

Marijuana Australiana:

Cannabis Use, Popular Culture, and the Americanisation
of Drugs Policy in Australia, 1938 - 1988

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ABSTRACT

The word ‘marijuana’ was introduced to Australia by the US Bureau of Narcotics via the Diggers newspaper, *Smith’s Weekly*, in 1938. Marijuana was said to be ‘a new drug that maddens victims’ and it was sensationally described as an ‘evil sex drug’. The resulting tabloid furore saw the plant *cannabis sativa* banned in Australia, even though cannabis had been a well-known and widely used drug in Australia for many decades.

In 1964, a massive infestation of wild cannabis was found growing along a stretch of the Hunter River between Singleton and Maitland in New South Wales. The explosion in Australian marijuana use began there. It was fuelled after 1967 by US soldiers on rest and recreation leave from Vietnam. It was the Baby-Boomer young who were turning on. Pot smoking was overwhelmingly associated with the generation born in the decade after the Second World War. As the conflict over the Vietnam War raged in Australia, it provoked intense generational conflict between the Baby-Boomers and older generations. Just as in the US, pot was adopted by Australian Baby-Boomers as their symbol; and, as in the US, the attack on pot users served as code for an attack on the young, the Left, and the alternative.

In 1976, the ‘War on Drugs’ began in earnest in Australia with paramilitary attacks on the hippie colonies at Cedar Bay in Queensland and Tuntable Falls in New South Wales. It was a time of increasing US style prohibition characterised by ‘tough-on-drugs’ right-wing rhetoric, police crackdowns, numerous murders, and a marijuana drought followed quickly by a heroin plague; in short by a massive worsening of ‘the drug problem’. During this decade, organised crime moved into the pot scene and the price of pot skyrocketed, reaching \$450 an ounce in 1988. Thanks to the Americanisation of drugs policy, the black market made ‘a killing’.

In *Marijuana Australiana* I argue that the ‘War on Drugs’ developed — not for health reasons — but for reasons of social control; as a domestic counter-revolution against the Whitlamite, Baby-Boomer generation by older Nixonite Drug War warriors like Queensland Premier, Bjelke-Petersen. It was a misuse of drugs policy which greatly worsened drug problems, bringing with it American-style organised crime.

As the subtitle suggests, *Marijuana Australiana* relies significantly on ‘alternative’ sources, and I trawl the waters of popular culture, looking for songs, posters, comics and underground magazines to produce an ‘underground’ history of cannabis in Australia. This ‘pop’ approach is balanced with a hard-edged, quantitative analysis of the size of the marijuana market, the movement of price, and

the seizure figures in the section called 'History By Numbers'. As Alfred McCoy notes, we need to understand drugs as commodities. It is only through a detailed understanding of the drug trade that the deeper secrets of this underground world can be revealed. In this section, I present an economic history of the cannabis market and formulate three laws of the market.

Marijuana Australiana

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Statement of original authorship

The work contained in this thesis has not been previously submitted for a degree or diploma at any other higher education institution. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made.

Signed:

Date:

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Marijuana Australiana Glossary

Baby-Boomer - A member of the generation born after the Second World War in the post-war 'baby boom' from 1946 to 1964.

God - A senior policeman said to control the Drug Joke.

The Green Light - A vice entrepreneur who is given the Green Light, or the go-ahead, by corrupt police to engage in crime under their protection is said to be 'greenlighted'.

The Joke - The name given to the de-facto regulation of the vice trade in Queensland by the corrupt police. Level Five corruption, Queensland-style.

The Drug Joke - The de-facto regulation of the drug trade by corrupt police.

The Laugh - (also the Giggle). Terms used by NSW police to describe Level Five corruption in that state.

Load - Police slang meaning to verbal or set up a criminal.

Mary Jane - One of the common names for drug cannabis. Also pot, grass, dope, shit, marijuana (sometimes spelt marihuana).

R and R - A contraction of rest and recreation leave, a period of leave granted to US soldiers during the Vietnam War.

Redecoration - Furniture or other objects broken during a police raid.

Regime of Prohibition - a measure of how hard governments enforce prohibition, determined from the ratio of the number of drug offences per thousand drug users.

Regimes of Prohibition - Periods of years with similar 'regime of prohibition'.

Robert Stack - Rhyming slang for smack or heroin. Named after the actor who played Elliot Ness in the sixties TV series, *The Untouchables*.

The Sydney Connection - The principals of a drug conspiracy supplying the U.S. market via Australia.

Verbal - Police slang meaning to manufacture or concoct a confession.

Whippy - Derived from whip-around, money found during the execution of a warrant which is retained and divided among police.

The History of an Underground World

An Introduction to the Thesis, Methodology and the Literature

The Thesis

This work is both an economic history and a literary history of cannabis use in Australia during the half-century of prohibition between 1938 and 1988, and the two sections are guided by differing theses. The dominant thesis in the literary history is the idea that ‘the War on Drugs’ in Australia developed not for health reasons but for reasons of social control; as a domestic counter-revolution against the Whitlamite, Baby-Boomer generation by Drug War warriors like Queensland Premier Joh Bjelke-Petersen and the youthful John Howard, who were followers and supporters of the US and its President Richard Nixon. This is an adaptation of Dan Baum’s thesis in *Smoke and Mirrors* that the War on Drugs in the US was a Nixonite code for a War on ‘the young, the poor, and the black’.¹

I argue that the twenty-four-year period between 1964 and 1988 was characterised by two differing ‘regimes of prohibition’. The first period lasted from 1964 to the overthrow of the Whitlam government in the constitutional coup of 11 November 1975. It was characterised by the \$30 ounce, a relatively benign view of cannabis and a search for an independent Australian drugs policy. During this period marijuana smoking became the cultural symbol of the Baby-Boomers generation and spread widely among the under 30s. The fall of the Whitlam government is the fault line that divides the two regimes of prohibition.

The second regime of prohibition, the War on Drugs, started in 1976 with paramilitary attacks on hippie colonies at Cedar Bay in Queensland and Tunttable Falls in New South Wales. It was a time of increasing US style prohibition characterised by ‘tough-on-drugs’, right-wing rhetoric, police crackdowns, numerous murders and a marijuana drought followed quickly by a heroin plague; in short, by a massive worsening of ‘the drug problem’. During this decade, organised crime moved into the pot scene and the price of pot skyrocketed, reaching \$450 an ounce in 1988. Thanks to this Americanisation of drugs policy, the black market made ‘a killing’.

My economic history has been heavily influenced by *Drugs, Crime & Society*, the Report by the Parliamentary Joint Committee on the National Crime Authority, hereafter referred to as the Cleeland Report (after its Chairman Peter Cleeland MP)

which was the first government report to approach marijuana as a commodity and to treat the marijuana trade as a market. It was a wonderfully numerate report: the first government report to estimate the size of the marijuana market and its black market value, just as it was the first to estimate the cost of drug law enforcement. My section ‘History By Numbers’, and my approach in general, owes much to the Cleeland Report.²

Likewise Clement and Daryal (1999), whose work, *The Economics of Marijuana Consumption*, is the only other model of the Australian cannabis market, base their model upon Cleeland too. Our models, which were developed independently and contemporaneously, have as many differences as similarities, but we both agree on Cleeland as the point of departure. I explain the two different models in ‘History By Numbers’, and demonstrate how, with minor adjustments, Clements and Daryal’s model approximates my own. By modifying Clements and Daryal (1999) in this way, I demonstrate two different, yet compatible, ways of estimating the size of the Australian cannabis market.³

In many ways, ‘History By Numbers’ is simply the Cleeland Report extended over a 25 year period. Its various sections estimate the size and value of the marijuana market, the cost of drug law enforcement, and the price of marijuana in the period from 1973 to 1998. My original contribution lies in the concept of the ‘regime of prohibition’ – which is my way of measuring the amount of drug law repression per smoker – which is the voodoo number linking price, seizure percentages, and offences in my model. My aim is to build an historic model of the Australian marijuana market, so be warned! In these sections you will need your calculator handy!

To free myself from the blindfold of ideology, I have adopted an empirical, scientific approach; and in ‘History By Numbers’, I propose and test three ‘laws’ of the illicit cannabis market:

1. The price of pot varies with the regime of prohibition;
2. The percentage of pot seized varies with the regime of prohibition; and
3. The regime of corruption varies with the regime of prohibition.

Stripped of the jargon, Propositions 1 and 2 simply assert that as governments press down, as the number of drug offences rises, price goes up, and the amount of pot seized will increase proportionally. Propositions 3 is simply an outcome of Proposition 1. Because price rises with government crackdowns, the value of the black market rises proportionally, and the amount of money available from the black market to fuel corruption increases proportionally with the ‘regime of prohibition’.

Every dollar spent on drug law enforcement acts as a multiplier for the black market. Consequently, those who benefit most from prohibition are organised crime

and corrupt police. This explains the notion, first developed in ‘The Cedar Bay Alliance’, that prohibition draws its political strength from an alliance between Mr Big (organised crime) and Mr Bigot (right-wing politicians). In ‘The Cedar Bay Alliance’, the role of Mr Big was played by corrupt Police Commissioner Terry Lewis, while the role of Mr Bigot was played by Queensland Premier Sir Joh Bjelke-Petersen, but these roles, like the role of ‘God’ or ‘the Sydney Connection’, can almost be considered archetypes, roles which recur under prohibition. The alliance of Mr Big and Mr Bigot explains ‘the Joke’, the entrenched system of corruption whereby organised crime is ‘greenlighted’.

Although this history covers the period between 1938 and 1988, it was the period between 1975 and 1979 which was most thoroughly analysed. The reasons for this are many. Firstly, this was the period when the regime of prohibition changed, producing the unusual ‘mega-features’ which accompanied this change in drugs policy — the criminal takeover of the pot scene, the marijuana drought, and the heroin plague. Secondly, my major underground sources, the *Weed/Seed/Need/Greed* series and the first *Cane Toad Times* series, were published in this period. Thirdly, this was the time of massive cannabis seizures, the time in which my model of the Australian marijuana market was most fully tested. So both my ‘lenses’ were at their most powerful in this period. Fourthly, it was the time of the Nugan Hand Bank and the murder of Donald Mackay, which came to occupy my attention more and more as I began to understand its central role in this history. Fifthly, it was the ‘Age of Royal Commissions’, a time which was extensively investigated by the Williams, Woodward and Stewart Royal Commissions and by writers like Alfred McCoy, Bob Bottom, Evan Whitton and many others, whose works are discussed below. Finally, in ‘The Sydney Connection’, I discovered a unifying solution to many of the unsolved mysteries of this period.

It was the curious serendipity of my numbers driven approach which led me, quite unexpectedly, to the network associated with the largest drug busts of the seventies, the group I call the Sydney Connection. These were indisputably the Mr Bigs of the seventies and they were big, not just in the Australian market, but in the US market as well. That they were the group behind the murder of Donald Mackay was the ugly truth that ‘the three blind commissioners’ — Justice Edward Williams, Justice Phillip Woodward and Justice Donald Stewart — tried so successfully not to see. The Americans were selling us our drug laws; they could not possibly be selling us our drugs too?! Sadly, commissioner, they were.

The three blind commissioners — Williams, Woodward and Stewart — were all judges. Almost invariably, it seems a rule that the commissions and inquiries conducted by judges produced the poorest reports. Stewart’s report into Nugan Hand

simply whitewashed the CIA; Woodward's conclusion that the drug scene in Australia was dominated by an Italian secret society was nonsense; while Williams' report, in his discussion of the crucial seizure figures of 1975-1978, verges on the incompetent. Strangely, the use of judges to determine drugs policy has not been seen as absurd or even faintly ridiculous; yet really it is a curious notion, on a par with making a brain surgeon Attorney-General!

On Methodology

Possession of the smallest amounts of cannabis is an offence under laws like the *Drugs Misuse Act 1986 (Qld)* in every state in Australia, while the cultivation of a few cannabis plants can constitute the major crime of drug trafficking. As a consequence of these laws, the world of cannabis use and cannabis users is an illicit and underground world. For the historian of cannabis use in Australia in the period of prohibition, this creates an obvious problem:

How do you write the history of an underground world??

The answer that suggests itself is obvious, and is not quite as ridiculous as it sounds. You can write the history of an underground world by using underground and informal archives. Having reached this conclusion, the hard task begins: where to locate these underground archives? Fortunately, as a result of the Rainbow Archive initiative of the Mitchell Library, Australia does have a high quality 'underground' archive, and this work owes a large debt to the Rainbow Archives project.

I was also fortunate in having access to the HEMP archives from the newspaper HEMP of which I was editor, which included a collection of earlier cannabis law reform magazines such as the *Weed/Seed/Need/Greed* series. I have drawn heavily on these and other underground magazines, chiefly *The Cane Toad Times*, for this history. The other underground magazines I should acknowledge are *OZ*, *Revolution*, *High Times*, *The Digger*, *The Living Daylights* and *Norml News*. Most of these rare alternative magazines can be found in either the HEMP archives or The Rainbow Archives collection in the Mitchell Library.

Of these various underground magazines, my greatest source came from the crew who produced the *Weed/Seed/Need/Greed* series. The unofficial voice of Australia's marijuana users, every issue of *Weed/Seed/Need/Greed* was banned. The publishers stayed one step ahead of the censor by changing the name after each banning, causing the name progression *Weed/Seed/Need/Greed* through to *?eed*, until the final masthead, which consisted of a large (obviously upper-case) marijuana leaf, followed by three smaller (lower-case) marijuana leaves, a humourously iconic piece of typography which was (sadly) their final joke on the censor. I particularly admire

that teller of *A Dozen Dopey Yarns*, JJ McRoach, who was the first editor of that much banned magazine.⁴ I would also thank John Anderson, aka Fast Buck\$, whose articles in *Weed/Seed/Need/Greed*, and subsequent *Fast Buck\$ Newsletters*, proved a mine of useful information.

The rest of McRoach's crew were impressive. Besides himself and John Anderson, they included Michael Wilding, Professor of English at Sydney University, joint publisher of Wild and Woolley, and one of the most important writers and literary figures in Australia; Colin Talbot, one of Australia's leading 'new journalists' whose article on 'The Drug Squad Pavillion' is featured in Part Two of this work; John Halpin, another new journalist and editor of *The Brown Tapes*; Melbourne poet and playwright, Phil Motherwell; and, Australia's greatest nineteenth century writer, Marcus Clarke, whose short story, *Cannabis Indica*, was republished in *The Australasian Weed* 110 years after it was written, accompanied by an excellent article on Marcus Clarke and cannabis written by Michael Wilding.⁵ In another literary coup, Phil Motherwell interviewed the man said to be the model for the Javo character in Helen Garner's contemporary novel *Monkey Grip* (i.e. himself!). Wilding also contributed a very good historical piece on hemp in colonial Australia. Despite its underground and illegal status, *the Weed/Seed/Need/Greed* series had a formidable crew of contributors and the quality of its articles was excellent.

This is, consequently, an unconventional and underground history, which relies far less on government archives than most, and a great deal more on banned and illegal magazines. It employs two unusual 'lenses'. The first lens I employ is the lens of popular culture to tell the story of the development of Australia's cannabis laws and the Australian cannabis trade through the eyes of cannabis users themselves. Although I too make the obligatory pilgrimage to the government archives, I also trawl the waters of popular culture, looking for songs, posters, comics and underground magazines. The title *Marijuana Australiana* embodies this 'pop culture' approach as does the subtitle. Overall, this allows me to be more pluralistic than conventional histories, enabling me to present the alternative view of the debate as well as the elite view.

The second lens I employ is the lens of an economic history of the Australian cannabis trade, the lens I call 'History By Numbers'. By analysing the historical relationship between the number of cannabis users, the amount of cannabis seized, the number of drug offences, and the price of pot, I reveal the 'Invisible Hand' at work in the Australian cannabis trade. Cannabis, like any other commodity, is a trade, and an understanding of the cannabis economy is vital for understanding this underground world. For the statistics used in this section, I rely on a large number of

government reports produced by various Royal Commissions, Australian Customs, the National Drugs Strategy and the Australian Institute of Health and Welfare, as well as the *Year Book Australia* and other publications of the Australian Bureau of Statistics.

While the lens of popular culture is useful for revealing the world of ordinary users, the lens of economic history, by contrast, reveals the world at the top of the cannabis trade. In this way, my two lenses complement each other. They are ‘bi-focals’.

This work is both an economic history and a literary history of the Australian cannabis trade. In the sections on the counter-culture and the War on Drugs, the narrative owes a great deal to various popular culture texts. In ‘The Sydney Connection’, the economic history drives the narrative. This is the technique I refer to as doing ‘History By Numbers’.

What this technique uncovered, when employed over the crucial years of 1975-1978, was an enormous distortion in the Australian cannabis market caused by the operation in Australia of a trans-Pacific drug smuggling conspiracy, which supplied the U.S. market from Australia. This was the Sydney Connection. This discovery (or rather rediscovery) of the ‘export theory’ was a crucial revelation.

The seizure figures proved to be very informative. By analysing them it was possible to discover who the Mr Bigs of the drug trade were through an examination of the relationships between the principals of the major cannabis seizures. They also revealed a surprising anomaly. Remarkably, the size of local production seemed well in excess of local consumption in the seventies, suggesting that the Australian cannabis market was composed of an internal market and an export trade. These ideas coalesced in ‘The Sydney Connection’, which is one of the unifying concepts in this work.

Another unifying concept is the concept of ‘regime of prohibition’ and the idea that there are ‘regimes of prohibition’. Briefly, it is possible to measure quantitatively how hard governments crack down, or how hard they enforce prohibition. One measure of this is to look at the number of drug offences prosecuted each year. There are, however, ways of massaging the drug offences number to produce even better measures. One of these measures (useful for comparing populations of different sizes) is to look at the rate of drug offences per 100,000 population. The best measure of all is to look at the rate of drug offences per thousand drug users. It is from this figure that I derive the regime of prohibition, which is my measure of ‘the heat on the street’ or how much government resources are employed in repressing each individual drug user. Using this method, a government which prosecutes drug offences at the rate of 50 drug offences per 1000

drug users is said to be pressing down four times as hard as a government that prosecutes at a rate of 12.5 drug offences per 1000 drug users, and, consequently, its relative regime of prohibition is 4. Regimes of prohibition are simply years of similar regime of prohibition.

An Overview of the Literature

The outstanding books in the field of Australian drugs policy are *Drug Traffic*⁶ by Alfred McCoy and *From Mr Sin To Mr Big*⁷ by Desmond Manderson, and this work can be seen as complementary to these texts. My aim is to build upon their foundations; to stand (as Newton would recommend) upon their shoulders.

Drug Traffic, Alfred McCoy's history of narcotics and organised crime in Australia 'from Gallipoli to Griffith', covers very similar territory to this work, the major difference being that McCoy was a heroin expert whereas my focus is on cannabis. Our styles of history are similar too. Just as I use underground magazines to give 'a view from the street', McCoy employed the poetry of David King, one of the many young Australians who died of a heroin overdose in 1977, to show the world through the eyes of a heroin user.

One of the great strengths of *Drug Traffic* was its international perspective. Amongst Australian authorities, a combination of incompetence and conspiracy led to a denial of any international dimensions to the Australian drug trade. McCoy, a Pacific historian who had written previously about the Southeast Asian drug trade, was too experienced to fall for this.

Unfortunately, *Drug Traffic* was published in 1980, just before the whole Nugan Hand affair broke. Effectively, this often left McCoy with only half the clues. So, although he devoted considerable space to Murray Riley, he was unaware of the Michael Hand/CIA/Laos connection; a connection he would well have understood. McCoy was aware of some of the allegations about Frank Nugan, because the investigations into the Nugans started in 1977, and the Nugans were given a brief, but pointed, mention in *Drug Traffic*. However, the investigations into Nugan Hand were only at a preliminary stage when *Drug Traffic* was completed.

I have attempted to add these Nugan Hand threads to McCoy in my portraits of Frank Nugan and Murray Riley in the section 'The Sydney Connection: Nugan Hand and the Murder of Donald Mackay'. McCoy was also a source for my portrait of John Wesley Egan, and much else. For example, David Hickie's *The Prince and The Premier*⁸, the other outstanding history of organised crime in Australia, was inspired by McCoy's pioneering work. I am also indebted to McCoy's other works *The Politics of Heroin*⁹ and *The Politics of Heroin in Southeast Asia*¹⁰ for shaping the idea of 'The Sydney Connection'; an idea also inspired by David Hickie's

monumental expose of the political and criminal associations of Sir Robert Askin in *The Prince and The Premier*.

From Mr Sin To Mr Big by Desmond Manderson is the other outstanding work in the drugs policy field that has influenced my research. Manderson traces the development of Australian drug laws from the nineteenth century to the present and shows how these laws were influenced by racism, international pressure and professional rivalry between doctors and chemists. *From Mr Sin To Mr Big* is a fine, academic work and Manderson has trawled the archives well. My approach differs significantly from Manderson's because it is a lot more 'popular', relying far less on government records and a great deal more on 'alternative' sources. In this regard, I am Manderson's complement. Because his work was there, covering the development of drugs policy from the elite perspective, this allowed me more room to explore my alternative and underground world. Both McCoy and Manderson analysed the Williams and Woodward Royal Commissions with a great deal of understanding, and their works were most useful in this area.

Henrik Kruger's *The Great Heroin Coup: Drugs, Intelligence and International Fascism* was another influence on the idea of the Sydney Connection. Kruger's work examined the reshaping of the world's heroin trade routes which followed the break-up of the French Connection in 1972. The Great Heroin Coup (according to Kruger) involved the takeover by the U.S. of the Southeast Asian heroin trade. While Kruger, a European, focused on the reshaping of the Atlantic drug trade, I examine a complementary Pacific drug route, the Sydney connection, which emerged at this time when the world's heroin trade was reformed after the breaking up of the French Connection.¹¹

Nugan Hand is mystery spin, and the Stewart Royal Commission floundered hopelessly against it. Fortunately, a great team of investigative journalists were also on the trail: Jonathon Kwitny in *The Crimes of Patriots*¹² plays Nugan Hand best; see also Marian Wilkinson and Brian Toohey's *The Book of Leaks*¹³, McCoy in *The Politics of Heroin*; John Pilger in *A Secret Country*¹⁴, and David's Corn's excellent biography of Ted Shackley, *Blond Ghost*¹⁵. Most of these books rely heavily on the Report of the Commonwealth-New South Wales Joint Task Force on Drug Trafficking¹⁶, which is very guarded in its style, partly because its subject matter is so explosive. The Joint Task Force took over Justice Woodward's outstanding investigations and their report was the only official probe of the Sydney Connection.

