

No.71), it deserves a wide readership both among political economists and a broader array of concerned citizens.

## **Adele Ferguson**

### **Gina Rinehart: the Untold Story of the Richest Woman in the World,**

Sydney: Pan Macmillan, 2012, pp. 490, rrp. \$34.99.

#### **Reviewed by Kosmas Tsokhas**

By any count, with investment peaking at more than \$100 billion in 2011, the mining industry has been important for capital accumulation in Australia. Over the years, no two personalities from the industry have stood out as much as Lang Hancock and his daughter Gina Rinehart. Unlike Gina, who was more astute and effective than her father, Lang gambled and rode his luck in his failure to develop his own iron ore mine; his miscalculated scheme to borrow millions from banks and lend the same funds to other banks; his inadequately priced and costed arrangements to trade iron ore with the Romanian government; and his fruitless efforts to break the bargaining power of the Japanese steel cartel.

On his death in 1992, Lang's estate was more or less bankrupt and his business interests were in a shambles. However, under Gina's leadership, by 2011, the Hancock Prospecting group of companies had developed the Hope Downs iron ore mine with Rio Tinto and had completed feasibility studies and partnerships on other iron ore and coal projects. With net worth of \$28 billion, Gina had become the richest Australian ever and in 2012 she had become the wealthiest woman in the world.

Unceasing public interest in and fascination with Gina has been due to amazement at her incredible affluence, to the affair and eventual marriage between her father and his Filipino house-keeper Rose Lacson, to Gina's controversial court battles with family members, to her being shown in and written about in newspapers, in magazines, on television, on internet sites and communication applications, and, indeed, to the publication of Adele Ferguson's biography itself, in the context of pervasive attention ranging from programs such as those on the ABC's *Four Corners* to the SBS series *Dirty Business*. More importantly, Ferguson's biography invites a wider and deeper reading of Gina's

significance in relation to climate change and environmental protection; the rise of a transnational capitalist class and the decline of the Keynesian interventionist state; interrelations between ground-rent, super-profit taxation and Aboriginal native title claims; and the role of the mass media in contemporary political economy.

Gina's story started in 1952, two years before her birth, when, on a flight to Perth, Lang identified that the Hamersley Ranges contained iron ore deposits which eventually provided the royalties from Hamersley Iron that made his fortune. Early on, Gina found her way to a set of free-market economic ideas after she initially enrolled for and eventually abandoned a Bachelor of Economics degree at the University of Sydney. There she disagreed with Ted Wheelwright's lectures on political economy and considered them a waste of time. According to Lang, her exposure to Wheelwright led to her decision to leave university and go straight to work in Hancock Prospecting.

Apparently, Gina accepted Lang's belief that small atomic bombs could be used to open mines, excavate harbours and create dams. She commended Lang's description of environmentalists as "econuts" and "enemies of civilisation". She includes among her friends, climate change deniers and carbon price opponents such as the geologist and director of Hancock Prospecting, Emeritus Professor Ian Plimer, and, significantly, Lord Christopher Monckton whom she invited to present the 2011 Lang Hancock Memorial Lecture at the Fremantle campus of the University of Notre Dame.

Given that the circumstances surrounding the influence of mining corporations on the environmental policies of governments had come under scrutiny, it is instructive that Ferguson has uncovered how, in the case of Hancock Prospecting, this had led to allegations of conflict of interest. These allegations had related to Cheryl Edwardes, a former Western Australian Attorney-General and Minister for the Environment, whom had been employed at Hancock Prospecting to deal with the environmental approvals for the Roy Hill iron ore mine and other projects at a time when her husband had become chief of staff of the Minister for the Environment.

