Change Conference Prime Minister Kevin Rudd became completely unhinged, ranting about

Chinese “ratf—kers”. At the upcoming Paris climate conference in December, Turnbull will be a different player and certainly won't be saying global warming is “absolute crap” as former PM Tony Abbott once said. Turnbull is already committed to a 26-28 per cent cut to 2005 emissions levels by 2030—an economic disaster awaiting us in itself, but the danger is that his record indicates he'll be inclined to cut deeper.

Turnbull's Goldman Sachs methods are already damaging Australia in the Murray-Darling Basin food bowl. Given Goldman Sachs's track record, it seems hardly coincidental that as John Howard's Water Minister in 2007, Turnbull introduced the Murray-Darling Basin Plan's regime of mandatory water restrictions and water trading, at the same time as Goldman Sachs was moving heavily into water speculation globally, buying up water rights and utilities and declaring water to be “the petroleum for the next century”. The MDB Plan is strangling irrigators;

many water allocations are now close to zero and the cost of temporary water is sitting around an exorbitant \$200 per megalitre.

As reported by John Lyons in the 16 September 2014 *Good Weekend* of the *Sydney Morning Herald*, “Suddenly, he [Turnbull] can turn. The charmer becomes the menacer.... He laughs, and disarms, but always be on guard.” Lyons extensively documents Turnbull's abrasive character;<sup>3</sup> such a lack of humility and empathy befits a Goldman Sachs hit man, but does not bode well for Australia.

The CEC is leading the fight in Australia for the policies that will destroy the power of financial predators such as Goldman Sachs: a full Glass-Steagall separation of banking to protect the real economy from speculation; and a government-owned-and-operated national bank to invest in economic development that benefits the entire nation. Join the fight against the financial predators and their political stooges, by joining the CEC.

1) <http://www.rollingstone.com/politics/news/the-great-american-bubble-machine-20100405>

2) [https://en.wikipedia.org/wiki/List\\_of\\_former\\_employees\\_of\\_Goldman\\_Sachs](https://en.wikipedia.org/wiki/List_of_former_employees_of_Goldman_Sachs)

3) <http://www.smh.com.au/good-weekend/gw-classics/raging-turnbull-20140904-10c7ye.html>

**Masters of the eurozone**

**EUROZONE NATIONS**

**IRELAND**  
**Peter Sutherland**  
 Former Attorney General of Ireland; prominent voice during Ireland's bail-out; non-executive director of Goldman Sachs International

**FRANCE**  
**Antonio Borges**  
 Until this week, head of the IMF's European Department; former vice chairman of Goldman Sachs International

**ITALY**  
**Mario Monti**  
 Italy's new prime minister; international adviser to Goldman Sachs

**GREECE**  
**Lucas Papademos**  
 Greece's new prime minister; ran the Central Bank of Greece at time of controversial derivatives deals with Goldman that enabled Greece to hide size of its debt

**GERMANY**  
**Otmar Issing**  
 Former board member of Bundesbank and the ECB; helped create the euro; adviser to Goldman Sachs

**Mario Draghi**  
 New head of the European Central Bank; former managing director of Goldman Sachs International

**BELGIUM**  
**Karel van Miert**  
 Former EU Competition Commissioner and ex-international adviser to Goldman Sachs

Map locations: Dublin, Brussels, Paris, Frankfurt, Rome, Athens.