Similar high praise can be awarded to the Fitzgerald Report. Written by Tony Fitzgerald QC *before* his elevation to the Queensland and New South Wales Supreme Courts, this is a compelling investigation of police and political corruption in Queensland¹⁷. Fitzgerald's report in turn inspired other books like Phil Dickie's

*The Road to Fitzgerald*¹⁸, Quentin Dempster's *Honest Cops*¹⁹, and Evan Whitton's *The Hillbilly Dictator*²⁰, which have contributed substantially to my chapters on Queensland. I have frequently consulted Whitton's other works, *Can of Worms I*²¹ and *Can of Worms II*²² in the course of my research. These discuss the corruption in Queensland and New South Wales, uncovered by the Royal Commissions of that period. I also admire Whitton's *The Cartel: Lawyers and Their Nine Magic Tricks*²³, which is an outstanding analysis of the failings of the British and Australian legal systems.

Like Whitton, I have done my time as a court reporter. I covered the most famous frame-up in Australian history, the trial of Tim Anderson for the Hilton Hotel bombing, for Radio 4ZZZ and for *Rolling Stone* magazine in 1990. I wrote a book, *The Incredible Exploding Man: Evan Pederick and the Trial of Tim Anderson* about that court case²⁴. Reading the accounts of the trial of James Frederick Bazley for conspiracy to murder Donald Mackay evoked strong feelings of *deja vu*. It appeared to me that Jimmy Bazley was framed. For a long time, this made me uncertain how to play the murder of Donald Mackay, which is one of the key events in this history. In my early chapter, 'The Murder of Donald Mackay', I played the Mackay murder with the straightest bat possible, in a purely defensive way. But the conventional solution to the Mackay murder has always worried me.

Like the Hilton, the Mackay murder was a high profile case which the NSW police had not solved, and they were under enormous pressure to solve it. Like the Hilton, there were those who whispered that the NSW police were themselves involved in the murder. In my experience, it is this kind of pressure, where the police need an answer, any answer, just as long as it is not the real answer, which, almost by magic, conjures 'the frame'.

The difference between the two cases lay in the qualities of the men framed. Unlike Tim Anderson, who was a highly intelligent, highly articulate political activist, whose case became a cause celebre, Jimmy Bazley was an unattractive character, a petty crim, with no support base at all. His accuser, Gianfranci Tizzoni, was a much less believable witness than Evan Pederick, the witness I dubbed 'the Incredible Exploding Man', not only because Pederick claimed to be the Hilton bomber, but because his stories of that event, when examined in detail, kept blowing up in his face. What made Pederick a believable witness was that he apparently had nothing to gain by confessing to the Hilton bombing, apart from notoriety. On the other hand, Tizzoni was facing very serious drug charges and he and his gang were being rewarded with indemnities and offers of leniency for their 'confessions'. It was when I saw the Sydney Connection that I understood who murdered Donald

Mackay, and why. Seeing the Sydney Connection also gave me the ability to play Nugan Hand in an original way.

I would like to thank Keith Moor, author of *Criminals in Grass Castles*²⁵, for allowing me to interview him. His work and Bob Bottom's *Shadow of Shame*²⁶ are the best works on the murder of Donald Mackay. Although I disagree with their conclusions, I found both books very informative. Moor's work is particularly useful because he interviewed both James Bazley and Gianfranco Tizzoni. Where we differ is on the credibility of Tizzoni 'the Supergrass', who is believed by both Moor and Bottom, whereas I consider Tizzoni to be a transparent fabricator.

Bob Bottom has speculated much about the Mackay murder in other books, besides *Shadow of Shame*. Curiously, I agree with his speculations about the Mackay murder in books like *The Godfather in Australia*²⁷ and *Without Fear or Favour*²⁸. In these works, Bottom anticipates 'The Sydney Connection'. Bottom's other works on organised crime in this period include *Connections I*²⁹ and *Connections II*³⁰. In my opinion, Bottom's great, unstated theme is the Americanisation of organised crime in Australia in the seventies, though Bottom himself does not seem to recognise this.

The Godfather in Australia is (mostly) an excellent piece of reportage, but the early chapters are, especially in comparison with *Drug Traffic* and *The Prince and the Premier*, an inferior and wrong-headed history of organised crime in Australia. In these chapters, Bottom suggests that organised crime in Australia is dominated by a secret Italian society, which I find extremely dubious, if not racist. The Italian presence, like the Lebanese and Chinese, is undeniable; but the Irish — the Kellys and the Murphys — take precedence over the Sergis and the Bellinos; and above all the ethnics are the corrupt members of the Sydney Establishment and their American gangster friends.

In this regard, the mirror world of the illegal drug trade simply reflects the power structures of the public world. It is simple economics that the Americans dominate the world illicit drug trade because the US drugs market is the largest in the world, something like 50% of the world drug trade. As a consequence, Australia, like many other countries, finds itself embroiled in the violence and politics of the \$200 billion US drugs black market. It is only our traditional subservience to 'our great and powerful ally' which makes us shrink from this truth.

In marked contrast to the works of the three blind commissioners, the Sackville Royal Commission into the Non-Medical Use of Drugs in South Australia represented a thoughtful examination of the drug problem in Australia. Headed by a triumvirate consisting of a professor of law, a professor of medicine and a professor of sociology, and aided by an exceptional research team, the various publications of the Sackville Royal Commission have the advantage of being written by people who

were experts in the field, rather than by judges. I would single out two of their productions for praise: John Lonie's (1978) *A Social History of Drug Control in Australia*,³¹ and Keith Windshuttle's unpublished monograph *Drugs and the Press, 1977-1979*³². Windshuttle's analysis is that the media play a dubious, double role, simultaneously glamorising drugs and drug use while condemning them.

Windshuttle summarised this 'Reefer Madness' style as a formula consisting of titillation, followed by arousal, followed by condemnation. Predictably, the Sackville Commission's sensible and intelligent *Final Report*³³ was savaged by the Murdoch media with this same formula of moral outrage and condemnation. I would like to express my gratitude to the Department of the Premier and Cabinet (South Australia) for granting me access to the Sackville Archives.

Marijuana Australiana is thus a history of an illicit world, the world of cannabis use and cannabis users in Australia between 1938 and 1988, which uses significant illicit sources. It is in five parts. The first part looks at the ending of legal cannabis in Australia in the years following 1938, when the word 'marijuana' was first introduced into Australia. The second part looks at the rebirth of cannabis use amongst the Baby-Boomer young during that decade of dissent (1964 -1975) known variously as the Vietnam years and the Whitlam years. The third part looks at the launch of the War on Drugs in the decade that followed the dismissal of the Whitlam government in the 'constitutional coup' of November 1975, and describes the social forces that propelled this Americanisation of drugs policy in Australia. The fourth part is an economic history of the Australian cannabis market in the period 1973-1998, called 'History By Numbers'. The fifth part synthesises this economic history with the previous literary history to explain the 'mega-features' of the War on Drugs period, and to provide an insight into the top of the Australian cannabis trade. While the third part examined the War on Drugs from the bottom level, from the level of the ordinary cannabis user, the fifth part examines the cannabis trade at the highest level, the level of international drug traffickers, the level of Nugan Hand and the Sydney Connection.

A Note on Marijuana Manufacture

Traditionally, a work like this would begin with a description of the processes involved in the manufacture of marijuana. However, under the laws in states like Queensland, it is a crime to possess certain information about cannabis or many other drugs. If I were to describe the processes involved in the manufacture of marijuana, possession of this thesis would be illegal in Queensland under Section 8A of the Drugs Misuse Act 1986. The so-called crime is called possession of a document containing instructions for the manufacture of a dangerous drug, and it

carries a maximum penalty of ten years jail. Document is defined very broadly as anything in oral, written, electronic or other form. It is catch-all legislation defined in such broad terms that even books like *Drug Traffic* (which contains a detailed description of the process of heroin production) are illegal. Indeed, large sections of my library are illegal in Queensland, and could be seized by the police were I to live in that state.

Not wishing to involve my markers or supervisors, who live in Queensland, in transgressing these law, I have avoided this discussion as much as possible, although it is an important topic for understanding the cannabis trade. Because possession of such information is illegal, such ‘dangerous’ knowledge is best left with me. This is unfortunate because knowledge of the processes involved in manufacturing marijuana is very important for an overall understanding of the cannabis trade. Fortunately, the process involved is so simple (you just grow a plant, then dry its flowers!) that most people do not need a detailed grow guide.

I would point out that my other writing credits include *The Australian Marijuana Growers Guide*³⁴ (I was associate editor and one of the four major writers) and *The Book of Bud*³⁵ (I was editor and again a major contributor). In Queensland, people, particularly HEMP activists, are routinely arrested for possession of these works. It is a terrible feeling to know people have been arrested for reading words you have written, particularly when all you have done is describe the growing and drying of flowers.

So although I choose not to demonstrate my knowledge in the area of marijuana manufacture, I think it fair to claim that, of all the writers and royal commissioners who have written about the cannabis trade, few rival my published works in the field of marijuana production. When we come to the technical problems of estimating the size of the Australian marijuana market, bear this in mind. When I estimate how much pot an average cannabis plant would produce, or how much pot a heavy pot smoker would use, this is not some novice’s guesstimate: it is the guesstimate of a published writer in the field, who has consulted with other published writers.

Chapter 1

The Reefer Madness Campaign of 1938

In April 1938, the rather cluttered front page of the Australian newspaper, *Smith's Weekly*, was dominated by a headline that shrieked 'New Drug That Maddens Victims'. The article was subtitled 'WARNING FROM AMERICA' (a clue to its author) and informed readers (in capital letters) that the 'PLANT GROWS WILD IN QUEENSLAND'. The plant in question was *cannabis sativa*; the drug, of course, was marijuana. This article marked the start of an American-inspired Reefer Madness campaign in Australia. It began:

A MEXICAN drug that drives men and women to the wildest sexual excesses has made its first appearance in Australia.

It distorts moral values and leads to degrading sexual extravagances.

It is called marihuana.

Marihuana is obtained from a plant (*Cannabis sativa*) that has been discovered growing wild in many of the coastal parts of Queensland.¹

Although the article was attributed to Smith's Hawaiian correspondent, a few familiar examples from the Anslinger Gore Files indicate that the hand behind this was the US Bureau of Narcotics, a fact subsequent stories confirmed. According to the article, *Cannabis sativa* was growing wild in Queensland. Indeed there were 'acres of it'.

There are places on the Queensland coast, some of them within a few miles of Brisbane, where the long-leafed plant, *Cannabis sativa*, is to be seen growing freely and in the districts further north it literally flourishes in many places.

Not far from Flying Fish Point, six miles from Innisfail, and situated at the mouth of the Johnstone River, is a patch of it which covers five or six acres. Farther along the coast, near Babinda, it is to be seen in plenty - also around Trinity Bay and near Port Douglas.

Much farther south, around Montville, it grows with more or less freedom, its deadly qualities completely unsuspected by those who see it every day and know it by one or the other of the vernacular names it possesses. Its occurrence has been reported from Caloundra, lately become one of Brisbane's most fashionable holiday resorts, and it grows in profusion in parts of Moreton and Stradbroke Islands.²

This article introduced the word 'marijuana' into the Australian language. According to the article, *cannabis sativa* (marijuana) was a new kind of superweed with the potency attributed to skunk in our era. The article stated:

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Illustration 1: Smiths' Weekly, April 23 1938

Both botanically and chemically *Cannabis sativa* is closely allied to *Cannabis indica*, from which Indian hemp or hashish, well-known for its violently sex-stimulating effects, is prepared, with the difference that the action of *C sativa* is twenty times more potent than is that of *C. indica*.

Under the influence of the newer drug, the addict becomes at times almost an uncontrollable sex-maniac, able to obtain satisfaction only from the most appalling of perversions and orgies. Its effect is the same on either sex.³

Of course, this has no basis in botany whatsoever: *cannabis indica* (bhang) is the drug plant and *cannabis sativa* (hemp) has no drug properties at all. However, this nonsense disguised the fact that this new drug ‘marijuana’ was the well-known drug, *cannabis indica*. By renaming *cannabis indica* as marijuana, the US prohibitionists were able to promote cannabis as a new drug menace in Australia, even though Australians had a long and untroubled history of cannabis use. As Dr Cumpston would shortly inform the Prime Minister’s Department, this ‘new drug that maddens victims’ had been used in Australia for decades.

The furore caused by *Smith’s Weekly* led DJ Gilbert of the Prime Minister’s Department to write a memo to the Director General of Health, Dr JHL Cumpston:

Occasionally the blood curdling noises of Smith’s leads to the spot marked X. If it is true that the plant which is spreading in our midst is as naughty as charged your department may deem it necessary to become interested.⁴

Dr Cumpston wrote back on May 31 and was suitably unimpressed by this hysteria:

With reference to the front page from Smith’s Weekly of the 23 April 1938 containing a “warning from America” concerning a “New Drug that maddens victims” obtainable from Indian Hemp and that the “plant grows wild in Queensland”, I have to advise that the drug has been known for decades and the hemp plant has been under cultivation in Australia for over 50 years. Being a tropical plant - native of India and Western Asia - it has probably grown wild (now acclimatised) more extensively in Queensland than in the more temperate climates of New South Wales and Victoria When the plant is cultivated for fibre production, it is harvested quite early, before the pistillate flowers are fully developed, consequently little resin would be obtainable from a crop grown only for fibre.⁵

Chapter 2

Marijuana or Indian Hemp?

To understand Cumpston's complacency in the face of this Reefer Madness hysteria, you have to understand that drugs policy in Australia in 1938 was based on the British model and was firmly in the hands of the medical profession. In 1926, the report of the Rolleston Committee in Britain had addressed the problems of opiate addiction and drugs policy. Dominated by doctors, it opted for the medical definition of addiction. Addicts were defined, not as the 'dope fiends' of the popular press, but as 'a person who, not requiring the continued use of the drug for relief of the symptoms of organic disease, has acquired, as a result of repeated administration, an overpowering desire for its continuance, and in whom withdrawal of the drug leads to definite symptoms of mental or physical distress or disorder.' Addiction was clearly seen as a disease — not as a vicious, criminal indulgence — and was treated as such. As a result, up until 1953, doctors in Australia legally prescribed heroin to addicts. As an adherent of this 'medical model', Dr Cumpston no doubt regarded 'the evil sex drug' hysteria with suitable disdain.¹

While the word 'marijuana' was unknown in Australia before 1938, drug cannabis was very well known. In the pharmacopoeias of the time drug cannabis was listed as *Cannabis indica*. The name means Indian hemp, and the drug comes from the leaves and flowers of a plant that had been cultivated in India for millennia and which the Indians called ganja or bhang. Originally an Indian plant, its use spread, first around the Indian Ocean, and then, at a later stage, around the Mediterranean, becoming widely known in Europe only in the nineteenth century.

In the nineteenth and early twentieth centuries, *Cannabis indica* was a well known and widely used medicine in Australia; the drug that police would later vilify as a 'Killer Drug' and an 'evil Sex Drug' was a popular medicine in Britain and its Empire, and was even prescribed to Queen Victoria by the Royal Physician. Although the police would later claim that cannabis had no known medical uses, it was one of the most important medicines of the time, and was used for a wide variety of illnesses.

The first major European work on the medical properties of the Indian hemp plant was Dr W. B. O'Shaughnessy's *On The Preparation of Indian Hemp Cannabis Indica* in 1839. The Fifth Edition of the United States Dispensatory (1843)

summarised Dr. O'Shaughnessy on the effects of cannabis: 'it alleviates pain, exhilarates the spirits, increases the appetite, acts decidedly as an aphrodisiac, produces sleep, and in large doses, occasions intoxication, a peculiar kind of delirium, and catalepsy', and added 'Its operation, in the hands of Dr. Pereira, appeared to resemble very much that of opium'.² Since opium was the great herb of western medicine, this was high praise indeed.

In 1860 in America the Ohio State Medical society convened a committee to examine the use of cannabis in medicine and claimed successful treatment of neuralgic pain, dysmenorrhoea, uterine bleeding, hysteria, delirium tremens, whooping cough, infantile convulsions, asthma, gonorrhoea, chronic bronchitis, muscular spasm, tetanus, epilepsy and lack of appetite.

It was considered by several physicians specific in menorrhagia (excessive menstrual flow) and was prescribed by the Royal Physician to Queen Victoria. It was widely used to dull the pain of childbirth, and was used not only to alleviate migraine, but also as a prophylactic for this condition. In 1913 Sir William Osler recommended cannabis as the most satisfactory remedy for migraine.³

In 1938 dozens of cannabis-based remedies were readily available, either by prescription or over the counter, in Australia. The most famous of them, Chlorodyne, proved an immensely popular medicine in Australia over many decades and was widely used. Its simple, yet effective recipe — six grams of black Nepalese hash topped up with morphine — made it the country's favourite panacea, and it was widely imitated.

Attempts were made to prevent over the counter sale of Chlorodyne in Victoria in 1904, and were met with outrage. When a member of the Victorian parliament proposed that it should be unlawful to dispense narcotic drugs such as opium, morphine, Chlorodyne or cocaine without a doctor's prescription, he met immediate opposition from country members who complained about the inclusion of Chlorodyne: 'Why should a man have to ride thirty miles to a medical man in order that he might get a bottle of Chlorodyne which was a drug very commonly used in the country?' one demanded. Another asserted that 'Chlorodyne was a very wholesome medicament. Why should he have to pay a guinea for a prescription before he could get it?'⁴

In a similar vein, the Chairman of the Central Board of Health in 1906 was outraged that South Australia's anti-opium acts had defined opium so loosely that any medical preparation that contained opium or morphine could be included in the ban: 'The effect of the amending Act was . . . that no officer at any station could give anyone a dose of Dover's Powder for a cold from the departmental medical chest nor could anyone give a member of his family a single drop of chlorodyne for diarrhoea

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or dysentery without transgressing the law.⁵ As this shows, Chlorodyne was regarded as being so safe that children of that era were regularly dosed with it. Like heroin, Chlorodyne was closely investigated by the Rolleston committee with the result that its morphine content (the focus of concern, not its cannabis content) was reduced.

Cannabis cigarettes, known variously as Joy's Cigarettes or Cannadonna cigarettes, were also widely advertised in colonial Australia as a cure for asthma. They were still available after the Second World War but the rise of cannabis prohibition would curtail their use, even though the Director -General of Health, JHL Cumpston, 'noted that no instance of addiction to them has been brought to notice' and 'that they are used for medicinal purposes'.⁶

Fauldings General Price List of 1947 still lists Cannabis Indica (in fresh and pulverised forms) at 1s 6p per ounce with Cannabis African at 9s 6p per pound, but both required a DDA (Dangerous Drug Authority) form to order. However, bottles of Brown's Chlorodyne (19s 9p per dozen) and Fauldings own proprietary Chlorodyne (8s 3p per dozen) did not require a DDA; the manufacturers getting round the regulations by reducing the morphia content to less than 0.2%. Neither did the many brands of Chlorodyne lollies such as Gibson's Linseed, Liquorice and Chlorodyne lozenges or Walco's Linseed, Liquorice and Chlorodyne Jubes. And neither did other Chlorodyne imitators such as Dr Poppy's Wonder Elixir (with Cannabis Extract) which, at only 2s 6p a bottle, was guaranteeing 'a pleasant feeling that lasts all day' well into the fifties.⁷

Designed to prevent non-medical use, marijuana prohibition made cannabis so difficult to obtain for medical purposes that it was gradually removed from the pharmacopoeia. The last official American compendium of drugs to include tincture of cannabis was the *United States Pharmacopoeia* of 1938. (The Marijuana Tax Act became US law in 1937). In Australia, where the official book of standards for drugs in common use is the British Pharmacopoeia, *The British Pharmaceutical Codex* of 1954 deleted cannabis preparations for the first time. *Martindale's The Extra Pharmacopoeia* still listed *Cannabis indica* in its 1958 edition though its tone was negative, and the only uses it listed were for the relief of migraine and as a treatment for shingles.⁸

Cannabis ceased to be a legal medicine in Australia in the 1960s when the Poisons Acts of the various state parliaments finally outlawed it as a medicine. Cannabis, the Drug War warriors were now proclaiming, had no known medical use at all. Although it was once one of the most widely used medicines in the country, all the drug schedules in Australia would come to classify cannabis as a drug with no known medical use!

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Illustration 3: Smith's Weekly, June 1938

Chapter 3

The Second *Smith's Weekly* Article

Seven weeks after its first Reefer Madness article, on June 11 1938, *Smith's Weekly* delivered the second article in its series 'Drugged Cigarettes: G-Man Warns Australia: FIRST DOPED PACKETS SNEAKED IN'.¹

A FEW cigarettes containing marihuana - the drug which causes its victims to behave like raving sex maniacs, and has made pathetic slaves of thousands of young Americans - have been smoked at recent parties in Sydney.

The G-Man in question was AM Bangs, the head of the Bureau of Narcotics in Hawaii, one of Anslinger's deputies, whose photo adorned the cover of this issue of *Smith's Weekly*. Bangs was quoted as saying that 'Undoubtedly, if prompt action is not taken, marihuana will flood Australia and New Zealand'.

For Smith's credulous readers, Bangs described the situation in Hawaii where his 'special squad of Washington G-Men' were smashing this 'vicious racket'.

Continually, marihuana dens in Honolulu are being cracked open by raiding squads.

The drugged victims are like punch-drunk fighters. They cannot be questioned for hours, sometimes days.

The women sit on their cell cots, their faces and clothes ripped, trying to piece together what they did in their orgy of lust.