As one year followed another, Gina intermeshed herself more and more with an emergent transnational capitalist class, some of whose networks have been exposed when Ferguson has documented how, in 2010, Gina met with her friend Ron Manners to set up Australians for Northern

Development and Economic Vision (ANDEV). Through her association with Manners, Gina has forged links with some of the most aggressive free-market think tanks in Australia and overseas. These have included the Institute of Public Affairs, the Mont Pelerin Society, the Mannkal Economic Education Foundation and the Atlas Economic Research Foundation. Manners has been appointed to the Board of Overseers for the Atlas Economic Research Foundation which is associated with neo-liberal think tanks in 80 countries.

Not unlike other commentators and lobbyists from the corporate sector, Gina has used ANDEV and her media profile to reinforce what has become a self-interested discourse, whereby it has been assumed that it is true that governments should be evaluated according to their ability to manage the economy by boosting business confidence, by cutting public expenditure, by attracting investment capital, by securing the approval of international ratings agencies, by increasing the flexibility of the labour market and by restricting the freedom to strike, so that the transition from the global financial crisis across most advanced capitalist economies in the OECD has resulted in a shift in the share of GDP from wages to profits. While Gina and ANDEV's general aim has been to counter what Berch Berberoglu in *Beyond the Global Capitalist Crisis* (2012) has called alternative ways of analysing, visioning and strategising, their specific purpose has been to promote Gina's conviction that there has been a decline in the international competitiveness of the mining industry which could be rectified by a free - market zone across northern Australia. There mines could be developed by investors paying lower taxes and guest workers receiving lower wages than in the rest of Australia.

Susan George's 2013 Wheelwright Lecture at the University of Sydney (the first article in this issue of *JAPE*) examines how the concentration and centralisation of finance capital on a world scale has been accompanied by a decline in the capacity of governments to manipulate monetary instruments, to control exchange rates and to utilise taxing, borrowing and spending powers. In this regard, Ferguson's discussion of Gina and ANDEV's agenda and their international orientation has complemented George's survey of the move away from the interventionist nation state towards multilateral conventions, agreements and regulations on trade and investment which are designed and managed under the influence of representatives of the biggest transnational corporations and their legal and accounting advisors.

Decades earlier, Gina had blamed Lang's wife Rose for the troubled waters of conflicting and intersecting intrigues and squabbles, recriminations and accusations that eddied between Gina and her father over his mismanagement and extravagant expenditure. Ferguson has described how lawyers, accountants, consultants and geologists, on one occasion, could agree with Lang, and, on another occasion, align themselves with Gina, and, on yet another occasion, take up no position at all.

Eventually, in 1988, with the support of Gina's husband Frank Rinehart, a clever Harvard-educated lawyer, a petition was brought forward which recognised her position in the business. In addition, Lang signed a deed that Gina and her family would be beneficiaries of an irrevocable family trust, the Hope Margaret Hancock Trust. However, before his death, Lang amended his will several times, so that there were years of legal disputation over it between Gina and Rose, and, subsequently, since 2011, between Gina and her children over whether under the deed, her children, rather than Gina, were entitled to control the trust.

As Ferguson's vivid account of these legal disputes has shown, for Gina the domination of another's will was a pleasure, a habit and a necessity which contributed to her successful negotiation of the \$1.5 billion partnership with Rio Tinto to develop the Hope Downs mine. This was the culmination of Gina's evolution as a wheeler and dealer which started when as a teenager she accompanied Lang on business trips to the United States, Britain and Asia where she observed discussions that led to commercial contracts and financial agreements. Until Lang fell in with Rose, Gina worked closely with her father whom she came to see as someone that had criss-crossed the borderline between outsider and insider, as someone who had raised himself by his own efforts at a distance from the industrial and financial establishment of eastern Australia.

Ferguson has argued that Lang passed on to Gina his "ruthless determination" to own his own iron ore mine to ensure his family's "immortality". While there is some merit in this observation, Ferguson has exaggerated Gina's ambition to have her own mine as, in the first place, an obsession to realise her father's concern to counter those critics who said that he had merely found the Pilbara and simply collected royalties, and, in the second place, to correct the dismissive disdain of those who regarded her as just an heiress.