The men slowly come out of the stupor that gave them frenzied sexual desires and colossal physical strengths.²

The article ends with a series of direct quotes from Anslinger's *Marihuana - Assassin of Youth*, establishing beyond any doubt the Bureau of Narcotics' connection.

With this dreaded sex drug now on Australian shores, government complacency became impossible. A week after the second *Smiths Weekly* article appeared, the Prime Minister's Department again became involved, requesting the Queensland Premier to investigate the claims that hemp was growing wild in the places named in *Smith's Weekly*. A group of Queensland police were dispatched to Flying Fish Point near Innisfail in mid-July, armed with a description of the plant. Nothing was found, though no one seemed aware that winter was not a good time to go hemp hunting in north Queensland.³

By August, the Council of Churches was urging the government to act against this 'deadly drug'. Publicly, the NSW Department of Agriculture announced that it

intended to have Indian hemp (defined as *Cannabis sativa*) declared a noxious weed under the Noxious Plants Act. Queensland quickly followed suit.⁴

It seems the Bureau of Narcotics had been eyeing Australia for some time. Shortly after the Marijuana Tax Act became law in the US in 1937, the US Consul in Sydney wrote to the Australian government requesting information about Australia's cannabis laws. While cannabis prohibition was sponsored internationally by the governments of South Africa, the United States and Egypt, there was little enthusiasm for cannabis prohibition in either Britain or Australia. The Indian Hemp Royal Commission had investigated the use of drug cannabis in 1894 and concluded that the moderate use of hemp drugs appeared to cause no appreciable physical or mental injury at all. Hemp was still grown in Australia; wild crops flourished with official indifference; possession was not even a crime; cannabis medicines were still widely available; cannabis was simply not regarded as a problem in Australia. Drugs policy in Australia was based very much on the British system; it was a medical model not a US-style law-enforcement model. Addicts were seen as sick people who needed medical treatment, not as vicious criminal deviants.⁵

The Reefer Madness campaign of 1938 changed all this; the anaemic Australian version of Prohibition was reformed along robust American lines. Reluctant governments were goaded into action, and *Cannabis sativa* was declared a noxious weed.

Coincidentally, the Local Government (Noxious Plants) Amendment Act (1938) was going through NSW Parliament at the time the Australian Reefer Madness campaign began. As a result of the wild hemp controversy, Indian hemp was added to the list of noxious plants in NSW, but it was defined incorrectly as *Cannabis sativa*. For this 'drug' plant, immediate destruction was to be the rule. Once Indian hemp was declared a noxious weed in New South Wales, the police investigating the wild hemp allegations in Queensland issued a report noting that the plant had not been a declared noxious weed in Queensland, and recommending that Queensland should follow the New South Wales example, which it did in October 1938.

Since the Queensland authorities had had trouble identifying the hemp plant, the Australian Prime Minister sent the Queensland government a publication called "*Marihuana - Its identification*" to aid in the plant's destruction. The Queensland Botanist dictated a tactful letter of thanks noting that this booklet was 'remarkably well illustrated, and it would be exceedingly useful in the identification of the Indian hemp, if ever the occasion arises to identify this plant in the state'.⁶ The publication had been sent from our ever-helpful friends at the Bureau of Narcotics in the United States.

The crucial role played by the US Bureau of Narcotics and its Commissioner, Harry J Anslinger, in the outlawing of hemp in Australia should be noted. For Anslinger and the Bureau of Narcotics, cannabis had to be destroyed everywhere. The Reefer Madness campaign of 1938 marked the beginning of the Americanisation of cannabis policy in Australia. Drugs policy in Australia was about to be hijacked by a policy based, not on medical knowledge, but on misinformation and tabloid hysteria.

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Illustration 4: “How the media extend police powers”, Patrick Cook, *New Journalist* 1978

The Hunter Valley Crop

On the morning of November 16, 1964, startled residents of the city of Maitland, 180 km north of Sydney, awoke to the news that the Indian hemp plant — which the newspapers called ‘the dreaded sex drug, marihuana’ — was growing wild along the banks of the Hunter River.

A great mystery surrounded the find. The hemp plant is not believed to be a native of Australia, yet the sheer size of the Hunter Valley crop seemed to indicate otherwise. The plant was growing wild along a sixty-five kilometre stretch of the Hunter River, and not as isolated clumps here and there, but in huge infestations covering hundreds of hectares.

All that day, the radio and TV were filled with stories about the wild hemp crop. The TV news showed workers with packs on their back, standing in huge paddocks of marijuana, spraying furiously. All this lurid publicity about the ‘dreaded sex drug’ had a powerful effect on many of the young people of the area who immediately organised expeditions to go out and pick some of the wild herb.

The time was ripe for the emergence of pot-smoking in Australia. It was 1964, and the Beatles had just toured the country; pop icon, Bob Dylan, who turned on the Beatles that year, would soon be singing “Everybody must get stoned!” For a whole generation waiting to turn-on, the only question was: How? For those seeking the answer, the *Maitland Mercury* revealed that “the plant did not need any special preparation. Flowering tops of the female plant or the leaves could be cut and dried and used immediately.”¹

Those who took the hint and toked claimed that — unlike US ditchweed — Hunter Valley weed was a good smoke. They were the first of many, a group of people who became known in Australian marijuana folklore as ‘the Weed Raiders’ — the first pot smokers — legendary characters who came back from expeditions to the Hunter with their sleeping bags full to the top and wild tales of monster plants twelve feet high.

Both police statistics and popular folklore confirm that the wave of marijuana smoking that was to engulf Australia in the next three decades had its origins here amongst the weed raiders of the Hunter.

The Drug War against cannabis had its origins here too. The day after the story of the Hunter Valley crop broke, Inspector Blake of the Maitland Police warned “would-be marihuana hunters” that they would be charged with “possession of a

narcotic”. As the *Maitland Mercury* reported: ‘Police fear that Maitland’s wild marihuana will fall into the hands of narcotic agents or teenagers “out for kicks”’.²

Ultimately, the Customs Department would estimate that the hemp plants were growing along a 65 km stretch of the Hunter River, reaching from Singleton in the north to East Maitland. Amongst the area it inspected, Customs estimated that 200 hectares of the Hunter Valley were heavily infested with cannabis, and the largest patch was over 40 hectares in size.

The Mercury’s rival, the *Newcastle Morning Herald*, showed a farmer standing waist deep in a 5 hectare paddock of marijuana on his East Maitland property. It reported: ‘Since the presence of the marihuana was made public the Department of Agriculture office at Maitland has been receiving constant telephone calls from people who want to know how to produce the drug from the plant.’

Like the *Maitland Mercury*, the *Newcastle Morning Herald* did not leave its readers guessing for long. Having shown a good identifying photo of the plant, its article next day informed readers that marijuana merely had to be dried before smoking.

A grapevine of knowledge about good locations soon spread amongst the hip up and down the coast, and by 1966, quite a few Newcastle lads had their trail bikes revving along the back roads of the Hunter Valley, and were selling the herb along Hunter Street ; all along the east coast of Australia from Noosa Heads to Swanson Street, weed raiders spread this new joy.

One old surfer remembers: ‘What happened then changed many people’s lives, and led to the hippie generation. The grass was the catalyst. Those in the know turned many people on, and they turned on others. It spread very fast.’

For the local lads, the game of cops and weed raiders was a lot of fun. One recalls: ‘You could pick the weed at many riverside locations, but getting back to the highway with a sugar bag full of heads, and the cops on the prowl, could be pretty nery. Some guys used to fill their hub caps with grass. Others went quietly on moonlit nights and took their time to pick pounds and pounds of the herb. From then on, all our lifestyles started to change.’³

At that time there were many rumours amongst the surfers. One was that marijuana had been observed growing in the flower beds of the Maitland Police Station. Another had it that the farmers were being paid a bounty if they successfully dobbed in a weed raider.

That this last rumour was true is confirmed both by the farmers themselves, and by published reports of the Department of Customs and Excise. The first busts of any size in Australia happened in the Hunter.

An old farmer recalls: ‘Some of these young blokes were pretty blatant. They used to come up to me and ask, ‘Have you seen any of this marijuana round here?’ I used to direct them to a paddock filled with stinking roger (a kind of wild marigold that looks similar to marijuana). ‘There’s tons over there,’ I’d say. Some of the others were a bit more sneaky, and pretended they were only fishing. Sure we told the police if we saw them. We had young ones too, you know.’⁴

Origins of the Hunter Valley Crop

All the while, locals in the valley speculated about the mystery appearance of this crop that had begun to transform their lives. Where had it sprung from? How long had it been there?

According to the NSW Department of Agriculture, this was the first reported case of marijuana growing in Australia! The plant was not indigenous to Australia, the Department declared, and usually had to be cultivated. Yet the sheer size of the infestation seemed proof enough that the infestation was natural and that no one was deliberately cultivating the plant.

One theory was that the plants had grown from bird seed, which often contained marijuana. Old timers could recall buying hemp seed for two shillings a bag back in the 1920s. The Drug Squad discounted this, claiming that hemp seed in bird seed mixtures was generally sterilised.

The most popular theory held that the plants originated from Chinese market gardeners. That the Chinese should be blamed is predictable; Australia’s first drug laws against opium smoking were fuelled by virulent anti-Chinese racism.

However, all these theories are wrong. The Hunter Valley crop was first described by Dr Francis Campbell in his book *A Treatise on the Culture of Flax and Hemp* published in Sydney in 1846. Dr Campbell writes:

I found it (hemp) growing wild in the greatest luxuriance on the sandy bank of the river Hunter, near Singleton. But whether it had been originally introduced into that part of New South Wales by some settler, or whether the plant be indigenous, I have not yet been able to ascertain.⁵

Campbell obtained seed from this wild Australian hemp and conducted a growing experiment. He was impressed both by the prolific growth rates and the size of this wild crop. These impressions were repeated by the farmers of the 1960s who claimed the plants had one of the fastest growth rates they had ever encountered.

Recent research suggests that the Hunter Valley crop originated with the Bell brothers — Archibald Bell and William Sims Bell — the first white settlers of Singleton in the Upper Hunter in 1823, who were friends of Dr Francis Campbell. Their father, Archibald Bell, believed that Australia should be a colony for the production of hemp and argued this case before the Bigge Royal Commission in

1819. Hemp was what the plant *Cannabis sativa* was called then; the word marijuana was unknown in Australia before 1938. In those days the view that Australia should be a hemp colony was widespread. Sir Joseph Banks, the ‘Father of Australia’, a self-confessed hemp zealot, organised the seeds for the First Fleet and he put *Cannabis sativa* at the top of the list. Hemp was at the heart of British naval power in the Age of Sail. Each first rate man-of-war in the British navy needed 60 tons of hemp for sails, uniforms, oakum and rope; and it took 320 acres (140 hectares) of *Cannabis sativa* to produce this amount. The growing of hemp was, as Dr Francis Campbell remarked, ‘a patriotic proposition’, and the British government encouraged the hemp industry with bounties, grants of land, and free seed in all its colonies.⁶

The early governors of the colony in New South Wales, naval men themselves, ‘set the example’ by growing substantial quantities. In 1803, Governor King wrote glowingly to Sir Joseph Banks of the ten acres of Indian hemp he was growing in the new colony:

From a pint of hemp-seed, sent from India in 1802, I have now sown 10 acres for Government. A specimen of the rope is round the box that Cayley sends you, which I have desired may be carefully preserved. It grows with the utmost luxuriance, and is generally from 6 to 10 feet in height.⁷

Curiously, it seems that Governor King, who was interested in rope (*Cannabis sativa*) not dope (*Cannabis indica*) was inadvertently growing dope, *Cannabis indica*, or Indian hemp. At that time the British were ignorant of the botanical differences between the two cannabis species, which are very similar plants. Because *Cannabis sativa* seeds would not grow in India, Governor King was supplied with Indian hemp or *Cannabis indica* seeds. This would have produced poor quality rope, but might explain why the Hunter Valley crop was ‘a good smoke’.

Whatever its species, the Hunter Valley crop was intimately linked with the founding of Australia, and this historical importance alone should have guaranteed its preservation. But marijuana prohibition had brought with it a kind of historical amnesia about the importance of cannabis.

The day after the Hunter Valley crop was discovered, the NSW Department of Agriculture announced it would immediately begin a campaign of eradication: cannabis was classified as a noxious weed under the Local Government Act, and all hemp plants were to be destroyed.

The Department confidently predicted that ‘the bulk of the infestation should be cleared in a fortnight.’ In fact, it was to take five years. During the late 1960s, many Sydney university students had their initiation into the world of the weed on summer holiday jobs at the Department of Agriculture, clearing, burning, poisoning —

exterminating in fact — a breed of wild cannabis which had made its home in Australia for over 150 years.⁸

Chapter Five

I'd Love To Turn You On

Pot and the Sixties Counter-Culture

In 1967 the Beatles closed their epochal album *Sgt Pepper's Lonely Hearts Club Band* with 'A Day in the Life' — a musical confession about their pot smoking: 'Found my way upstairs and had a smoke/ Somebody spoke and I went into a dream'. The song's chorus and closing words were 'I'd love to turn you on!' And a generation did. Within a few years of *Sgt Pepper's*, pot smoking became widespread in youth culture, not just in Australia, but across the entire planet.

The statistics reveal an extraordinary and explosive increase in cannabis smoking in Australia in this period. In New South Wales, for example, 57 cannabis users were convicted in 1966, and 394 in 1970, an increase of 500%! Even this increase seems modest compared with Australian Bureau of Narcotic's figures which show that cannabis seizures rose from 1,376 grams in 1967 to 533,846 grams in 1972 — a staggering 40,000% increase over five years! ¹

It was the young who were turning on. Then as now, pot smoking was concentrated in the 18 - 24 age group. A 1971 survey by the NSW Department of Health in Sydney's northern suburbs found that while only 9% of the population had tried pot, 25 % of people aged between 18 and 24 years had used cannabis, and 13% of this age group smoked pot regularly. None of the over 30s smoked pot at all.²

Pot-smoking was the preserve of the Baby-Boomers. Like the Vietnam War, pot use divided the generations. As the conflict over Vietnam deepened, it divided Australia, pitting left against right and old against young. In this overheated context, the pot leaf joined the moratorium badge as a 'revolutionary' symbol, and to share a joint at a party was to join 'the Revolution'.

Pot in the Sixties

Sydney led the way as the centre of Australia's cannabis trade for a number of quite obvious reasons. It had the largest population in the country and was the largest port, with numerous visiting ships. It had a well-established Lebanese community, and a tradition of cannabis use among Kings Cross bohemians dating back beyond Rosalind Norton and her cohorts in kink in the fifties, to before the Second World War; to that time in 1938 when a hysterical *Smith's Weekly* informed the nation that the first doped cigarettes 'of the evil sex drug marijuana' had been smoked at parties in Sydney.

In the sixties, Sydney was blessed with a seemingly inexhaustible supply of cannabis. From 1964 to 1969, it had the Hunter Valley crop, hundreds of acres of wild pot growing only 180 kms north. After September 1967 it had the US servicemen on rest and recreation leave from Vietnam, flying in with some of the best pot on the planet. Supply suddenly became no problem. If *Sgt Pepper's* was the spark, this supply-side surplus was the fuel for Sydney's marijuana explosion.

By March 1967, the *Sydney Morning Herald* was writing about 'pot parties' in Sydney where university students gathered to smoke marijuana.

Each month marijuana becomes more freely available in Sydney. It used to be brought from the Hunter Valley where it grows wild, but departmental officers have been poisoning it and police keep surviving patches under observation. Today marijuana seeds are circulating in Sydney and the plant is probably cultivated in countless backyards.³

The article, '*Drugs—a new menace in affluent Sydney*' began in stereotypical style:

A girl of 19 lies on her filthy bed in a tiny room at King's Cross. Once she was pretty, but now she is pale and thin. She has long since lost interest in food, clothes and cosmetics. She has not washed for weeks, and the stench of her room is so foul that the unpaid social worker who is trying to help her gags when he opens the door.
She is a heroin addict.

Framing the article was a photo of a junkie shooting up which bore the caption 'Final stages of drug addiction - a "mainliner" injects heroin into a vein.' The media uncritically accepted the police view that marijuana use invariably led to heroin. As policewoman Sgt Dell Fricker, addressing the Women's group of the NSW Liberal party in 1971, said: 'We have found with this particular drug (marijuana) that, whilst it is not an addictive one, after a while it no longer satisfies the smoker and almost invariably they graduate to the hard drugs.'

Pot and the Growth of the Counter-Culture

The deepening divisions between the generations over Vietnam and drugs added to youth's growing distrust with the mainstream media. While the mainstream portrayed marijuana as if it were heroin and treated it as a vicious, criminal indulgence, young people were developing their own underground media which poked fun at the mindless misinformation of the straight media and spoke to youth about youth issues.

Australia's first underground magazine, *OZ*, hit the streets of Sydney on April Fools Day, 1963. Edited by Richard Walsh, Richard Neville and Martin Sharp, *OZ*, in its first incarnation, was a satirical quarterfold, rather like *Private Eye*. Its vibrant humour successfully outraged the defenders of public morals in Australia for several

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Illustration 5: “The Addict”, by Martin Sharp, OZ, 1966

years. In 1968, at the peak of flower power, *OZ* rebirthed in London as a counter-cultural newspaper with Richard Neville as editor.

Scooping *Granny Herald* on the marijuana issue, *OZ* published Martin Sharp's cartoon 'The Addict' in July 1966. Parodying the 'Before and After' formula, Sharp's comic narrates the tragic tale of young Wally Gruntley-Fang (member of the school's first XI and prominent debater) who, while on a pub crawl, is unsuspectingly hooked on Indian hemp by vile degenerates at the Push's pub, the Royal George in Sussex Street:

They were in the lair of the perverse (and vile) smokers of that depraving narcotic Indian Hemp (or "pot", "shit" or "grass" as it is known to its pathetic slaves) . . . He was overheard by what appeared to be a shambling pile of rotting legs. This creature then offered him a "cigarette". 'Like a smoke' were the actual words, 'like a smoke', three seemingly harmless words, 'Like a smoke?'⁴

Sharp's work is satirical and phrases like 'pathetic slaves' recall startlingly similar phrases from *Smith's Weekly's* Reefer Madness campaign of 1938. It ends with an endorsement by 'the United Breweries and Cigarette manufacturers of Aust with the Federal Government'. Misinformation and hypocrisy, as always, provided easy targets for the hip.

The counter-productive nature of much of the police anti-pot propaganda was demonstrated by the popularity of police posters like 'This is the prohibited plant Indian Hemp' which rapidly achieved cult status with Australian pot-smokers and which hung on many a student wall.

But by far the most popular police turn-on for the counter-culture was the Drug Squad display at the Police Pavilion at the Royal Shows in the various capital cities. For many pot-smokers, this annual display of pot paraphernalia, plants and police propaganda was the only reason to go to the Show.

Colin Talbot wrote an article about the Police Exhibition, 'The Drug Squad Exhibition', for *the Australasian Need* in 1977. Featuring a wonderful Matt Mawson illustration, this piece captured the feelings of awe and titillation (that 'forbidden fruit' feeling) that the Police Exhibition invariably provoked:

And there in the far corner, under a banner proclaiming H. M. Customs, is what we have paid to see. It is the dope stall.

Unfortunately we can't get very close because it is proving to be a very popular display, so we wait half an hour while the crowd thins down a bit, and then wander over for a peruse.

Behind the bench is a plain clothes policeman. On the wall behind is the dope. Hallucinogens, narcotics, soft drugs, hard drugs, uppers, downers, in-betweeners, zoomers, stoppers, starters, capsules, tablets, ampoules, Glad-Wrap bags. There are LSD, heroin, marijuana (several varieties), hashish (several varieties), barbies, methedrine, benzedrine, blue capsules, red



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Illustration 6: “Showday” by Ian McCausland

capsules, purple hearts, cubes, hookahs. Nothing left unsaid. We stand gazing, without any obvious lust, we hope. Meanwhile the policeman is giving a young married couple a sniff of opium dross, and explaining to their amazement, all sorts of facts about smoking, eating, dropping etc. these substances. It is hard to believe all this stuff is real. I figure I had better ask and direct my enquiry to the policeman. "I say is all that . . . er, material up there the real thing?" The policeman looks at us and says nothing. "I mean, is it real, or have you substituted for the real thing for the effect?" The policeman looks at us, and begins to smile. We look back, and he looks at us looking. Everybody is looking. "I just what to know out of curiosity. I mean I'm not gonna jump the desk and grab it . . . er, or anything."⁵

The Drug Squad exhibit also inspired Ian McCausland's 1972 comic 'Showday' published in the underground magazine, *The Digger*.

In the decade that followed *OZ*, the underground press in Australia flourished with a variety of radical youth magazines like *The Living Daylights*, *Revolution*, *Nation Review*, *The Digger*, *Rats* and *The Cane Toad Times*, all of which published the work of young Australian comic artists who explored youth themes like sexual liberation and mind-expanding drugs — acid, mushrooms, pot — in an underground cartoon form.

Australia's own scoobie-puffing drug-pig, Captain Goodvibes, was created by Sydney cartoonist, Tony Edwards in *Tracks* magazine. Inspired by Gilbert Shelton's Wonder Warthog, Captain Goodvibes achieved cult status with young surfies, becoming even more popular in Australia than the Hog of Steel himself! The spirit of Sheldon also inspired Ian McCausland who created a trio of furry Australian freaks called Ace, Flasha and Bob Scramble who, like Shelton's Fabulous Furry Freak Brothers, smoke their way through escapades at beaches, country capers and the police exhibition; miraculously avoiding busts by a combination of holy roach clips and manic energy. McCausland's clean, clear panels adorned *The Digger*, *Garrison's Gazette* and *High Times* between 1970 and 1972, and a good number are reprinted in the *Wild and Woolley Comic Book*. They reflect the everyday life of pot culture in Australia in the Sixties — the joys of 'the turn-on', the dread of the knock on the door late at night.

Pot in Sixties Australia

Although prohibitionists like to claim that today's hydroponic pot is twenty times stronger than the 'gentle' pot of the 1960s, the truth is that the sixties were the Golden Age for smuggling, and exotic pot like Buddha sticks, Sumatran Red,

Durban Poison, Maui Wowie and Lebanese hash were common. Police and customs were unfamiliar with pot, and there were many surfies, hippies and ethnic businessmen willing to give smuggling a go.

One Lebanese man related how he smuggled a kilo of hash into Australia wrapped in Alfoil. He was searched by Customs, his suitcase opened, and the package unwrapped. 'What's this?' the Customs man asked. 'It's Lebanese food,' said the young smuggler. 'We eat it all the time back home! Would you like to try some?' Disgusted by the powerful smell of this 'Lebanese food', the Customs officer quickly rewrapped the hash and shut the suitcase!

Many humorous anecdotes about pot in the sixties are based on 'straights' not being able to recognise pot. For example, in *The Cane Toad Times*, the Brisbane Devotee tells a story about being stopped by police in 1968 outside Foco, the radical nightclub at Trades Hall. He was searched by police who were looking for pills, uppers and downers, which were the main drugs of abuse amongst youth before pot. The police discovered his marijuana pouch: 'Listen, kid,' the police said. 'We're not interested in this Turkish tobacco. Where are the pills!'⁶

In the sixties, the regime of prohibition in Australia was low and the pot scene was devoid of the criminal element that would become pervasive after 1976. It was run by amateurs, young people who were drug enthusiasts themselves. In 1977, writing about the recent criminal take-over of the Australian pot scene, JJ McRoach nostalgically recalled the days of the counter-culture dealers:

Back in the 'good old days of the counter-culture', marijuana dealers were regarded by most smokers as Robin Hood types, romantic urban outlaws bringing the good stuff to the people. Some money was made by these dealers but we assumed the prime motivating force was the spirit of a new consciousness, not merely the carrot of fiscal reward.⁷

Much of sixties drug-taking was purely 'experimental' and 'safe'. For sixties counter-cultural youth, addictive drugs like heroin and speed were 'uncool' and the 'hippie dealers' would not touch heroin; providing an effective border against heroin expansion, which the criminal takeover needed to smash. The good sense of this drug taking was encouraged by the underground press, which published many well-informed articles, including interviews with leading drug researchers like Timothy Leary. Under current censorship laws, much of this content would be illegal today.

The Counter-Revolution Begins

Just as in the USA, the debate about drugs policy in Australia was clouded by the Vietnam War and a host of generation-related controversies for which drugs served as a kind of code. Debating the Poisons (Amendment Bill) 1970 (NSW), a government member argued that drugs were all part of 'the permissive society':

Permissiveness as a whole has many parts, including permitting homosexuality ... permitting sexual intercourse outside previously tolerated bounds; permitting easier divorce ... permitting attempted suicide; permitting euthanasia; and permitting soft, tolerant attitudes to the rearing and education of children and to discipline and authority generally.⁸

Another conservative speaker claimed that drugs were all part of a communist conspiracy; the next complained that Mick Jagger and Marianne Faithful were living together unmarried; while the next spoke about the dangers of pop festivals. The attendance of a Labor member at a Moratorium rally also found its way into the debate.⁹

These elements were all linked together in the conservative mind by the current of the times; 'the drug pushers, the lawbreakers, the demonstrators and the radicals', as Bjelke-Petersen would label his enemies in 1976, were replacing communism as the new menace for the right-wing.

To the horror of men like Nixon and Bjelke-Petersen, in December 1972, Baby-Boomer votes took Gough Whitlam and the ALP to victory. It was Time! Time to end conscription; time to end Australian participation in the Vietnam War; time for the dawn of a new era of Australian independence in foreign affairs and drugs policy!

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Illustration 7: “The times they are Remaining”, Terry Murphy, Cane Toad Times
1977

Chapter 6

Teenage Heaven: Sex, Dope and Gough Whitlam

In 1973 Australia's most popular band, Daddy Cool, released their second album. Its title was *Sex, Dope and Rock'n'Roll: Teenage Heaven*. 1973, the year of Teenage Heaven, was the first year of the left-wing Whitlam Labor government. It was the time of the Aquarius Festival in Nimbin, sponsored by the Australian Union of Students with a grant from the Whitlam government. At that festival pot was smoked openly, and 5,000 students rioted when the police attempted to make a drug arrest. By 1973 marijuana was well established in Australian youth culture with about 500,000 smokers in Australia, almost all of them under thirty. Pot had grown to become a multi-million dollar industry.¹

With the end of rest and recreation tours, the amount of imported cannabis fell, providing an enormous incentive for Australian pot growers. From 1973 onwards the back-to-the-land movement amongst Australia's counter-culture saw an increasing number of young Baby-Boomers leaving the city for country areas like Nimbin and Cedar Bay. Many of these 'new settlers' were pot smokers and grew pot on the side.

It was the back-to-the-land movement which became the main target of the War on Drugs. Where they settled, in the far north of Queensland and New South Wales, the conflict between these new settlers and the established population was intense, and was exacerbated by three large, anti-logging, save-the-rainforest campaigns: Terania, Mt Nardi and the Daintree Blockade. The politicians who led the charge for the War on Drugs were generally National Party politicians from these areas who were pro-development and who used pot as an issue to 'bash the hippies'.

As a result, hippie communities would take the full brunt of the War on Drugs with numerous paramilitary assaults by armed police of which Cedar Bay is simply the most famous. In 1981 the 'helicopter raids' began in northern New South Wales, subjecting thousands of individuals in scores of alternative communities, from the Tweed to the Bellinger Valley, to massive 'search-and-destroy missions' by teams of up to 30 police, who used helicopters and trail bikes to raid these remote rainforest communities. Reinforcing the thesis that the War on Drugs was simply a code for a war on the young, the Left, and the alternative, the hippies often claimed these paramilitary invasions were payback for the rainforest protests in which they participated.

As the War on Drugs progressed, the helicopter raids became a yearly occurrence. To protest against fifteen years of helicopter raids on alternative communities in northern New South Wales, in January 1997 the HEMP (Help End Marijuana Prohibition) Action Group staged a non-violent protest in Lismore in which members locked themselves onto the NSW Drug Enforcement Agency's helicopter while the DEA's Plantation Squad were asleep in their hotel. The ambush worked perfectly, holding up the raid schedule and embarrassing the police.²

The Thaw in the Cannabis War under Whitlam

Marijuana was generally perceived as a 'soft' drug in the sixties. This reputation was further enhanced by a series of government inquiries including the Wooten Committee in Britain, the Schaefer Commission in the US, and Le Dain Royal Commission in Canada. The Wooten Report (1968) concluded:

Having reviewed all the material available to us we find ourselves in agreement with the conclusion reached by the Indian Hemp Drugs Commission appointed by the Government of India (1893 - 1894) and the New York Mayor's Committee on Marihuana (1944), that the long-term consumption of cannabis in moderate doses has no harmful effects.³

Reflecting this soft view on cannabis, the Senate Standing Committee upon Drugs recommended in 1971 that Australia should press the United Nations to change the classification of cannabis to a lesser schedule. It also recommended that 'the Commonwealth and the States enact cannabis legislation which recognise the significant differences between opiate narcotics and cannabis in their health effects and in the criminal impact on users and the community'.

That, for possession of marihuana for personal use, as already defined in most states -

- (a) The offence not be defined in law as a crime.
- (b) The penalty be solely pecuniary and be enforceable by attachment of property, imprisonment, or such other means as may be determined.
- (c) The penalty be a fixed amount.
- (d) The penalty be at approximately the same level (that is \$100 to \$150) now being imposed by the courts in most states.⁴

The sentencing pattern for marijuana offences reflected a lessening regime of prohibition. More than 80% of marijuana users convicted in NSW were jailed in 1966, despite a lack of prior conviction and despite the lack of gravity of the offence. By 1972 only 20% of marijuana cases resulted in sentences, and none for possession or use of marijuana, according to Mr Murray Farquhar CSM, Chief Stipendiary Magistrate in New South Wales, who noted that the standard fine for possession of cannabis had dropped to \$70 by 1972. Echoing the views of the Senate Standing Committee about the need to reclassify cannabis, Farquhar CSM said he believed

sentencing problems were created by bracketing marijuana with heroin and the other narcotics:

Perhaps it would not be unfair to say that the delights of its (marijuana's) use appear to be over-rated by those who use it, and its dangers similarly exaggerated by those who seek to keep it prohibited. I prefer not to become uptight about the use of drugs. It is certainly a matter for most serious concern, but not for panic. It is well to remember that it falls far short of achieving the proportions of alcoholism. And we appear not to be uptight about that.⁵

Magistrates in the ACT were taking an even less 'uptight' approach. In 1974 the definition of cannabis as a 'drug' was successfully challenged in a number of legal cases in the ACT. After costs were awarded against police, it was decided not to prosecute users until new legislation was passed, bringing about a period of de-facto decriminalisation. In the Whitlamite controlled ACT, the regime of prohibition in 1974 was absolute zero cannabis prosecutions/thousands smokers!

At that time the ACT had no local government and it was administered by the Whitlam Labor government. In debates in the Commonwealth parliament from 1970 to 1972, Labor politicians, like Dr Cass, Dr Klugman, Dr Everingham, and Senators Wheeldon and Cavanagh, had all made their opinions on the need for legislative change on cannabis clearly known. All of them were 'soft on drugs'. Attorney-General Kep Enderby, who was responsible for the law in the ACT, was accused of 'blackguardly impertinence' and an 'underhanded and cavalier manner' by Liberal shadow Customs Minister Don Chipp for allowing the ACT's de-facto decriminalisation.⁶

The differing views on cannabis between the Whitlamites' and their conservative opponents were best illustrated on 17 April 1975, when Bob Katter Snr (National Party, Kennedy) rose to condemn marijuana and the Whitlam government in a speech which stopped just short of demanding the death penalty for both! According to Katter, marijuana caused cancer, 'genetic imbalance', birth deformities and impotence. Although his claims were not supported by any of the major investigations into cannabis from the Indian Hemp Royal Commission to the Le Dain Royal Commission, Katter attempted to give his unsubstantiated allegations a veneer of scientific credibility with the claim they came from some (unspecified!) UN report:

Mr Katter - Is the Attorney-General aware that, after prolonged investigations into the affect of marihuana, a report from the World Health Organisation of the United Nations now claims that there is conclusive evidence that the habitual smoking of marihuana can cause genetic imbalance resulting in a serious effect on a young woman's - or any other woman's - reproductive organs and may similarly affect a young man; in particular there is the possibility of his becoming impotent ... Is the Attorney-General aware that there is the possibility of cancer also resulting. In view of even the remotest

possibility of this happening, will the Attorney-General now urgently allow the law to be enforced in the Australian Capital Territory and the Northern Territory so that those persons in possession of any quantity of any drugs will be prosecuted and young people will thereby be protected against their own weakness and their exploitation by criminal drug pushers? Will he step up law enforcement activities so that he may have arrested, and put away, the lowest form of animal life, the pusher? Will he take steps to have the law revised whereby the murderous activities of 'Mr Big' who sits in the shadows, the recipient of huge profits ... Will the Attorney-General apply the same penalties to the wholesale distributor in drugs as applies to a convicted murderer? ⁷

In reply, Kep Enderby spelt out the Whitlamite position on cannabis:

Mr Enderby: I am not a doctor. The question of the harmful effects or otherwise of marihuana is a continuing debate. My understanding is that the case for its harmful effects is nowhere near as convincingly made out as it is for alcohol and certainly for nicotine. But the debate and the controversy continue ... My understanding, and it is based on advice that has come to me from the Department, is that some considerable time ago a practice was arrived at in the Australian Capital Territory Police Force that led to no more arrests being made. There were exceptions to that, but that was the policy and that was the practice ... The matter of changing the law is a matter for my concern. There is a proposal, with which I am associated, together with the Minister for Health in this Government, which would give effect to certain international treaty obligations that the Government, flowing from the International Convention on Narcotic Drugs and Psychotropic Substances. If that proposition comes to fruition the penalties that are obviously thought desirable by the honourable gentlemen for trafficking in hard drugs will certainly be extremely severe. On the question of marihuana it would provide - it is only a proposal at this stage - for a penalty much lighter than the penalties that exist in the existing State legislation, because this proposal, if it comes to fruition will result in legislation from this Parliament that will have overriding Australia-wide effect.⁸

The aim of the International Convention on Psychotropic Substances was to bring about control of mood altering drugs (which were not narcotics) in a similar way to the Single Convention on Narcotic Drugs 1961. Like the International Convention on Narcotic Drugs, the Psychotropic Convention provided schedules which limited the manufacture, movement and use of the drugs concerned. Drugs covered by the convention were graded according to abuse potential, and controls ranged from a virtual embargo on substances like LSD and mescaline, to less strict requirements applicable to minor barbiturates, tranquillisers and stimulants. The Senate Standing Committee on Drug Trafficking and Drug Abuse had recommended in 1971 that Australia should press the United Nations to change the classification of cannabis and move it to a separate schedule from the opiates. The Whitlam government's intention was to use the new international convention to reschedule cannabis in this way; cannabis would still be a controlled substance, but under a less strict schedule than the narcotics, and this reclassification would have an Australia-wide effect,

overriding state drug laws. Preparations for this move had already been made in December 1974 when cannabis was rescheduled under the Customs Act.

In August 1975, the Whitlam cabinet was preparing the legislation (to be introduced during the budget session) that would have decriminalised cannabis possession Australia-wide. The legislation, drafted under the sponsorship of the Attorney-General, Mr Enderby, the Minister for Health, Dr Everingham, and the Minister for Police and Customs, Senator Cavanagh, was based on the international drugs conventions; hence, the Whitlam government was relying on its constitutional powers over foreign affairs to override the existing state laws. As recommended by the Senate Select Committee Upon Drugs, the legislation would have separated cannabis from drugs like heroin by moving cannabis to a different schedule with lighter penalties. As *The Australian's* Paul Kelly disapprovingly noted 'Soft drugs users will be fined an almost nominal \$100, but drug traffickers could be jailed and/or fined \$100,000 under proposed new Federal laws ... Dr Everingham has made it clear that he believes the problems of drug addicts should be treated in a medical sense, without criminal action and that action should be stepped up against traffickers in hard drugs.' According to Kelly this 'controversial' legislation reflected 'the growing social acceptance of marijuana as a drug'. Kelly predicted a 'states rights' tussle with Queensland Premier Bjelke-Petersen, a battle avoided by the 'constitutional coup' of 11 November 1975.⁹ As the first stage of this reform, on 20 August 1975, the ACT Legislative Council passed the Public Health (Prohibited Drugs) Bill (1975) introducing a maximum fine for the possession of up to 25 grams of cannabis.⁹

The contrast with Katter was obvious. Like his Queensland leader, Bjelke-Petersen, Katter wanted to use the drug laws to imprison (for life!) his political opponents. At the time of Cedar Bay, he would make the same unsubstantiated claims about the effects of cannabis and demand that: 'While these dangers of the drug pusher exist, these men and women in public life who promulgate the smoking of marihuana should be put away for the rest of their lives'.¹¹

The people Katter wanted to jail included three doctors, Dr Cass, Dr Klugman and Dr Everingham; men whose crimes were that they had simply not read his still unnamed 'UN report' on cannabis, and who based their conclusions on cannabis policy on far more important reports like Le Dain, Schaeffer, Wooten and The Senate Standing Committee upon Drugs.

In this bigoted and confusing way, the War on Drugs was becoming part of a right-wing demand for a war on the Whitlamites.

Last Days of the Whitlamites

By 1975 nine US states had decriminalised, and many Australians were eager that we should follow suit. In August that year, the ACT Legislative Assembly approved the introduction of a maximum penalty of \$100 for the possession of up to 25 grams of cannabis, and moves were under way to change the laws federally as well as in states like South Australia, New South Wales and Tasmania.¹²

In September 1976 Sandra Jobson interviewed a group of Sydney 16 year olds for *The Australian* about how they saw the future. Their comments on drugs were revealing. Said one schoolboy:

I would like to inform all you misguided elders about the drug problem in schools. Drugs in any school are extremely easy to obtain and nearly everyone I know has tried or smoked dope. I also think it should be legalised because the more you say 'don't do this it's bad' the more the persons going to do it. Secondly, people say pot is addictive and can lead to hard drugs like heroin and LSD but this all bulldust. No one I know is addicted to dope and only a small percentage of people go on to the harder drugs. Just consider this: there are more people dying from excessive drinking than died through drug abuse. So why don't you ban alcohol or don't you want to because it's something you like?

To these 16 year olds, legalisation of some drugs was inevitable. Another youth foresaw the future thus: 'The use of drugs will be so common that it will be legalised. This will be a great advantage because it will no longer be a 'big business' issue with pushers becoming millionaires over-night. The price of drugs will drop'.¹³

It was a time, as they say, of 'high hopes'.

It would prove a false dawn.

Whitlam, Nixon and Pot

Gough Whitlam was elected Prime Minister of Australia in 1972, an election that marked the beginning of a short-lived era of national self-respect and independence. The three stated aims of the new Labor government were to promote equality, to involve the people in decision-making processes and to liberate the talents and uplift the horizons of the Australian people.

Within two weeks of his election, conscription was abolished, draft resisters were released from jail and troops withdrawn from Vietnam. Voting rights were extended to all Australians over eighteen, and university fees were abolished. Whitlam's youth constituency also gained community radio stations, and the Whitlam government intended to decriminalise marijuana. Whitlam's policies on equality for all citizens led to Aborigines being granted land rights in the Northern Territory.

In foreign affairs, the People's Republic of China was recognised. Whitlam was less subservient than his Liberal predecessors to foreign policy directions from the USA, and he took a critical line, condemning President Nixon's Christmas bombing offensive against North Vietnam, thus enraging Nixon and Kissinger. In 1974, after Whitlam was re-elected and Dr Jim Cairns became his deputy, Nixon ordered the CIA to review US policy towards Australia. Many believe that a covert operation to destabilise the Whitlam government began then. Whitlam's conservative opponents, like Queensland Premier Bjelke-Petersen, were similarly enraged, and they conspired with the Americans to remove Whitlam.

Whitlam's term as Prime Minister ended in 1975 when he was dismissed by the Governor-General, Sir John Kerr. Whitlam's dismissal — the constitutional coup of 1975 — is one of the most controversial issues in Australia's history. It ended three years of extensive social and cultural reform which enraged conservative Australia. For the triumphant conservatives, it was time — time for revenge.

Chapter 7:

Richard Nixon and the War on Drugs in Australia

It was in the hands of rebellious youth that most Americans first saw wrinkled little cigarettes of marijuana. In 1967, pot wasn't feared much as a health threat; it was the 'soft' drug besides heroin and the hallucinogens. From the start, the country understood it as a cultural symbol with political punch. Gallup got it: the polling company measured the connection between marijuana and politics and tabulated the result in two neat columns - demonstrators and non-demonstrators - showing vastly more demonstrators had tried pot.

Dan Baum: *Smoke & Mirrors*

Within Australia in the late 1960s and early 1970s it was still possible, though probably not justifiable, for most people to regard cannabis use as behaviour largely confined to readily identifiable groups, such as radical students, 'hippie' drop-outs and opponents of the Vietnam War. As long as this perception remained, cannabis users could be seen as threatening the values widely accepted by mainstream groups in the community, particularly the stress placed on honest labour and the distaste for political extremism.

The Sackville Royal Commission: *Cannabis - a discussion paper*

In his history of the US War on Drugs, *Smoke and Mirrors*, Dan Baum argues that, although the US began using police to control the use of drugs in 1914, the War on Drugs — in name and in spirit — began during Nixon's 1968 presidential campaign.

The Swinging Sixties was a decade of sexual promiscuity, rock'n'roll and new drugs like pot and LSD; it was a time of youth in rebellion against the old. But as the decade progressed, in both the USA and Australia, the intense social division caused by the Vietnam War (and conscription for that war) exploded. By the end, the sixties had become a time of riot on the campus and in the ghetto. as a psychedelic counter-culture confronted the dominant culture. 'The Revolution's here' the song proclaimed, and the counter-revolution was waiting in the wings.

1968 saw the Tet offensive, the Prague Spring, the student-worker rebellion in France, and the riots outside the Democratic convention in Chicago. In that year, Richard Nixon swept into office in the USA on a political platform of 'Law and Order'. After the Tet offensive, Nixon knew that Vietnam was useless as a campaign issue. Nixon found his substitute campaign issue just outside the window, 'reeking of tear gas, burning tires, and marijuana smoke' as Baum puts it.

Vietnam was a million miles away, but right here at home life was becoming unbearably chaotic for the middle-class white majority. Although Americans were turning against the war, most despised the movement trying to stop it.¹

This feeling was strongest amongst those Americans who were Richard Nixon's constituency. They saw the counter-culture as a godless bunch of stoned hippies, braless women and homicidal Negroes; they were lawless wreckers who burned, stole, and used drugs. They were bad people who needed to be punished.

Drugs provided a convenient way to achieve this end. What Nixon discovered was that 'drugs' could stand in for a host of problems too awkward to discuss. Pot was a dangerous drug, not because of any effects it had on your body, but because of the way people who used pot thought. Since the counter-culture had chosen pot as their symbol, the War on Drugs would be an integral part of Nixon's counter-revolution. The Democrats' constituency — the young, the poor, and the black — were all pot users. Nixon couldn't make it illegal to be young, poor or black but he could crack down hard on pot. As J. Edgar Hoover memoed his agents: 'Since the use of marijuana is widespread among members of the New Left you should be alert to opportunities to have them arrested by local authorities on drug charges'.²

At Anaheim in California on 16 September 1968, Nixon stood in the shadow of Disneyland as he launched his War on Drugs: 'As I look over the problems in this country, I see one problem that stands out in particular: The problem of narcotics.' Nixon called drugs 'a modern curse of youth'. Like the plagues and epidemics of former years, they were decimating a generation of Americans. He promised his administration would 'accelerate the development of tools and weapons' to fight illegal drugs: a tripled Customs Service, more federal drug agents, massive assistance to local police, and anti-drug operations abroad. Where Lyndon Johnson had declared a 'War on Poverty' Richard Nixon declared a War on Drugs.