In fact, Lang and Gina's drive to own an iron ore mine, so that they would not draw solely on royalties, was not a matter of familial triumphalism nor of personal affirmation. Rather, it was intertwined with their interest in profit maximisation through the accumulation of both ground-rent in the form of royalties and through the ownership of the stock of capital in mining projects. Hence, in 2011, Hancock Prospecting earned around \$870 million in revenue from a 50% share of profits generated at the Hope Downs mine compared with the 1.25% royalty of \$170 million from iron ore sales by Hamersley Iron.

In order to understand the purposes behind Gina's decisions, which receive little analysis from Ferguson, consideration of rent and profit is needed. In step with the debate on rent and value theory, that has included contributions by Michael Ball, Cyrus Bina, Richard Bryan, Ben Fine and Keith Tribe, it should be pointed out that, while absolute and differential ground-rent are separate from normal profit, no ground-rent is possible without investment. So the rent is not related to the intrinsic natural properties of iron ore nor to the non-renewability of iron ore. The conditions in leases held by the Hancock Prospecting group of companies, which include their length and the terms for their renewal, the compensation to be paid to landowners, the rehabilitation and restoration of the natural environment, and the treatment of improvements, represent the distributional struggles over ground-rent between the holders of legal title over land in which the iron ore is located and the owners of the stock of capital invested. These struggles are further reflected in the requirements that applications for mining leases have to be accompanied by mineralisation reports, descriptions of mining operations and when they are expected to start, the methods of mining and the areas of land to be mined, subject to conditions of title, whether crown, native, freehold or leasehold.

As it happens, even though a level of absolute ground-rent is permanent, differential ground-rent is due to variations in the productivity and profitability of mines and the negotiating strength of the holders of titles, claims or rights to the land that contains the minerals to be accessed. The intensive application of capital to existing iron ore deposits, so that the same land-based resource is mined over and over again, results in the application of differential ground-rent to the additional capital rather than to the land itself. In other words, in extensive development on new deposits of iron ore, whether superior or inferior in quality, an absolute ground-rent is charged, but for intensive accumulation on existing iron

ore deposits, a differential ground-rent is charged. Consequently, the fragmentation of leases over deposits in the Pilbara has drawn mining companies into takeovers, mergers and partnerships to reduce duplication in transportation, to lower transaction costs through rationalisation, to raise the organic composition of capital by centralised mechanisation and to increase relative surplus-value from improved labour productivity, all of which have displaced the ground-rent relation.

By and by, bargaining over ground-rent, which has included governments, prospecting and exploring companies, farmers and holders of pastoral leases, has been made more problematic by Aboriginal land rights and native title claims. Although Marcia Langton's 2012 Boyer Lectures focussed on the growing engagement of Aboriginal communities with the mining industry over conditions of entry to Aboriginal land, over contracting and servicing arrangements with Aboriginal businesses and over preferential employment of Aborigines, Gina's resistance to native title claims has been due to the impact they have on her share of absolute and differential ground-rent in return for access to minerals whether in mountain ranges, on land surfaces or in sub-soils.

Significantly, in 2013, a native title dispute between the Western Australian government and the Banjima people of the central Pilbara has been resolved by a decision of the Federal Court in favour of the native title claimants. As well as Banjima country between Newman and Tom Price, the court has recognised 10,200 square kilometres of land in the central Pilbara near the Karijini national park. Native title now coexists with iron ore operations, project areas and leases of the Hancock Prospecting group of companies, stretching over 500 square kilometres containing mineable reserves of over 850 million tonnes, that the court has found have not extinguished native title.

What can we make of the debate about the risk to the independence of the press posed by Gina as the single biggest shareholder of the Fairfax media group and her presence on the board? Despite the useful information and interesting speculation on Gina's motives in Colleen Ryan's *Fairfax* (2013) and Pamela Williams' *Killing Fairfax* (2013), as Humphrey McQueen demonstrated in *Australia's Media Monopolies* (1977) and as Dallas Smythe argued in *Dependency Road* (1981), the central issues relate to how monopoly capitalism, media corporations and advertising are tied together in at least two ways.