Baum's thesis is that, in the US context, the War on Drugs has been code for a war on the young, the poor and the black. This is true also of the Australian experience — particularly in Queensland — where the War on Drugs was code for a war on the young, the alternative, and the Left.³

After 1975, Australian conservatives launched a Nixon-style 'War on Drugs'. Not surprisingly, this application of US-style drugs policy to Australia would produce US-style drug problems in Australia.

1976: The Launch of the War on Drugs in Australia

The first campaign of Richard Nixon's War on Drugs in the US was 'Operation Intercept' — the blockade of the Mexican border in 1969 — designed to cut off the supply of Mexican marijuana. It was headed up by G Gordon Liddy, the future Watergate plumber, who rose to fame by busting Timothy Leary. As critic Robert

Singer observed: ‘Liddy ran the War on Drugs as a domestic vendetta against radicals and the youth movement.’⁴ In an intriguing parallel to what would happen in Australia in 1976 and 1977, heroin use exploded in the U.S. as a consequence. The War on Drugs inspired crackdown on pot, Operation Intercept, made marijuana disappear from the street. At the same time, CIA-led heroin smugglers were flooding the streets with South-east Asian heroin. By 1971, there were close to one million U.S. addicts.⁵

The heroin epidemic, as Robert Singer observed:

drove millions of voters into the law-and-order camp by giving them a bogeyman far more virulent, despicable and immediate than the classic godless communism of yore: the pusher ... While George McGovern campaigned against himself, Nixon beat him by running against the smack dealer on the corner.⁶

All this would be duplicated in Australia eight years later when the victorious anti-Whitlamites launched a Nixon-like War on Drugs in Australia. As in the US, heroin use exploded in Australia as a direct consequence of the crackdown on marijuana. As in the US, this so called ‘anti-drugs’ campaign was more a Nixon-style counter-revolution: the central aim was to punish Whitlamites, not to protect public health. In *Drug Traffic*, Dr Alfred McCoy summarised the counter-productive effects of this anti-drug campaign on Australia:

Ironically, then, the net effect of the 1977-8 anti-drug campaign was to increase the gravity of drug taking and criminalise drug dealing. As marijuana supplies dwindled, and heroin increased in availability, the Sydney drug scene shifted from recreational marijuana use to heroin addiction. The sudden increase in both heroin addiction and cannabis use in the mid-1970s had prompted widespread public concern. Governments responded with increased police enforcement, the formation of three Royal Commissions into drugs and a politicisation of heroin suppression policy, most notably in the 1978 N.S.W. State elections. During the early weeks of the campaign, the Opposition Liberal-Country Parties featured ‘get-the-addict’ television advertisements showing exploding syringes and young Australians ‘shooting up’ before the cameras.⁷

As in the US, what was touted as an attack on ‘drug-pushers’ became ‘a domestic vendetta against radicals and the youth movement’. The biggest operations of this War on Drugs were two large paramilitary raids by police against hippie communes in Queensland and New South Wales.

On 15 August 1976, the largest commune in Australia, the Tuntable Falls Co-operative outside Nimbin, was subjected to a paramilitary attack by forty police. Sixty two residents were arrested and carted off to prison in cattle trucks, delivered to ‘the abattoirs of justice’, in the words of Neil Pike’s *Bush Bust Ballad*. Two weeks later, on 29 August 1976, thirty Queensland police and Customs officers used a

helicopter, a navy patrol boat and a customs launch in a copy-cat paramilitary raid
on

a north Queensland commune at Cedar Bay. Food, gardens and houses were destroyed as the Queensland police went on a rampage.

However, Cedar Bay and Tuntable Falls were simply the very visible tip of the massive War on Drugs ‘iceberg’ as the figures on drug offences in Australia show. After 1975 the number of cannabis offences prosecuted in Australia rose far more rapidly than the comparative increase in smokers. Between 1973 and 1984, the number of pot smokers in Australia rose from 500,000 to 1,175,000, an increase of 135%; however, total drug offences rose from 6,702 in 1973 to 65,200 in 1984, an increase of 900%. This massive rise in drug prosecutions meant that the cost of drug law enforcement in Australia rose from \$10 million in 1973 to \$250 million in 1984.

The Criminal Takeover of Pot Dealing

Along with the launch of the War on Drugs, the winter of 1976 brought with it a criminal takeover of the pot dealing scene. Throughout the summer of 1976/77, the underground press carried a number of reports of an attack on the old hippie dealing network by organised crime. Although the reports came from all over Australia and New Zealand, they were remarkably similar. Marijuana only dealers would be visited by ‘heavies’ who offered a simple choice: either deal heroin or get out. Along with US style prohibition, US style organised crime came to Australia.

David Hirst characterises the pot scene in Australia before the criminal takeover as a ‘corner shop’ system of totally disorganised crime, which was ‘one of the remaining aspects of an otherwise disembowelled counter culture.’ In *Heroin in Australia*, Hirst reported interviewing a number of these ‘corner shop proprietors’ (his phrase for what McRoach called the old hippie dealer network) in Sydney, Canberra and Melbourne. He found their reports ‘alarmingly similar’. In each case a large number of men (up to ten) had arrived at night and terrorised the household. They had knowledge of the activities of the dealers and demanded money and drugs. They raided only dealers who refused to handle heroin and left threats of what would happen if ‘another deal left the house’.

In an article ‘The Canberra Connection’ in *The Australasian Seed* (July 1977) Hugh Davidson interviewed the head of the Canberra drug squad, Sgt Craft, and asked him if there was a criminal push to get rid of the ‘straight grass’ dealers from Canberra. Sgt Craft replied: “There were a couple of gunmen doing the town over last year but we put them away.” Sgt Craft thought it may have been organised from Sydney, but was unable to say anything more definite.⁸

A similar story emerged from Brisbane where, in May 1977, in an article entitled ‘I Cover The Dope Front’, *The Cane Toad Times*, described the situation in Queensland: ‘The past season saw violence, rip offs, and the thin blue line fanning

out. Dope was in slack supply and in increasing prices.’ According to this article, pot was almost impossible to get in Brisbane in December 1976:

No-one was singing All I Want For Xmas except to the Untouchable, Robert Stack, [Rhyming slang for smack or heroin which began to flood through Brisbane’s underground at this time]. One youth arrested by the police was about to shoot up for the first time. In court he pleaded “I’m sick of drinking - there was no dope -and I wanted to get stoned.”⁹

This was about to become an all-too-familiar story.

The Cane Toad Times sensed the gathering storm:

“Remember Cedar Bay” is chalked up on the toilet walls at Herschell Street [Queensland Police Headquarters], the limehouse lord and his bodyguard wait with the Robert Stack ‘Whatever happened to Mary Jane?’

In his book, *New Zealand Green*, Redmer Yska describes a similar pattern in New Zealand; a legendary hippie era when ‘the blissed-out tribes of early pot smokers’ rarely sold ‘sacramental cannabis’ for profit, which was replaced by a criminal network around 1976. Yska quotes arts festival organiser, rock promoter and cannabis supplier, Graeme Nesbit, who said his dealing began as a way of getting large quantities of pot to pass around at festivals.

It didn’t occur to us for a long time that we could make money out of grass because we were so stoned. And even then it was a case of shall we put a dollar on it and it’ll help us buy a new amplifier. Money was never the motivation.¹⁰

Nesbit and other New Zealand believers abhorred the heroin scene introduced by Terry Clark and the Mr Asia gang. Like the Australian ‘old hippy dealer network’, they would not sell heroin.

Clark wanted to move into dealing smack and we didn’t. And while we were out there with the huge street market and refusing to infiltrate the pyramid with anything other than grass, we were impeding his operation.

In late 1976 an organised crime group moved into the drug scene in Australia and New Zealand. They attacked the counter-cultural, ‘grass only’ dealers, demanding they sell heroin or get out. The old hippie dealers with their ethic of ‘consciousness-expansion’ were removed. The ‘Age of Robert Stack’ was looming.

Marijuana Drought/Heroin Plague

The criminal takeover of the drug scene made 1976 and 1977 a time of murders, the most famous being the murder of Donald Mackay in July 1977. Following the Mackay murder, marijuana supplies around Australia collapsed. This is the time remembered in marijuana folklore as ‘the Drought’ or ‘the Great Drought’ — when, for months on end, pot was almost impossible to obtain. The enormous reaction to Don Mackay’s murder closed down the Griffith operation. With the old Hippie

network now the subject of attacks by both the police and organised crime, the collapse in marijuana supplies was dramatic. Those who benefited most were the heroin pushers. With pot unavailable, heroin sales went through the roof. During the 1976-78 period, the amount of Southeast Asian heroin entering Australia increased enormously.¹¹

The Cane Toad Times #1 first mentioned the Drought and placed its beginnings at Christmas 1976. Possibly the Drought began earlier in Queensland because of its high-level of repression. As *The Australasian Seed* 'Market Report' shows, Sydney and Melbourne marijuana markets were well-stocked up until July 1977, suggesting that the Drought became nation-wide after the murder of Donald Mackay. Damien Ledwich's cartoon, 'Listen Earthperson', in *The Cane Toad Times* #4, indicates that the Drought was well-established by the time of the Right-to-March demonstrations in October 1977. There was probably a series of peaks and troughs in the Drought, corresponding with local circumstances and the annual Christmas-drought/May-harvest pot cycle, but the Drought seems to have lasted from July 1977 until 1979.

Between 1977 and 1978 Sydney prices for imported Thai sticks or Lebanese hash more than doubled, while the retail bulk price for leaf marijuana went up more than 500 per cent. 'Given the vast amounts we were seizing,' boasted a senior Commonwealth officer, 'it is very likely we have created a marijuana drought'.¹²

Heroin meanwhile kept a steady price and had a remarkably high purity of 22%. NSW police reported an alarming increase of heroin abuse in the first six months of 1978. The lower grade No 3 Southeast Asian heroin, which had dominated the market in 1977, gave way to more refined No 4 grade powder. Citing a figure of 7,000 to 10,000 addicts in Sydney, the police said that Sydney was now 'the heroin capital of Australia'.¹³

In January 1979, Bill Crews, director of the Crisis Centre of the Wayside Chapel at Kings Cross, spoke about the changes occurring in the street drug scene as a result of the crackdown on pot: 'More and more of these people who can't get marijuana are getting into mandrax and alcohol and also heroin. When grass was around, they used that most. But now it's mandrax, heroin, and they are into booze as well.'

Patricia Healey, Acting Drugs Co-ordinator for the Sydney South Metropolitan region, shared these concerns: 'I find the whole thing extremely disturbing. The impression I have from information I receive is that heroin is increasingly easy to get and marijuana is increasingly difficult to obtain.' By cracking down on the soft drug pot, the authorities opened up a large market for heroin. 'We have noticed that if there is a shortage of marijuana, there is definitely a move towards other drugs,' confirmed Dr. Stella Dalton, medical director of the Wistaria House drug clinic.

At Bondi Community Health Centre, drug counsellor Kate Russell said: ‘The marijuana drought has been going on throughout the winter. Heroin is certainly much easier to get than marijuana. From all reports, it’s definitely the case that people are moving from marijuana to Mandrax and alcohol and heroin.’¹⁴

Much the same had happened eight years before in the US when the War on Drugs was first trialled by the Nixon White House. The first campaign of the War on Drugs was ‘Operation Intercept’, a blockade of the Mexican Border launched on 21 September 1969. A crackdown on marijuana, it too turned users to smack because they couldn’t get grass. As David Smith, a doctor at the Haight Ashbury Free Clinic in San Francisco, commented: ‘The government’s line is that the use of marijuana leads to more dangerous drugs. The fact is that the lack of marijuana leads to dangerous drugs.’¹⁵

Graph 1: Opioid overdose deaths (aged 15-44) in Australia 1964 - 1997

This graph is not available online. Please consult the hardcopy thesis available from the QUT library.

The Murder of Donald Mackay

About 6.30 pm on a Friday night, July 15 1977, a local businessman named Donald Mackay left the Griffith Hotel. After purchasing a cask of Coolabah Riesling, he walked outside to the car park where his mini-van — with its conspicuous Mackay's Furniture logo — was parked. An assassin was waiting. As Donald Mackay went to open the front door of his van, the assassin emptied his .22 revolver into Donald Mackay's body. In an office nearby, an accountant heard a sound 'like someone being sick', and three sharp cracks 'like a whip'.¹

Mackay's blood-spattered vehicle was found in the early hours of the next morning. Blood spots and stains extended from the front mudguard back to the bottom of the driver's door, and there was a blood smear on the front mudguard as well. The keys had fallen under the car, and two drag or scuff marks extended from where the keys lay to a large blood stain on the ground. Three spent .22 cartridge cases were found near the large blood stain. In all, the police were able to gather up blood samples amounting to 'a couple of cupfuls of blood'. The blood was type O — Mackay's type. In the blood were tufts of Mackay's hair, cut and stuck together, consistent with being sliced by a bullet. It looked like murder, and a very professional hit too. For the body of Donald Mackay would never be found.²

It was a time of murders - Paul and Vita Clarke; Douglas and Isabel Wilson; Linda Humphries; Harry Lewis; Jack Connors; Warren Lanfranchi; Bill Collins; Carmelita Lee - to name just a few. But it was the murder of Donald Mackay that most surely announced the criminal takeover of the Australian drug scene.

The Pot Capital of Australia - Griffith (1973 - 1977)

The town of Griffith, situated 600 kms south-west of Sydney, is the regional centre of the Murrumbidgee Irrigation Area, whose irrigated fields make 'the Area' one of the largest producers of wine, rice, citrus, stone fruit and vegetables in Australia. Ideally located between the major markets of Sydney, Melbourne and Adelaide, Griffith boasts of being Australia's fastest growing inland centre. Its population was 13,000 in 1977, and has doubled in the 25 years since.

In the early 1970s, Griffith farmers began using their irrigated fields for the production of an illicit vegetable. In February 1974, members of the Sergi and Barbaro families were caught with two pot plantations, but they escaped with very light fines — excusing themselves in court by claiming that they were unaware it was marijuana they were growing; they thought the crop was ‘American tomatoes’. The sympathetic testimony of Det Sgt John Ellis, a Griffith detective, was also helpful in reducing their sentences.

The larger of the two marijuana crops, at Tharbogang near Griffith, was discovered by uniformed police, but the case was taken over by a group of Griffith detectives, John Ellis, John Robins and Brian Borthwick. When Inspector Tarrant of Griffith’s uniformed police dropped around next day, he was surprised to find a gang of eighteen Italian-Australian workers, including Bob Trimbole and Tony Sergi, harvesting the crop. Detective Robins told Inspector Tarrant that Ellis had arranged this with Tony Sergi. As Detective Robins informed the Inspector: ‘The Italians were so ashamed that one of their countrymen could grow marijuana in this country that they were out there harvesting it.’ Ellis, Robins and Borthwick would later be charged with conspiring with the growers to pervert the course of justice.³

The lenient treatment by the law of the marijuana growers provoked considerable local resentment. The Mackay family first became involved when Don Mackay’s wife, Barbara, wrote a letter to the *Griffith Area News* in February 1975 about this case.

Exactly a year ago, a crop of marijuana worth a quarter of a million dollars was discovered growing, carefully concealed, on a farm at Tharbogang, near Griffith. Fines imposed on the two growers were \$250 and \$500 respectively. Gaol sentences were suspended because they had “previously unblemished records”. Last Friday the Griffith Area News reported a Leeton trial where youths receiving gaol sentences and fines of \$900 \$600 and \$300 for smoking the end product of the growers. The contrast between these two judgements is alarming.⁴

Her husband, Donald Mackay, let it be known that he was interested in finding out where these rumoured marijuana plantations were. His inquiries were to lead to the largest seizure in Australian history, the 31 acres of pot at Coleambally.

In July 1975, Mackay prepared a dossier to be sent to the NSW Attorney-General, Mr Maddison, accusing Robert Trimbole and the local police:

The outlet for the drugs supposedly grown in the area is believed to be through a wine shop or warehouse in Sydney operated by a man called Bob Trimbole, himself a bankrupt a few years ago, but now the owner of two retail stores and a very modern brick home. The drugs are supposedly sent to Sydney in hogshead casks by road. Two panel vans owned by Trimbole regularly commute from here to Sydney We have been warned not to report this to the local constabulary.⁵

Attorney-General Maddison did nothing about this information. Not trusting the local police, Mackay met with selected members of the Drug Squad in Sydney to organise the biggest drug seizure in Australian history.

On November 10 1975, using information and vehicles supplied by Mackay, the police raided a property at Coleambally 60 kms south of Griffith. The four police officers were amazed by the size of the crop they discovered. Screened from the road by a line of trees was a huge marijuana plantation spread over 31 acres. The operation was very sophisticated and each row of pot plants had its own water supply. The police estimated that when mature this one plantation would produce 60 tons worth of pot. At a time when the total value of agricultural production of the entire Murrumbidgee irrigation area was estimated at \$60 million, the police estimated this huge crop had a street value of \$60 million.

Luigi Pochi (a brother-in-law of Tony Sergi) and four other Italian-Australians were charged over the Coleambally plantation. Proceedings started at Griffith District Court on March 6 1977. During the trial, Judge Newton directed the production of an official police notebook in which Mackay was named as an informant, leading Justice Woodward to speculate that: 'It is probable that, inadvertently, Mackay's name may have been disclosed, and he became identified as the police informant whose information led to the raid.'⁶

The day before the court case began, the Sydney Drug Squad raided another property at Euston 300 km due west of Griffith and discovered five acres of pot, some 5000 drying marijuana plants, along with evidence that another nine acres had been recently harvested. Although Mackay was not responsible for this raid, it seems that he was the man who was blamed.

To this day, Coleambally remains the biggest plantation ever discovered in Australian .

The Woodward Royal Commission

In 1977 there were high hopes that pot might be decriminalised in New South Wales. In March that year the Joint Committee upon Drugs of the NSW parliament recommended the removal of jail sentences for personal use of marijuana. In April 1977, Premier Neville Wran outlined a plan to remove jail sentences as penalties for people convicted of having marijuana for personal use. Mr Wran said that the government recognised that the personal use of marijuana was widespread. ‘I don’t think that tens of thousands of parents whose sons and daughters smoke marijuana want their children to carry throughout their lives the stigma of being a jailed, convicted criminal.’¹

However the assassination of Donald Mackay changed all that. Any possibility of drug law reform was placed on hold as ‘Mr Big’ now emerged as a tabloid ‘folk devil’. As Manderson argued, Mr Big’ was ‘a potent new symbol of evil’ who could be ‘blamed’ for drugs. Just as ‘Mr Big’ was demonised, Donald Mackay was beatified. He was the martyr of Griffith, whose blood cried out for revenge. His face became a newspaper icon.²

The clamour to find the murderers of Donald Mackay grew loud. In August 1977, the NSW government appointed the Royal Commission into Drug Trafficking headed by Justice Phillip Woodward. The terms of his royal commission were to inquire into the traffic in illegal drugs, investigate the identity of persons involved, and recommend any changes necessary in State drug laws. As Woodward commented: ‘I was being asked to do what all the enforcement agencies of Australia . . . have been trying to do without marked success for some years.’ While some dismissed the diminutive Justice Woodward and his portly counsel, William Fisher QC, as a ‘Laurel and Hardy’ act, they saw themselves as lawmen riding in to clean up an outlaw town.

Chasing the money trail, scores of investigators from the Taxation Department and the Woodward Royal Commission were sent to Griffith. For the local hotels it proved quite a boon; the Irrigana Hotel (where Donald Mackay ate his last meal) was filled with police and officers of the Drugs Royal Commission ‘investigating the

marijuana trade'; across the road the \$8-a-night Area Hotel catered to the less well-heeled tax men. Reporters came, drank, and wrote stories about 'streets of shame' and 'drug kings' who lived in 'grass castles'.³

From the start of the investigation, high-level NSW police were determined to blame the 'Italian' marijuana growers of Griffith for Mackay's murder. Many senior detectives of that era, including Commissioner Merv Wood, had fought in World War Two against the Italians in the deserts of North Africa. This war-time experience had filled them with a hatred of Italians, a hatred which, regrettably, lived on. By the time of the Mackay murder, the young soldiers, who had fought in the Second World War, were in their late fifties and occupied senior positions in the police, the judiciary, in politics and in many other aspects of Australian life. When the special police team assisting the Woodward Royal Commission left for Griffith, they were given a top-level briefing on the subject of marijuana and Italians, and told to 'Do to them what we did in the desert!' These instructions led to an inquisition against the Italian-Australian growers.

Mr Justice Woodward brought the Drugs Royal Commission to Griffith in October 1977. Within the first two days of public hearings, names and details of suspect financing came tumbling out. Peering over his half rimmed glasses, the imposing figure of Bill Fisher QC subjected a variety of Sergis and Barbaros to his renowned skills as a cross-examiner as he led them through the minefields of their financial details. Typical was Francesco Barbaro, farmer of Tharbogang near Griffith, who was asked to explain how an average income of \$399 per year between 1969 and 1973 became \$48,000 in 1975. The Commission issued photos of Mr. Barbaro's 'grass castle' showing the insides of his extravagantly furnished home — with gold taps in the bathroom, chandeliers in the toilet, and marble skirting boards. It was all too easy. As every new episode of sudden wealth unfolded, the bitterness and resentment grew. And through it all, the dead man's widow, Barbara Mackay, dressed in sombre black, sat quietly at the back of the court.⁴

Much of the bitterness that engulfed Griffith was undoubtedly ethnic in inspiration. Don Mackay was Australian-born and the Mackay family were amongst the first white settlers in the Griffith area. Italians began moving into the area in the 1920s, and, at the same time, there was a large influx of soldier-settlers from the First World War. This mix proved explosive during World War Two when Italy was on the side of the Axis powers. As well as being 'wops' and 'dagos', the Italians were now 'enemy aliens'.

A second wave of Italians, largely from the Calabrian region of southern Italy, arrived after the War, further compounding ethnic problems in the area. By the 1970s, 60% of Griffith's population was of Italian descent and 40% were Calabrians.

As the Italians displaced the Anglo-Australians in the power structure, and in wealth, resentment grew.

This ethnic divide was politicised further by the successful career of Al Grassby, Federal member for the Riverina and Minister for Ethnic Affairs in the first Whitlam government. The pioneering politician of multiculturalism in Australia, Grassby used Griffith's ethnic vote to hold a prosperous country seat for Labor for several elections. With Grassby's defeat in 1974, the Riverina seat fell to the Country party's John William Sullivan on the preferences of Liberal candidate Donald Mackay.

Griffith's marijuana growers were Calabrians, and the resentment their sudden wealth inspired was overlaid with this history of anti-Italian bigotry which made the 'grass castle' such a powerful symbol. Andrew Fowler writing in *The Australian* caught the rising note of resentment:

The brick house, with its sweeping staircase leading to the front entrance, stands out among more modest fibro and timber homes of other less-fortunate farmers in the neighbourhood. Locals have coined a name for the huge homes - there are others belonging to other members of the Barbaro family nearby. They call them "grass castles".⁵

Meanwhile, the NSW police investigation into the murder of Donald Mackay meandered purposelessly, fuelling suspicions that the relationship between the marijuana growers and the Griffith police would allow the Mr Bigs to get away with the murder of Donald Mackay.

Graham Lawrence Keech was the detective rostered on at Griffith the night of the Mackay murder. Instead of being on duty he spent almost the entire shift on what has been described as an extended 'pub crawl' with Tony Sergi and Domenic Sergi, two of the principals suspected of ordering Mackay's murder. They were joined during dinner by two other detectives, who had previously served at Griffith, Brian James Borthwick and Arthur Andrew O'Sullivan, who had flown down from Sydney. All the other principal suspects had similar watertight alibis. Almost as if they had been forewarned, most had chosen to leave Griffith that week.

Still recovering from his pub crawl, Keech went off next morning to play a key role in the investigation of the murder, including the investigation of an alleged previous assassination attempt on Mackay on 12 July 1977 — the Jerilderie incident. The twin roles of Detective Keech, as alibi for the suspects and investigator of the murder, added to deep suspicions in Griffith that the murderers were being protected by the NSW police. The previous Police Commissioner, Fred Hanson, regularly visited Griffith where he socialised with the marijuana growers, shooting duck with Bob Trimbole, who made him a present of an expensive shotgun.

As if to confirm these suspicions, the NSW police investigation into the Mackay murder proved a hopeless shambles. Ineptly led by the bumbling Det Sgt Parrington, a big, handsome man who looked not unlike Lee Marvin, it proved endlessly incompetent; failing to interview key witnesses; studiously ignoring major clues like the identification of the assassin at Jerilderie. Like some antipodean Clouseau, the investigators of Australia's most notorious homicide stumbled and bumbled their way round all the obvious clues for several fruitless years.

The Age of Greed

In May 1977 an underground paper 'with all the dope on dope' called *The Australasian Weed* was published from Melbourne. Banned in Queensland and Victoria, restricted in NSW and other states, *The Weed* was forced to change its name rather than go out of business, becoming next *The Australasian Seed*, and then, in a long cat-and-mouse chase with the censor, *The Australasian Need*, *The Australasian Greed* and *the Australasian Plead*. In the fourth issue, *The Australasian Greed*, editor J.J. McRoach wrote about the changing nature of the Australian marijuana scene and the recent criminal takeover.

Greed?! What sorta name is that for chrissakes for a clean wholesome marijuana newspaper?

Well, as the marijuana industry 'comes of age' in Australia (er, as the National Times recently commented, as we enter the Age of Grass), we find the business rapidly falling into the hands of those who are motivated solely by Greed.

Back in the 'good old days of the counter-culture', marijuana dealers were regarded by most smokers as Robin Hood types, romantic urban outlaws bringing the good stuff to the people. Some money was made by these dealers but we assumed the prime motivating force was the spirit of a new consciousness, not merely the carrot of fiscal reward.

Now these Robin Hood dealers have, in the main, fallen by the wayside. The marijuana scene has been infiltrated by the barbarians - stand over merchants, organised crime, informers and corrupt police. They all combine to form what can be called an Ocker Nostra - merely isolating the bad boys of marijuana as Italian Mafia members operating out of NSW is a dangerous simplification, a red herring fostered by the media which draws our attention away from the fact that the tentacles of organised crime in marijuana permeates our society. Certainly there is evidence of an organised group of Italians growing marijuana, but they are only part of a system that reaches right into the Australian power structure.

Robbery, violence and murder are now part and parcel of what the Bulletin once described as an industry bigger than BHP. If Don Mackay was murdered because of his knowledge of a marijuana conspiracy, his death was by no means the first. Many drug murders have already occurred but, because the victims didn't have the squeaky clean image of Don Mackay, not too many questions have been asked. The newspaper headlines, if at all existent, have been small.

The generation before us learnt the problems associated with the prohibition of a popular drug. The Alcohol Prohibition proved to be the spawning ground for America's organised crime syndicates. Today the marijuana Prohibition is creating the same syndrome, and it is this syndrome that we dedicate this publication - GREED.⁶

Just as JJ McRoach predicted, Justice Woodward fell for the 'dangerous simplification', the 'red herring fostered by the media', and put all of the blame on the Italian-Australians. In his report on drug trafficking, Woodward said that an organisation centred in Griffith had planned and directed a commercial cannabis growing and distribution network. He named six men who were influential members of that organisation and said that Donald Mackay was 'probably' disposed of by or on behalf of members of that organisation.

The tiny amount of doubt that existed in Woodward's report disappeared altogether in Griffith's *Area News* front page report of Woodward's finding: 'Six named in Mackay Death plot'. Francesco Sergi, Domenic Sergi, Antonio Sergi, his son also called Antonio Sergi, Francesco Barbaro and Robert Trimbole were all publicly accused of the murder by the Griffith newspaper, even though they would never be charged with the murder, nor given a chance to refute the accusation in court.

The problem with Woodward's report was that it was a premature exercise. Woodward had over-concentrated on Griffith and had largely ignored Sydney. Woodward's conclusion in this first report, that the Calabrian cannabis growers of Griffith were the largest cannabis growing and marketing operation in the state, was flawed for this reason. While no one disputed their role as the state's biggest growers, there was little proof of any state-wide Calabrian distribution network. Indeed, all the evidence showed the contrary. Woodward simply had the growers, the men on the bottom rung of an enormous drug-smuggling network. The distributors and financiers, those higher up the chain, were left untouched. Instead of uncovering who this 'Ocker Nostra' were, Woodward covered his failings with his fanciful claim about the existence of a nation-wide, secret Italian society called 'the Honoured Society', 'L'Onorata Societa, 'N' Dranghita' or simply 'the Society', composed exclusively of persons of Calabrian origin, whom he alleged controlled the cannabis trade.

The reason for this intelligence failure was Woodward's over-concentration on Griffith, and Griffith's unusual ethnic mix. It was not until his *Further Report* that Woodward investigated the Sydney drug scene and looked at Murray Riley and his gang. At the end of his commission in 1980, Woodward left his outstanding investigations (Murray Riley, Bela Csidei and Nugan Hand!) to the Joint Police Task

Force. At the end of his royal commission, Woodward was just beginning to look in the right place!

McRoach's nomination of an 'Ocker Nostra' of 'stand over merchants, organised crime, informers and corrupt police' was far more correct. As McRoach guessed, the Mr Bigs who ordered the murder of Donald Mackay were 'part of a system that reaches right into the Australian power structure'.

An Australian Richard Nixon

To the rest of Australia, Queensland's long-serving Premier, Johannes Bjelke-Petersen, was an enduring Queensland joke: Queensland's 'Premier-for-Life'. Such a man could become premier 'only in Queensland'; and to prove it was the rest of his cabinet: men like the voracious Russ Hinze and Don 'Shady' Lane. 'Joh' was God's gift to a legion of satirists like Gerry Connelly who made a great comedy career parodying the bizarre 'feeding-the-chooks' patter of the Queensland Premier with its characteristic mix of hyperbole and nonsense.

'Joh', 'No 1', 'the hillbilly dictator' was frequently portrayed as a southern hemisphere Hitler, an antipodean Adolph, as 'Jack-Boots-Bjelke'. He was rather an Australian Richard Nixon — a rat-cunning political animal, adept at surviving by 'dirty-tricks' and by leading witch-hunts. Like Nixon, he began in politics 'kicking the communist can'. Like Nixon, he re-invented himself as a Drug War warrior.

Terry Lewis, the crooked copper who learned to manipulate Bjelke-Petersen so successfully by playing on his paranoia, summed up the Queensland premier quite simply. After his successful white-anting of Commissioner Ray Whitrod, whom he accused of being an ALP voter and a 'Whitlam supporter', Lewis wrote: 'No 1 really a bigot.'¹

It was the secret of his success. While the 'sophisticates' of Brisbane, Sydney and Melbourne might laugh when Bjelke-Petersen denounced Gough Whitlam, the World Council of Churches and the United Nations as 'communists', his power base in Queensland's 'Bible Belt' has always supported the politics of paranoia and xenophobia. The rural areas around Brisbane — the Brisbane Valley, the South Burnett and the Darling Downs — are the spiritual homeland to the far Right in Australian politics. The area voted Social Credit in the 1930s, it produced Bjelke-Petersen, and, in the 1990s, Pauline Hanson's One Nation. Xenophobic, bigoted, parochial, it is characterised by a festering, white-trash resentment — 'they're all agin us': 'they' being the governments in Brisbane and Canberra, the banks, the Jews, the Communists, indeed the entire twentieth century.

Like Nixon's power base, the Bible Belt saw drug use as an insidious form of communist moral subversion of the young; marijuana was the 'Jewish-Communist Devil Weed from Hell'! Like the Nazis, they shared a mindset that was authoritarian,

right-wing and paranoid. Because of this mindset, ‘the druggies’, were destined to become the ‘Jews’ of Queensland’s ‘drug terror’ state.

It was in the crucible of the Vietnam years that these views were forged. Jim Prentice, a student leader at Queensland University during the Vietnam War era, described the temper of those times in Queensland:

The political climate of the time was hysterical. The media was very hostile to radical people, and anyone protesting about civil liberties or the Vietnam War. There was the feeling that we were traitors, that we were sort of undesirables, that we should be locked up, and we had a government that supported this view and promoted an atmosphere of political repression which was not unlike the early days of Hitler’s Germany.²

As Prentice points out, the media colluded with the government in suppressing the voices of dissent, promoting a hysterical climate where criticism of the Vietnam War was seen as a kind of traitorous disloyalty which had to be punished. In this political climate, Queensland’s police force, like Hoover’s FBI, enthusiastically used the drug laws to suppress dissent, framing many radicals on drug charges.

Greg George, long-time activist in the Queensland Greens, describes how he was framed on drug charges in 1974 after leafleting a school:

I was taken back to Woollongabba Police station. While I was there I was subjected to various interrogations. I know Special Branch were there because one of them came in and roughed me up a bit. After this I was taken out to my car and they made a big show of searching it. They opened the boot and a few doors. Then one of them opened the glove box and showed me a vial of pethidine. I said straight away: “It’s a plant!” I mean you’d have to be pretty dumb to go out leafleting in Queensland, knowing you could be picked up by the cops at any time, and have dangerous drugs in your car! They attempted to be witty, saying things like: “We know what kind of plant it is!” Then they took me upstairs and charged me with possession of a dangerous drug.

The drug charge was quite serious. Admittedly it was a first offence, so I was only looking at a hefty fine, but the consequences if it was successful would have been disastrous for me, in terms of future jobs I would have lost, and also because once corrupt cops or political cops get one drug charge up against you it makes it easier for them to get up others.

We were lucky. It was a magistrate’s court, and the magistrate looked to be, and proved to be a reasonable, thoughtful fellow, and the police stories were fairly wild and a mish-mash of half truths that ultimately didn’t stick together. Again, I went to a doctor straight after my arrest, and he examined me and found that there was no evidence that I had been giving myself any illegal injections. As they say, there were no ‘needle tracks’; and there was a whole lot of other evidence I can’t recall.

Interestingly, the magistrate made no comment about the police. The basis of my acquittal was that the police were lying, and the inference from that was that they had planted the drug on me. The whole story was designed to incriminate me as a user. Of course, nothing was said by the magistrate. Obeying the same unspoken agreement, our barrister also didn’t make any accusations. There was an unspoken agreement between the legal

professionals not to accuse the police. It was obviously going too far to suggest that the Queensland police would plant you with drugs, ram your car, just because you were handing out leaflets!³

Like the media, the legal system exercised a suitable kind of doublethink which allowed it to ignore the growing misuse of the drug laws.

Mitch Thompson is probably better known in Brisbane as a restaurateur, but in the early seventies he was a prominent radical. During the Fitzgerald Inquiry, Jack Herbert, 'the bagman', confessed that he had 'verballed' Thompson to get him convicted of an assault charge arising out of one demonstration. On another occasion, six police (including Kevin Dorries) raided Thompson's home and planted pot on him. Mitch Thompson recalls:

The situation was unusual. It was a raid that occurred around 7 in the morning and it involved 6 police. There were two customs, two drug squad people, and two Special Branch. The Special Branch detectives came straight in the front, right into Tom O'Brien's room, and stopped him communicating with me. Two other police went straight to my room, and two others came in through the back door. They tried to isolate us. Interestingly, they only searched my room: it was a huge house, but only my room was searched. They found a sachet, a little plastic packet of marijuana which they pulled out and said. 'Aha! What have we got here?' Obviously, they had brought it with them. And I was duly arrested for possession.

I immediately said it was planted, and I insisted on seeing a solicitor straight away, and one of the Customs officials told me to stand where I was. I argued with him, then he turned around and he punched me in the face. I felt quite intimidated. They were very heavy. The other people in the house were kept held in their rooms so they couldn't see what was happening to me. I was especially scared, because I was taken down to the Drug Squad offices and held there for many hours, and I was really worried about what they might do. I insisted on certain rights. I was noting everything down. I insisted on being allowed to see a solicitor, even though they were being very heavy.⁴

Thompson was charged with possession of marijuana. At his trial the police brought up his past history, including the charge of assaulting police which Jack Herbert would later confess was a frame-up, to create the impression that he was a violent, habitual criminal. After a district court trial that went for a week, the jury found him not guilty, a good result because, as Thompson recognised: 'Once you've got someone on possession, you can get them for something a bit more serious later on.'⁵

The non-political hippies were hated as much as their radical youth peers. Indeed, according to *The Courier Mail*, hippies were even lower than Aboriginals on the Queensland social scale. 'Hippie-life worse than Aboriginal. Pot worshippers in humpies' screamed one headline in 1971, while in another article *The Courier Mail* condemned the use of marijuana by 'hippie or drop-out subculture youth'. As

Manderson notes: ‘It was their membership in the subculture, not the fact that they smoked pot, that constituted the real objection.’⁶

The ‘misuses’ of the drug laws against dissidents in Bjelke-Petersen’s Queensland began as isolated events, often mediated by Special Branch. With the attack on Cedar Bay and the launch of the War on Drugs in Queensland, they were to become systematic. As in other police states, it was terror as social control: terror against Bjelke-Petersen’s Jews — the drug pushers, the lawbreakers, the demonstrators and the radicals — in the rhetoric of the Lockyer by-election: terror against his youthful opponents — the Whitlamites.

Although this drug terror state was derived from Nixon’s US model, it had some quintessentially Queensland features, and Australians from other states found themselves treated as druggies, simply by virtue of being ‘southerners’. In *A Dozen Dopey Yarns*, JJ McRoach relates the ‘holiday adventure’ of three young Victorians, seeking sun and adventure in Queensland in 1974, who found themselves enmeshed ‘in a Kafkaesque parody of justice’. The trio’s VW was searched by police in Brisbane and the search revealed an ALP badge and a copy of Solzhenitsyn’s *Cancer Ward* with a hammer and sickle on the cover. One Queensland police officer, recognising they had some likely suspects, commented: ‘A commernist eh?’

Unfortunately for the young Victorians, the police search next turned up a copy of *Lord of the Rings* which, the Victorians explained to the bemused Queensland police, was ‘an adult fairy story’. The gales of laughter this provoked were menacing. The Queensland police were so amused they arrested the three young Victorians and took them back to the police station for a little joke of their own. Their VW was searched again. This time the police found: 57 grams of grass; 18 grams of hash; and an ornate hash pipe. Due to various acts of police bastardry, the three Victorians spent 30 days, tramping like cattle around Boggo Road prison, before they got to court where the case was thrown out. Ironically, one of the police who arrested the pot trio was called Beer.⁷

As this story shows, books became one of the chief means used to determine whether someone was a druggie or a Whitlamite and the possession of ‘commernist’ literature was damning evidence of both. During drug raids on private houses, the Queensland police would invariably go straight to the bookshelf; further demonstrating how the drug laws became a form of social control to persecute opponents of the Premier and the police. In 1996, an amendment to the Drugs Misuse Act made the possession of most books about cannabis a criminal offence in Queensland with a maximum penalty of fifteen years in the state’s massively growing, and heavily privatised, prison system.

The Cedar Bay Alliance

On the morning of 29 August 1976, the inhabitants of the hippy colony at Cedar Bay in far North Queensland were awoken by the WHAP-WHAP-WHAP of a helicopter circling. As it dropped off a few policemen at the beach, they watched. It left, only to return again, and again, and again . . . All that morning the chopper kept bringing the coppers in.

In the camp, people began stirring. As they ate a hurried breakfast, the first police group arrived, cutting through the bush along the bottom of the vegetable garden. The police hurried through the camp, pausing for a few moments to chop down the clothes line and Allen's tent with their machetes. When challenged they said: 'We're looking for marijuana plants!' ¹

Shortly after another group of police arrived and began searching the hut for marijuana. They started ripping up the food supplies. They threw everything, bags of rice, packets of tea, packets of soup, cans of vegetable, packets of flour — about three months supply of food — on the floor. They bored holes in their water containers. They then started a fire. When the amazed residents asked them what they were doing, 'Looking for marijuana seeds!' was what they replied.

The police were firing guns everywhere. They were like cowboys shooting up a town. Candy Smith remembered fearing that her friends were being killed. Suddenly Lee, one of the young men, made a break. The cops stood around dumbfounded. Finally they ran after him. He ran through the bush to his hut, only to discover that the police had set it alight. They caught him trying to put the fire out. The police called him a 'dole-bludger' and threatened to kill him if he tried to escape again. ²

Meanwhile, the others made no attempt to escape. Beside the helicopter, a light aircraft, a Customs launch and the navy patrol boat HMAS *Bayonet* were involved in the raid on Cedar Bay. More than 30 police, as well as Narcotics Bureau and Customs agents, took part. The Task Force assembled to attack Cedar Bay was certainly impressive. Against it, the dozen or so young people who were the commune of Cedar Bay stood no chance. They felt cowed and completely defeated by these big, trigger-happy police. They were marched off to the beach and handcuffed together around trees.

Because she only had shorts on, Candy asked if she could go back to the camp to get something warm. She walked back with one of the police only to see her hut was already on fire and all her possessions, her dresses and clothes, everything she owned was going up in smoke! She ran into the flames to salvage what she could. As this frantic young woman tried desperately to save her few possessions from the fire, the police stood around laughing. The burning hut started caving in, so they dragged her from the fire, all the while laughing hysterically like mad men.

Back at the beach, the police had rounded up more hippies. Candy's friend, Sandy, and another friend, Michael Lennon, were there. They saw Candy was crying and she told them that the coppers had burnt all her possessions, everything. Michael Lennon gently asked the police why they were hurting them in this way. He was pushed to the ground and told to shut his mouth or else. He asked why they were being held and was given the same treatment again.³

The helicopter came and took the two women — Candy and Sandy — away. The young men were brought back to Cooktown by the patrol boat. The raiding police stayed behind and celebrated with a wild party, using the helicopter this time to fly in their alcohol supplies.⁴

At Cooktown the two young women were interrogated by a policeman who said he could charge them with several things such as being on Crown land, but he was going to be easy with them and put them down as vagrants. And, since the police had recently burned down their houses, vagrants is what they were. When Candy protested that she had a bankbook, the policewoman who had taken her possessions said that as far as she was concerned Candy didn't have a bankbook. She told Candy she could pick her bankbook up after court.

Candy was placed in a padded cell. The police sergeant threatened to keep them in jail for a week if they pleaded not guilty. He made insinuations to the young women all night. He said he would be paying their cells a visit later on 'to keep you sluts happy and warm'.⁵

Next day in court, Candy was amazed at the lies of the police. "Things like I was sleeping on a mat on the floor in filthy conditions. I took great pride in the cleanliness of our home." However, completely cowed by the police threats, she (like the other nine Cedar bay defendants) pleaded guilty to vagrancy. Because the local Cooktown magistrate was on holidays, the police illegally got his clerk to stand in. Not qualified to preside, the magistrate's clerk added to the farce that was Queensland justice by continually asking the police prosecutor what sentences he should give.

Although Cedar Bay is 2000 kms north of Brisbane, the story of the Cedar bay raid was broken by Brisbane's alternative radio station 4ZZZ, who had a reporter,

Steve Gray, in Cairns. The 4ZZZ report alerted the ABC in Brisbane who sent reporter Andrew Olle to Cedar Bay. His vivid report on *This Day Tonight* (TDT), showing the burnt houses and the macheted fruit trees, made Cedar Bay a national story.

Many people were aghast at the police action. Criminologist Paul Wilson described the Cedar Bay raid as 'a waste of time resources and money'. He described the anti-drugs operation as like an old American film script, and said the raid achieved little of benefit to the community:

With five unresolved rapes, three unsolved murders and muggings on the increase in Brisbane and all the provincial cities, it seems extraordinary that they can use 30 men, planes, a helicopter, and ships to catch a few hippies for smoking cannabis - and then charge others with vagrancy. How can they be vagrants when they are living in a commune miles from any other civilisation?⁶

Dr Wilson said the raid was against the hippies and their lifestyle. 'The police wanted to demonstrate that they are hard on cannabis, even if police in other states are not', he said.