First, the media corporations are big businesses that are involved in newspapers, magazines, radio, television and internet sites and communication applications. Despite variations of emphasis and dissimilarities of tone between different media outlets, they do not support mining corporations against the transfer of ground-rent to governments through taxes and do not back employers against unions because they choose to do so after weighing up different facts and arguments. Rather, whether they are part of the Murdoch or Fairfax groups, the positions adopted by the media corporations are determined in the final analysis by social relations of production, whereby they share in the total extraction and distribution of surplus-value as profit or interest or rent. Ferguson has suggested that Gina was convinced of the power of the media and moved to raise her share of Fairfax to bring its editorial policy into line with her views, because Kevin Rudd was removed as Prime Minister after a media campaign against the mining super-profit tax, a campaign for which Gina was a confidential donor and an exhibitionist protagonist who even spoke at rallies. In fact, the media campaign had succeeded irrespective of the size of Gina's share ownership or the extent of her representation on the Fairfax board.

Second, in contrast to Ferguson's preoccupation with the implications for editorial standards and journalistic ethics of a directive proprietor such as Gina, it should be emphasised that the main function of the media corporations is not to report the news nor to provide objective analysis for readers or listeners or viewers, but to secure audiences for advertisers in order to facilitate the realisation of surplus-value through selling and buying. Furthermore, capital accumulation, mass consumption and advertising are linked to narcissism through interrelations between celebrity and the differentiation of products and services by means of changes in styles, trends and fashions enhanced by means of advertising and the encouragement of a range of needs, anxieties desires and fantasies to be allayed or satisfied.

So, moving beyond Ferguson's narrative, the appeal of social, economic and political ideas, not unlike the appeal of products and services, can be influenced by superficial and transient associations with a film or music or sporting star, with an attractive model or a handsome playboy, and, by a kind of transference, with a famous heiress and mining magnate like Gina. When projecting her views as a businesswoman, billionaire and philanthropist of influence and distinction, Gina's countenance has been composed, while her conversation has been firm, plain and soft, even

though it has implied a reproach against any surrender to weakness. This has characterised the style and tone of articles she has published in mainstream daily newspapers, such as the *Australian*, the *Age* and the *Sydney Morning Herald*.

In this manner, Gina's opinions are infused with signs that function not unlike those that lead consumers into an identification with products and services attached symbolically to celebrities that represent whom they want to be or whom they believe they are partly like. Whether they admire and imitate celebrities or dislike and resent them, consumers engage emotionally and psychologically with those whom advertisers connect with the products and services that they promote, and, in the case of Gina, with generally applicable codes of conduct as to what is right and wrong that inhere in her speeches, interviews and articles, even when they deal with climate change or super-profit taxes or native title claims. These codes of conduct indulge the commodity fetishism that accompanies the acquisitive pursuit of pleasure, satisfaction and contentment, while they simultaneously legitimate class, gender and race inequality based on the false virtue of competitive individualism and the illusion of market freedom expressed in differences in the price, quality and status of products and services purchased or possessed.

While Ferguson has unravelled Gina's complicated legal disputes, from a different angle, litigation by and against Gina has aroused an alluring and captivating impression of audacity, because, in one way, it has included court-room drama, and, in another way, it has suggested bravado in the face of challenges to her power. Moreover, rumours over Rose's contribution to Lang's death, her ties to Filipino gangsters, her abuse of prescription drugs, her luxuriously conspicuous lifestyle and glamorous vulgarity have enhanced Gina's media profile and incorporation into popular culture, because Rose's behaviour has imbued Gina's persona with something slightly flamboyant, something slightly scandalous, which, rather strangely, has attracted attention and enhanced interest in the social, economic and political ideas she has espoused.