The Lockyer By-Election

Meanwhile in the Brisbane Valley, the campaign for the crucial Lockyer by-election was under way. In her study of the Lockyer by-election, Margaret Cribb argues that the by-election was 'an out-of-town tryout' for Bjelke-Petersen and the Nationals. For some months, the premier and the government had been taking a strong and unrelenting stand on the questions of law and order and drugs. In the past, Premier Bjelke-Petersen had campaigned successfully against the Whitlam government, and now with Whitlam gone, Bjelke-Petersen needed a political make-over. The feared enemy of the Southern Socialists was about to transform himself into a drug war warrior. Law and order and the War on Drugs were to be the new political agenda in Queensland⁷

So the Cedar Bay raid proved a happy coincidence for Bjelke-Petersen, who immediately went on the offensive, supporting the police, and announcing that his Cabinet wanted life term for drug pushers. (An idea embraced by *The Courier Mail* with this logic: 'Harsh as it may seem, the State Government's proposal that courts be given the power to jail pushers of hard drugs for life is justified. An organised pusher of hard drugs can become a mass murderer, killing many of his victims indirectly.')⁸

Bjelke-Petersen's message was loud and clear: it was War on Drugs and drug users in Queensland. He said he had directed the Queensland police to bring drug pushers before the court.

The Queensland government will not tolerate drug pushers, drug cultures, or those who flippantly promote the use of illegal drugs as harmless or therapeutic. The time for toleration of drugs is long past, especially among students and teachers. My government has taken this stand in response to a rising tide of unrest among parents and the responsible sections of society. We'll intensify our efforts to locate illegal drug cultivations and increase police surveillance in co-operation with appropriate Commonwealth agencies. I can assure all Queenslanders that this state will be no haven for illegal drug users, pushers and promoters.⁹

Supporting the Premier, the recently appointed Police Minister, Tom Newbery said he would take a hard line on drug offenders too. He said police raids on drug areas were fully justified. 'I don't think we can do enough to clamp down on these people.' Questioned about the cost of the raid, Newbery declared proudly that he was 'tough on drugs':

The cost was not really important. What was important was the stopping of a flourishing market in North Queensland. I have always been known as a tough minister and I intend to be tougher on these people.¹⁰

Asked whether the force used may have been excessive, Mr Newbery said the police action at Cedar Bay would act as a deterrent.¹¹

In Queensland Parliament, opposition Police spokesman, Keith Wright, called for an inquiry into the police actions. He accused the police of adopting storm-trooper tactics. The actions of the police were 'over-zealous, irresponsible and loutish', he said. No one could condone what happened after the initial raid on August 29. 'I have seen photographic evidence that demonstrates a complete lack of respect for individuals and their property,' he said. 'Homes were burnt down and children's clothing and food piled in a heap and ignited with kerosene. Dozens of fruit trees were chopped down, a water tank was shot up, and shots fired indiscriminately into the scrub.'¹²

Mr Wright said that the Attorney-General should conduct an inquiry into the raid. He had been advised by senior counsel that various sections of the criminal code were breached. It appeared that property was wilfully destroyed and the area ravaged.

The state has a responsibility to protect citizens irrespective of their philosophies. It has a responsibility to clear the good name of the police. The drug traffic must be stamped out. But Cedar Bay can not be smoothed over by a Ministerial statement. There needs to be an investigation.¹³

Premier Bjelke-Petersen fought back with a strident attack on the residents of Cedar Bay and their supporters. It was, he said, all a conspiracy by people who wanted to discredit the police and legalise marijuana. He claimed that the residents may have fabricated evidence to embarrass the police, and that the trees allegedly cut down by police might have been cut down for TV camera crews.¹⁴

Police Minister Newbery backed Bjelke-Petersen claiming there was an obvious campaign by drug pushers (again that term) and vested interests to discredit police anti-drug actions. There had been loud allegations and accusations, he said. All were based on unsworn and unsubstantiated allegations by unnamed people who had much to gain by discrediting the police. Describing the residents of Cedar Bay as ‘undesirables living in squalor’, Mr Newbery gave his full support to police actions ‘to stamp out evil’.

There will be no haven for the pushers and users of illegal drugs in this state. There will be no haven in North Queensland where people can disregard the law. There will be no pockets of isolated jungle, where they can grow and use illegal drugs.¹⁵

Newbery used Parliament to attack the TDT program on Cedar Bay, claiming it was blatantly biased because it did not mention that the police had seized marijuana plants, and that it was a series of slurs on police integrity. ‘I understand that some police officers who took part in the raid are considering legal actions against the program as a result of unsubstantiated claims,’ Newbery said.

On this last matter, Mr Newbery was correct. A writ was served on the ABC almost immediately. After that, the Speaker ruled that Cedar Bay could not be debated in State parliament on the very dubious legal grounds that the discussion was now *sub judice*.¹⁶

‘We want to know who authorised this destruction because of the question of conspiracy,’ Opposition leader, Keith Wright, had asked in Parliament. The man playing political football with the issue, Premier Bjelke-Petersen, had been in Cairns the week before the raid, and was the obvious candidate. Bjelke-Petersen denied ordering Cedar Bay, but quickly stopped the debate in Parliament. However, he continued to kick the ‘drugs’ football all over the Lockyer electorate.

Speaking at the Gatton School of Arts during the launch of the National Party’s campaign for Lockyer Mr Bjelke-Petersen declared:

Queenslanders like firm, decisive leadership and policies and the National Party provides it. Being a leader brings you in for every accusation, every smear, every attempt to belittle you that your opponents can muster. The Queensland government’s attitude on drugs is clear-cut — we’ll not tolerate them. We’ll not tolerate attempts by teachers or anyone else to peddle a pro-drug attitude.

When your ALP candidate speaks, ask him point blank does he support the legalisation of marijuana and other drugs.

The ALP always stands up for the drug pushers, the lawbreakers, the demonstrator and the radicals against the community’s rights, the rights of the police and your rights and my rights.¹⁷

In its spirit of zero-tolerance and ‘total war’ Bjelke-Petersen’s speech was pure Nixon; even Bjelke-Petersen’s list of enemies ‘the drug pushers, the lawbreakers, the

demonstrator and the radicals' resembles the famous Nixonite hate list of 'the young, the poor and the black'. He was signalling that the 'rights' of these 'drug pushers' and 'lawbreakers' — the democratic rights of protest which had made possible opposition to conscription and the Vietnam War — were about to disappear.

The Last Honest Cop

Although Bjelke-Petersen was able to gag Parliament, he could not contain the widespread sense of outrage and unease in the broader Queensland community about the police actions at Cedar Bay. The inhabitants of Cedar Bay were to find a powerful supporter in Police Commissioner Ray Whitrod. Although under continual pressure from Bjelke-Petersen, Whitrod believed such serious charges against police had to be investigated, and defied Bjelke-Petersen by ordering an internal police investigation.

Ray Whitrod had become Queensland's Police Commissioner in 1971. A dignified, intelligent and honest man, he brought extensive experience and impressive qualifications to his appointment to head the Queensland Police. Educated in South Australia, he had a Bachelor of Economics degree, and a Postgraduate Diploma in Criminology from Cambridge University. He had served in the South Australian, Papua New Guinea and Commonwealth Police Forces, the latter two as a Commissioner, and was a former assistant director of the Australian Security Intelligence Organisation (ASIO). An outstanding policeman of great honesty and integrity, he was appointed from outside the Queensland Police Force with a brief to reform it.

Reforming the Queensland Police was an unenviable task. For many decades the Queensland police force had had a corruption problem. Graft was paid to senior police and politicians for the protection of prostitution, S.P. bookmaking and illegal liquor sales. As the Fitzgerald Report notes: 'police corruption had acquired a quaint quasi-legitimacy by the Bischof era . . . Bischof [Queensland Police Commissioner 1957-1970] himself was said to be deeply involved . . . Certain police were said to enjoy Bischof's favour, and to be his 'bag-men'.'¹⁸

Bischof's 'bag-men' were rumoured to be three detectives — Terry Lewis, Tony Murphy and Glen Halloran. Collectively, they and their supporters were referred to as 'the Rat Pack'. They were the 'Black Knights' of the Queensland Police Force. By 1976 the power struggle between the Rat Pack and their allies in the Police Union and Whitrod and his reformers had reached its peak. Whitrod's campaign against corruption was starting to bear fruit. Rat Pack associate Jack Herbert and two others were charged with corruption in the Southport S.P. case. Two Scotland Yard

detectives were conducting an internal inquiry into police corruption, and pressure was building for a public inquiry into police corruption.

To counter Whitrod, the Rat Pack and their supporters in the Police Union began a campaign to woo Bjelke-Petersen. The corrupt police were promising Bjelke-Petersen an alliance; unlike the 'Whitlam man' Whitrod, they would help Bjelke-Petersen repress his political opponents. Two famous police 'provocations' occurred at this time: on August 10 1976, a female student was struck over the head with a baton by a police Inspector in full view of the TV cameras at a peaceful student protest; on August 29 1976 came Cedar Bay. The Cedar Bay raid can almost be read as the Rat Pack's application to Bjelke-Petersen — a sample of the kind of justice that Whitlamites could expect from a Rat Pack controlled police. So Whitrod's decision, in defiance of Bjelke-Petersen, to order an internal inquiry into Cedar Bay on 6 October, would have fateful effects. Bjelke-Petersen knew there were other police who would do his bidding.

On November 12, Whitrod learned that Bjelke-Petersen had pushed Inspector Lewis through cabinet as Assistant Commissioner, a course which involved his elevation over more than 100 more senior officers. Whitrod went to the Police Minister's office and said he was flabbergasted; he protested that it was widely known in the force that Lewis was one of Frank Bischof's bagmen. 'That was when he was a sergeant,' Newbery replied. 'He wouldn't do that sort of thing now.' Whitrod said Lewis was unacceptable, and asked to address cabinet. This was denied.¹⁹

Although Bjelke-Petersen gave evidence to the Fitzgerald Inquiry that he was not responsible for the decision to promote Lewis, press reports at the time — as well as Lewis's diary, seized by the Fitzgerald Inquiry — suggest otherwise.

Following a gathering of National Party ministers in Charleville, Lewis was informed of his promotion to Assistant Commissioner by a mysterious caller, whom he records as 007. Lewis wrote in his diary these words: 'Next Monday, No 1 (Bjelke-Petersen) has directed so. One at a time, you (Tony Murphy) next time. Taylor's approach.' A gradual encirclement of Whitrod was planned.²⁰

The next caller was 'Don' (Don Lane MLA) who had also heard the news of Lewis' promotion. Lewis wrote: 'Will show him list.' The list referred to had been drawn up by Murphy, and was a series of typed sub-lists headed 'Guests', 'Friends', 'Capable', and 'Others'. 'Friends' were: Sergeants Ron Redmond and Noel Dwyer; Constables Ron Beer, Graham Leadbetter and Pat Glancy. All were to have brilliant careers under Lewis. 'Others' were: Whitrod, Assistant Commissioner Bill Taylor, Superintendent Jim Voight, Inspector Arthur Pitts, Basil Hicks and policewoman Lorelle Saunders. Lewis added in his handwriting 'all present CIU' — the Criminal

Intelligence Unit which Whitrod had used against the corrupt police. All these would have their careers destroyed under Lewis. This list was the heart of the Rat Pack conspiracy; the fact that Lewis intended to show it to Lane suggests Lane had the status of a co-conspirator.²¹

Six hours later, Lane rang back to report on a meeting with Bjelke-Petersen. He told Lewis that both Murphy and Lewis had been ‘canned’ by Max Hodges; that Bjelke-Petersen had heard that Murphy was an ALP supporter; but that Bjelke-Petersen would trust Police Union President Ron Redmond’s advice. In his record of this conversation Lewis wrote: ‘KoKo double-crossed No 1 over Cedar Bay. No 1 really a bigot’. (‘No 1’ is the code Lewis used for Bjelke-Petersen; ‘KoKo’ is Lewis’s code for Ray Whitrod.)²²

The Cedar Bay alliance had been cemented. It was never written down; it was a kind of code that Lewis understood and Bjelke-Petersen wanted; it was the code for a future of endless Cedar Bays. It meant war on the hippies, war on the young, war on the left: war on ‘the Whitlamites’. It was the code for the coming ‘drug terror state’.

As Whitrod saw it, the promotion of Lewis was intolerable. Not only might it be thought that he was associated with the appointment of Lewis, but his operational control of the Police Force would be seriously undermined by the Lewis/Bjelke-Petersen alliance. He conceived of the possibility that he would become a figurehead, with his reputation a shield for the corrupt. After being informed of Lewis’s appointment on Friday 12 November, Whitrod thought about the matter over the weekend and resigned at 9 am on 15 November. He also ordered summons against four of the policemen involved in Cedar Bay.

The Courier Mail editorialised the next day:

It had become inevitable, of course, and State Cabinet obviously meant it to be. And so Queensland has lost probably the best Police Commissioner it ever had.

Mr Ray Whitrod was an idealist, but a practical one. He wanted higher standards, higher calibre personnel and reform within the police force. His critics, in the force and in the Government, wanted the old safe ways of the entrenched system as little answerable to the public as it could be.

Aided by the Premier (Mr Bjelke-Petersen) and the Police Union, the old guard has won. The Queensland public has lost. Cabinet set up a situation which made it impossible for Mr Whitrod to do his job properly and left him no real alternative but to resign.

The Government has shown a strange determination to be stubborn and stupid, with its blatant political interference in the police force. . . . Obviously the next Police Commissioner, whoever he is, will be expected to be a “Yes man” to the Premier. ²³

On November 22, the 48 year-old Terry Lewis was appointed Police Commissioner for seventeen years — which would take him to retirement. Bjelke-

Petersen praised his new, crooked commissioner with the words: 'He's a straight-shooter.' The accompanying colour piece in the *Courier Mail* described the new commissioner as a 'Man with a light touch', the irony possibly being intended, for all of Brisbane was buzzing with Rat Pack rumours. *The Australian* entitled its eulogy of Whitrod 'The Last of the Honest Cops'.²⁴

On November 29, 'the last honest cop' told a packed press conference he had resigned because of political interference. He would not accept being a puppet commissioner for Bjelke-Petersen. Politicians were interfering in all levels of police work, and had demanded favours for themselves and their families. Attempts had been made to use political interference right down to the lower levels of police transfer and promotions.

He revealed that Inspector Robert Gray of Cairns, who led the Cedar Bay raid, was one of the four policemen he had summonsed in relation to the raid. He had been instructed on 'higher authority' not to let his investigators go to Cedar Bay, but he chose not to pass on that instruction. Cedar Bay was a 'surface indication of the existence of a fundamental difference between the government's approach to criminal law enforcement and my understanding of the proper procedures to be followed', Whitrod said.

The government's approach, if carried to the limit, is favoured by extreme right and extreme left groups . . . These extremist groups obviously have not missed the significance of Goering's successful assumption of control of the German police as an essential step towards the establishment of the Nazi state, and there have been similar lessons elsewhere. I felt so concerned at this turn of event that I resigned lest it be thought I approved or at least condoned this kind of relationship.

The comparison with Nazi Germany was pointed. Whitrod was an intelligent man, highly educated in political philosophy; he was an ex-assistant director of ASIO. What Bjelke-Petersen wanted was a totalitarian state and Whitrod saw this and would have no part of it.

Whitrod said he had been pushed out of the job by the Premier who was making decisions contrary to his own. 'Interference with my responsibilities reached the stage where I was no longer in command', he said.

The government's view seems to be that the police are just another public service department, accountable to the Premier and Cabinet through the Police Commissioner . . . I believe as Police Commissioner, I am answerable, not to a person, not to the Executive Council, but to the law.

Q: Do you think Queensland is getting to be a Police State?

A: I think there are signs of that development.

Unfortunately, what was left unsaid was as almost as important as what was said.

Q: Are any of the bribe taking Rat Pack amongst the recent promotions?

A: I can not answer that.²⁵

The Cedar Bay Trial

Ray Whitrod's attempts to get justice for the residents of Cedar Bay went the way of his attempts to reform the Queensland Police. Cedar Bay had become an important issue that Bjelke-Petersen needed to win. He carried out a crusade, a witch hunt, vilifying the victims of Cedar Bay.

Although the Queensland Parliament was prevented from discussing Cedar Bay because it was '*sub judice*', Bjelke-Petersen continued to put out a series of prejudicial press releases. One press statement, issued on the eve of the new court hearings, claimed that North Queensland was the 'drug factory' for the rest of Australia, and referred to 'drug plantations hidden in thick rain forest areas such as Cedar Bay'. Another paragraph said police believed foreign fishing vessels were bringing in hard drugs and that police were 'seriously concerned that apart from growing cannabis, hippie communes on Cape York might try to grow the opium poppy, the main source of heroin'. State opposition leader, Tom Burns, denounced this as 'a blatant attempt to influence the court'. and the Council for Civil Liberties president, Derek Fielding, said it had to be viewed as 'a deliberate attempt by the premier to influence the Cairns magistrate'.²⁶

This campaign of vilification reached its peak during the trial of Inspector Gray. The police described the hippies of Cedar Bay as 'vicious criminal hippies' who were living in appallingly squalid conditions, amidst the stink of human excreta. The buildings were described as dilapidated, abandoned, not fit for human habitation. According to the police, conditions at Cedar Bay were so appalling they were only made bearable by the constant smoking of marijuana.

At the trial Gray was acquitted, thanks to barrister Des Sturgess' famous 'suppurating sores' defense. In his address to the jury, Sturgess relied on 'sex drug' hysteria, appealing to a bigotry based on a fear of youth and sex for which pot served as code. He told the jury that the case had nothing to do with bright messages of new hopes for an alternative way of life. It was about dirt and sores and stink and a return to pre-history by young people who would do anything except work. He said Cedar Bay had been portrayed as a sort of paradise occupied by gentle children of nature. Life there, he claimed, was so squalid it was made bearable only by steady intoxication from marijuana. He said Gray had been portrayed as the chief bully man of a bunch of police bullies who came and interfered with these gentle, peaceloving hippies who only desired to be left alone. 'How would you like your son or daughter to be up there', he asked the Cairns jury. 'What would you expect a conscientious police officer to do if he found your daughter there? One girl among nine men . . .

youths with legs festooned with suppurating sores. They were absurd people without shame or modesty.’²⁷

It was Bjelke-Petersen style bigotry, delivered with a QC’s silver tongue. Sturgess relied on the linking of sex and pot, which remains a continuing sub-theme in this study. The fear of cannabis as an aphrodisiac has disturbed the conservative mind in Australia from 1938 to the present. When Prime Minister John Howard talks of drugs attacking the ‘moral fibre’ of the nation, this is again code for the youthful promiscuity and the rejection of the work ethic of radical 1970s youth.

After a 17-day trial, Inspector Gray was cleared of all charges. Bjelke-Petersen announced that the jury’s decision had justified his early stand on the issue.

The Right To March

Bjelke-Petersen had got what he wanted: a police force that would attack his enemies — the young and the Left. And not just the marijuana smoking hippies of Cedar Bay: already his sights were set on the marijuana-smoking student protesters from the universities.

Three weeks before Cedar Bay, when the police had attacked a university student march, Bjelke-Petersen had supported the police with the words ‘Australians are becoming tired of demonstrations on any pretext’. The Police Union immediately supported Bjelke-Petersen on this issue. Police Union president, Sgt Ron Redmond, a Terry Lewis supporter, took the opportunity to bag Whitrod, and called on the Premier to give a clear-cut decision on what police should do in relation to demonstrations:

They feel they have no support other than from the Premier and the Government in their endeavours to maintain law and order. They feel deserted by their Commissioner and Minister.²⁸

Ten months into Lewis’s tenure as Police Commissioner and two months before the next State election, Bjelke-Petersen banned the right to march in Queensland. On 6 September 1977, senior police officers were instructed that permits for processions, which were ‘of a protest nature’, were not to be issued. On 13 September, Cabinet made the Police Commissioner the final arbiter on questions of public meetings and marches. Commissioner Lewis enforced the new edict banning street marches with suitable enthusiasm.

On 22 September 1977, 700 police were deployed when 400 university students attempted to march to the city. They dispersed and walked to King George Square where a rally was held. There were 31 arrests.

On Saturday 22 October 1977, 700 police were deployed when 5,000 university students, civil rights adherents, environmentalists and others formed in King George Square and marched into Adelaide and Albert Streets. There were 418 arrests.

That day, National Anti-Uranium Mobilization Day, 20,000 people marched peacefully through the streets of Sydney and 10,000 did likewise in Melbourne. A minimum number of police supervised those processions and no arrests were made.²⁹

On the eve of the State election, 11 November 1977, 690 police were deployed against a Right To March demonstration. There were 169 arrests. By provoking turmoil in the streets, Bjelke-Petersen won a smashing victory.

As in the days of the Vietnam Moratorium protests, Right to March activists found themselves victimised by corrupt Queensland police who misused the drug laws against them. Ian Kerr, a prominent activist in the Right To March protests, was subsequently planted with a block of hash by Queensland police in August 1980. Typically, the Queensland police who raided his house kicked in his door and then went through his bookcase, confiscating a number of radical pamphlets and books before planting him with the hash. Due to inconsistencies in the police evidence, Ian Kerr was eventually acquitted on the hash charge.³⁰

Bjelke-Petersen was smashing his opponents in the streets: was he also smashing them in their homes? Damien Ledwich's cartoon, 'Speak Earthperson', associates the Right to March demonstrations with the great marijuana drought of 1977 when pot almost disappeared from the street. 'This Droughts gotta break soon' says the narrator: 'I'm down to dry stems and wet dreams.' In the next frame people shoot up.

The Drought had begun after Cedar Bay. At that time, heroin started to seep through Brisbane, and exploded in use during the street march era. Some said that the corrupt police were pushing the heroin. Fats Parameter, whose song *Pig City* was one of the anthems of Brisbane protest, describes those times:

Within a few years within my circle of friends who had been into street march politics — between 1977 and 1980, half of them had turned to heroin. Quite a few subsequently died. I have no proof, but I always suspected the police sold them another form of rebellion.³¹

The Queensland Drug-Terror State

After Cedar Bay, the use of 'drug-terror' by the Queensland police force became systematic. Just as in the street march demonstrations, the use of agent provocateurs was widespread. In May 1978, when the Drug Squad conducted a series of raids around Rockhampton, there were many complaints of entrapment. Following the raids, a letter to the *Rockhampton Morning Bulletin* protested: 'It seems we are

paying our agent provocateurs to go throughout the state causing young people to commit crimes they would not otherwise consider in order to make the Drug Squad figures look a little healthier.³²

This image is not available online. Please consult the
hardcopy thesis available from the QUT library

Illustration 10: “Speak Earthperson”, Damien Ledwich, *The Cane Toad Times*
1978

The Anglican Synod of Rockhampton issued the following statement: ‘while the Synod deplores the growing tendency towards the use of illicit drugs in the community it nevertheless voices its concerns at some police methods being used to enforce the law and gain convictions, believing the end achieved do not justify the means ...’³³

In July 1978, the Drug Squad moved onto Kuranda, where a 28 year old Sydney man was fatally shot by police as he fled from a drug search. Queensland lawyers, who had been critical of the ‘Starsky and Hutch’ tactics of the Drug Squad for years, said they had been expecting such a shooting. According to the lawyers, drawn guns were a regular feature of drug raids in Queensland, irrespective of the likely damage to police; doors were smashed in without warning and furniture indiscriminately destroyed; not as part of the search for drugs, but for intimidation. The number of complaints indicated these practices were standard procedures.³⁴

In August 1978, the Queensland police force brought their ‘Cedar Bay’ style of drug-terror into northern NSW. At Yelgun, local resident Luc Tournier was shot and wounded as a result of a Queensland police stakeout. According to John Burns, secretary of the Northern Rivers Human Rights Action Group, at least three dozen shots were fired by Queensland police during the stakeout and subsequent high-speed chase. Burns alleged that the police concerned had earlier been seen drinking and larrikinising at a nearby hotel. When Luc Tournier’s car finally ran off the road, he was dragged out and, as one officer held a gun to his head, another repeatedly kicked him in the ribs shouting: “Die you — die!” Burns’ statement continues:

The next morning, Luc’s home was ransacked by police, armed with pistols and rifles, his wife and a neighbour being dragged to the police station, charged with minor drug offences, while their screaming children were left behind. While these people were being questioned, other police went back to their homes, tearing everything apart and taking and destroying personal possessions.³⁵

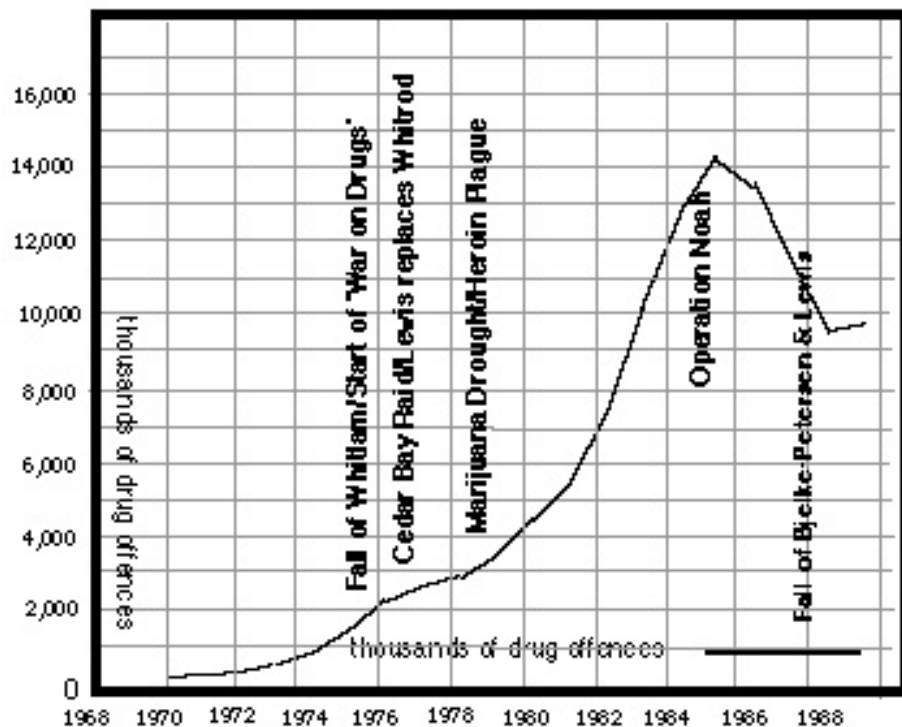
Needless to say, Luc Tournier and his friends were hippies.

Year by year the number of drug ‘persecutions’ in Queensland increased, often executed against dissidents, because, as we shall see, under the Queensland system the Mr Bigs were protected. The stated aim of this persecution was to drive drug users out of Queensland, and in this regard it succeeded with many young, liberal Queenslanders choosing to leave the state and become ‘Queensland refugees’. However, it did not stop drug use in Queensland at all, as graph 3 (below) shows.

The burgeoning War on Drugs in Queensland is reflected in the graph of *Drug Offences in Queensland 1968 - 1988*. Notice the growing acceleration of arrests following Cedar Bay (August 1976) which reached a crescendo in the years between 1983 and 1986 in which the Nationals ruled alone. Note the fall in 1987/88, the years

of the Fitzgerald Inquiry, when the Queensland police were lying low. Over 100,000 drug offences were prosecuted in Queensland during Bjelke-Petersen's premiership; most of these (almost 90,000) while Terry Lewis was Police Commissioner.

In 1983, after 15 years of Bjelke-Petersen and his tough-on-drugs policies, drug offences in Queensland had not gone down at all. Instead, they had increased by an extraordinary 8,000%. During the same period, Bjelke-Petersen's tough-on-drugs stand proved enormously popular and his party's share of the vote increased from 19% to 39%. While the War on Drugs proved a successful means of social control for a corrupt, right-wing government, it was accompanied by a massive increase in illegal drug use in Queensland, massive erosion of civil liberties and massive corruption.



Graph 2: Drug Offences in Queensland 1968 to 1988

The enormous increase in drug offences during the Bjelke-Petersen years in Queensland and the burgeoning drug tower state after the appointment of Terry Lewis as police commissioner are demonstrated in this graph. The number of drug offences prosecuted in Queensland rose from 172 in 1969/70 to a peak fifteen years later of 14,119 in 1984/85, increasing over 8,000% in fifteen years! Over one hundred thousand drug offences were prosecuted during Bjelke-Petersen's years in Queensland; the great bulk occurring (as the graph shows) after the launch of the 'War on Drugs' and Lewis's rise to police commissioner.

Regime of Corruption

If any proof were needed for the corrupting influences of prohibition, Queensland in the eighties was the perfect example. Bjelke-Petersen was the 'front man' providing a cloak of god-fearing 'Christian' morality. Beneath this cloak was a state of total and utter contempt for the law. The police organised the crime and shared in the profits; the Licensing Branch was a systematic illegal franchising of the market in prostitution and gambling; the Drug Squad (and the police in general) were a retail arm that siphoned seized drugs back to the streets; there was evidence of police involvement in auto-theft, gang murders, payroll robberies and armed hold-ups.

The existence of this corrupt network was widely rumoured, and the allegations about the Rat Pack were the subject of intense gossip. Nonetheless, the Queensland media did its best to ignore the evidence of corruption beneath the surface of the 'Sunshine State'. In their 'watering holes', Brisbane's journalists were only too eager to gossip about corruption: in their day jobs they wrote puff pieces about Terry Lewis and his many awards; genial Terry Lewis becoming Father of the Year; a laughing Terry Lewis playing with a Lewis submachine gun in the Police Museum; Sir Terence Lewis, the first serving Police Commissioner to be knighted by the Queen. Lewis's promoter, the man most directly responsible for this perversion of Queensland society - No 1, Joh, 'the hillbilly dictator' - was hailed as Queensland's saviour and a political genius. Suitably, the beneficiaries of this corrupt system called it 'the Joke'.

While Brisbane's brothels blatantly and luridly displayed their wares on major city intersections, the police and the government claimed there were no brothels. Meanwhile, Chris Masters, whose *Four Corners* expose 'The Moonlight State' would bring the Joke down, described how Fortitude Valley had taken on 'the brazenness of Kings Cross':

You would have to have suffered acute glaucoma, spent your entire life in a monastery or been an elected official of the National Party to be ignorant of what was on offer ... Many thousands of homeward bound commuters could not miss spotting Hector Hapeta's main brothel. 'Top of the Valley' commanded a useful corner position at a major Fortitude Valley junction. It seemed to me that in the tradition of giant pineapples and giant prawns you see at coastal tourist towns, a giant penis would have not been out of place. It would have been no less blatant.¹

Similarly, the Bjelke-Petersen government declared that the ‘evil drug trade’ would never be tolerated. Yet the word on the street was that much of the wealth so openly flaunted in Joh’s ‘bigger and better’ Queensland was from the drug trade which, like prostitution and SP gambling, was licensed by the Rat Pack.

The ‘Drug Joke’ was rumoured to be run by a leading Queensland police officer, codenamed ‘God’; God was said to meet with certain Lebanese, Italian, and Vietnamese businessmen in a Chinese restaurant in Fortitude Valley. The identities of these ‘ethnic businessmen’ was widely known; they were ‘prominent socialites’, often seen on the social pages with the knighted Premier and his soon-to-be-knighted Police Commissioner. The Drug Joke they controlled was worth hundreds of millions of dollars.

The North Queensland Operation

We’ll intensify our efforts to locate illegal drug cultivations and increase police surveillance in co-operation with appropriate Commonwealth agencies. I can assure all Queenslanders that this state will be no haven for illegal drug users, pushers and promoters.

Queensland Premier Bjelke-Petersen 1976.

Despite the firm assurances of the Premier, in the years following Cedar Bay, North Queensland became the drug centre of Australia. Both the Williams and Stewart Royal commissions would learn of links between the Italian communities in north Queensland and those in Griffith in New South Wales.

With the death of Don Mackay, Griffith became too hot and the Italian marijuana growing operation was closed down, adding enormously to the Drought. The Drought in turn was ended in the eighties by a growing supply of North Queensland ‘mango heads’. It was said that the branches of ‘the family’ in north Queensland had become responsible for the growing of cannabis for the southern states. Hidden in the jungles of north Queensland were crops of near-Coleambally proportions — an estimated two hundred and fifty thousand plants according to the Slade report. The north Queensland operation also imported large quantities of Buddha sticks, hashish and heroin into Australia. North Queensland boomed. Under God and Joh, Queensland became the centre of the Australian drug trade.

Mareeba, the new ‘pot capital of Australia’, was ‘a town like Griffith’ in its ethnic mix, though more dominated by its large Italian community. Its central position in the rich Atherton Tablelands in the mountains above Cairns made it an administrative centre for much of Cape York and the north Queensland hinterland. Unlike Griffith, which was famously busted, the Mareeba operation eluded even the Fitzgerald Commission.

Although many Italians were involved, the operation was ‘multicultural’ and was supervised and protected by corrupt Queensland police. As a further demonstration of the multicultural mix that made the ‘Ocker Nostra’, there was some hippie involvement too.

Paul Clarke was an ex-member of the Sydney ‘push’ who became a hippie and learnt his trade as a marijuana grower at Nimbin and Cedar Bay. A refugee from the era of Love and Peace, he was recruited by the operation to be their grower in north Queensland. The deal was he was supposed to be paid \$30,000.²

He was never paid. On the 24 May 1981, Paul and Vita Clarke were found shot dead in their house at Julatten in north Queensland. They each suffered multiple 12-gauge shotgun wounds, fired at them as they lay in bed. The bodies and house were both set alight and only the fact that the A-frame house collapsed in on them saved enough of their bodies to be identified from dental charts. They were marijuana growers; they were hippies from Cedar Bay; they were, in Des Sturgess’s fine words at the Cedar Bay trial, “absurd people without shame or modesty”. Unlike Don Mackay, they were people who were easy to kill.

The officer in charge of the police in North Queensland at the time of the murder of Paul and Vita Clarke was the other half of the Rat Pack — Tony Murphy. Murphy’s brilliant but checkered career had changed decisively once his friend, Terry Lewis, was appointed Police Commissioner in November 1976. Thereafter, Murphy’s rise was meteoric. Promoted to Superintendent over 50 more senior officers in 1977, on 8 December 1980 he was sent to Cairns as Regional Superintendent of the Far Northern Region.³

Leading the investigation of the Clarke murders was Sgt Ross Beer, the officer in charge of the Mareeba police district, one of the ‘friends’ of the Rat Pack. Like the other ‘friends’, Beer had an outstanding career under Terry Lewis. He was promoted to Inspector shortly after he failed to solve the Clarke murders, and transferred back to Brisbane where he was again promoted to head the Gaming Squad in 1986.⁴

In 1984 the legendary anti-corruption campaigner, Fast Buck\$, ran for the Senate in Queensland. He published two reports concerning the Mafia, marijuana, police and politics in North Queensland, focusing on three strange deaths: that of Detective Jack Connors, policeman and National Party fund-raiser, who ‘committed suicide’ in the car park of the Italian Club in Mareeba in 1978; and the murders of Paul and Vita Clarke in 1981.⁵

The Fast Buck\$ Reports devoted a good deal of coverage to the two police officers who were in charge of the Mareeba Police Station in the early eighties — Sgt Ron Beer and Sgt Ross Dickson. Beer’s successor, Dickson, claimed he got into enormous problems simply by doing too good a job. He made a number of large

arrests to the apparent displeasure of his superiors who rewarded him by hounding him from the police force. Dickson claimed he was getting ‘too close to the big boys’ when he was supposed to be ‘concentrating on the hippies’. He claimed he was offered a bribe of \$200,000 to drop drug cultivation charges against two members of the ethnic Italian community, which he refused.

In 1983 four men from the Drug Squad in Brisbane arrived in Mareeba unannounced to take Dickson’s file on drug trafficking in Far North Queensland ‘to put on the computer in Canberra’. The files never arrived there. Early in 1984 Dickson was taken off all drug investigations and told not to leave Mareeba without giving full details to the inspector. He was transferred to Townsville in June 1984 and was forbidden to visit Mareeba unless accompanied by a Commissioned Officer.⁶

Fast Buck\$ claimed that a prominent Queensland police officer, who was ‘well-known in the Police Force as the man who controlled (and still controls) escort agencies and gambling in North Queensland — and who was often to be seen in casinos with a call-girl on his knee’ also controlled this Drug Joke. Fast Buck\$ also claimed that a prominent National Party minister was ‘an ambitious front man’ for the Mafia in North Queensland, feeding drug money into the coffers of the National Party.⁷

Although these Fast Buck\$ allegations were ignored by the mainstream media, tens of thousands of pink Fast Buck\$ Report leaflets were delivered to rush hour commuters during the 1984 election in Brisbane. And Fast Buck\$ was given considerable publicity on radio station 4ZZZ.

4-ZZZ: Young, Left Radio and the War on Drugs

For the thirteen years between 1975 and 1988, 4ZZZ FM provided the soundtrack for life on the edge in Bjelke-Petersen’s Queensland. Operating on the proverbial shoestring, paying lousy wages to its always burnt-out staff, 4ZZZ proved that collectives can work, and got under the skin of the smallest minded and most corrupt government in Australia. It stayed there, despite the many efforts to destroy it, providing an independent news service, and being an outlet for the young and other marginalised groups such as murris, feminists, and prisoners.⁸

4ZZZ grew out of the radical student movement at the University of Queensland during the years of the Vietnam war. In 1971, the students mobilised to oppose a tour by an all-white South African Springbok Rugby Union team. They saw parallels between the apartheid system and the way the Queensland government treated Aborigines under its control. The Premier, Bjelke-Petersen, declared a State of

Emergency, suspended civil liberties, ringed the rugby field with barbed wire, and called up more than 600 police from country areas.

The protests were broken up by force in a brutal series of confrontations that lasted over a week. The climax came at the Tower Mill, the hotel where the Springboks were staying. A crowd had gathered peacefully on the footpath opposite the hotel, singing protest songs like 'We Shall Overcome'. The police waited until dusk when they called in the riot squad to baton charge the anti-apartheid demonstrators down the hill. The demonstrators were kicked and punched as they tried to escape. Police Commissioner, Ray Whitrod, tried to hold the police back. Brisbane legend has it that the baton charge was led by Terry Lewis.⁹

The tour proved a public relations gift to the Queensland Premier, Bjelke-Petersen, who was beset with charges of corruption over a gift of shares from Comalco. Bjelke-Petersen, who had been widely seen as a shifty, dishonest, bumbling yokel, took to television as a Nixon-like strong man and defender of 'law and order'. His compliments to the police for their 'restraint' defied reality. In an outburst of hyperbole, soon to become his trademark, Bjelke-Petersen claimed that police had been opposed by 'trained agitators, radicals and militant union leaders'. While overseas media like the London *Times* carried accurate reports of the police violence, local Brisbane media ignored the police brutality and instead carried the state government news releases praising police restraint.

Somewhat disillusioned by this display of 'independent journalism' Queensland style, some students began thinking about how to get the truth out. When the Whitlam government was elected in 1972, a group that included Jim Beatson and Alan Knight, began the process of obtaining a community broadcasting licence. The process was tortuous but ultimately successful; 4ZZZ went to air on December 8 1975, just sneaking in at the end of the Whitlam era. At noon that day, John Woods read a statement setting out the station's manifesto and then played 'Won't Get Fooled Again' by The Who. The station's manifesto declared 4ZZZ's commitment to pluralism and for being a voice for the disenfranchised.¹⁰

Four Triple Zed was the station of the young and the Left *par excellent*. For Bjelke-Petersen and his ilk, the 4ZZZ collective were more like Four Triple Whitlam; the children of the anti-Christ himself, seducing the young with alternative lifestyles, pro-Marxist propaganda, alien ideologies, and, of course, drugs, as Queensland morals campaigner Rona Joyner explained when urging the cancellation of 4ZZZ's temporary licence in 1976.

Rona: Their station [4ZZZ] is there to promote the alternative lifestyle. They are doing it to destroy the lifestyle that the majority of taxpayers have striven for, and have worked up, and are wanting to see continued. They're advocating abortion, they're advocating pro-Marxist forces overseas, or aiding

in the propaganda that they're churning out in favour of the pro-Marxist, Communist forces, which we in Australia are not in favour of, in the majority of cases. I mean every life that's led astray or destroyed or led into a life which'll end up in drugs . . . And I mean this alternative lifestyle has shown that . . . That it does lead to drug addiction and destroyed life."

Questioner interrupts: What, Triple Zed? 4ZZZ is doing this??

Rona: It's only a segment of the forces that are encouraging an alternative lifestyle, every segment I believe is one segment too many . . . If the Minister for Post and Telecommunication decides to cancel their licence, which is a temporary licence up till the end of March. If he decides to cancel that licence then we'll have no more problems.¹¹

Behind the hyperbole and the far right rhetoric was another reason for the hatred of 4ZZZ; Triple Zed represented the one media voice in Queensland that continuously opposed the all-pervasive alliance of corruption that was Bjelke-Petersen's Queensland. In its first year of operation 4ZZZ set the pattern by breaking the Cedar Bay story; despite its location on the Saint Lucia campus 2,000 kms to the south of Cedar Bay, Triple Zed became the central media resource for Cedar Bay, feeding information from Cairns, Cooktown and Cedar Bay to the rest of the media. As Steve Gray, the 4ZZZ journalist who broke the story recalled:

For the first time, other sections of the media were coming to us for the news: we were getting the stories first; our accuracy was given more credence than the other Cairns sources. Triple Zed became the central organiser of the broadly based campaign that included groups as disparate as the people of North Queensland and the state ALP.¹²

Triple Zed's reporting of Queensland police overkill continued on beyond Cedar Bay including numerous reports of the excesses of the Task Force, the Drug Squad and the Special Branch. The persecution of 4ZZZ was no doubt intended as a signal to the other media in Queensland of the dangers of independent journalism and of being a voice for the disenfranchised. As a form of payback, 4ZZZ workers were regularly spied on by the Special Branch and busted by the Drug Squad. As one 4ZZZ journalist declared in 1986:

We have paid the price in terms of police harassment. A lot of long-term 4ZZZ workers carry their drug convictions with pride ... it's an occupational hazard and nothing to be ashamed of anyway.¹³

Like 4ZZZ journalists, 4ZZZ listeners, were also major targets of Queensland's drug laws. In April 1984, 4ZZZ organised a Drug Bust Phone-in, and were swamped with calls. The statistics they compiled reveal that half (of 33 callers) had been searched in the 'privacy' of their own homes; 13/33 were not told powers of search (of these 8 asked and were told to piss off); 28/33 had specific complaints, e.g. guns drawn, assault, abuse, 're-decoration', intimidation.¹⁴

4ZZZ venues like the Queens Hotel were closed down by the Licensing Squad as soon as they got profitable. Others like the Caxton Street hall were swarmed over by

the Task Force leading to a near riot. The most successful of all 4ZZZ venues, Brisbane's legendary Cloudland Ballroom, suffered the greatest repression. The campaign against Cloudland was led by Don 'Shady' Lane, ex-Special Branch cop turned corrupt politician, one of the key figures of the Joke. Every night throughout the summer of 1979/80 gigs at Cloudland saw more police; there were sniffer dogs in the crowd, and narcs everywhere. Finally, like so many other historical Brisbane buildings during this period, the legendary ballroom was torn down in the middle of the night by the notorious demolition firm, the Deen Brothers.¹⁵

This period is best recalled by a song that became 4ZZZ's anthem; recorded by The Parameters at the 4ZZZ studios in October 1983 it was called 'Pig City'. In the years 1983 to 1986, when drug prosecutions in Queensland reached their peak, 'Pig City' was regularly in 4ZZZ's hot 100 and became the most played song on the station. For the young and the Left, Brisbane in 1984 was the era of 'Pig City'.

Pig City

| | |
|---|-------------------------|
| If you go downtown just beware | Pig City! |
| there's a demonstration in the Square | Pig City! |
| the boys in blue are everywhere | Pig City! |
| see the blacks in the park | Pig City! |
| hear the door slam, hear the dogs bark | Pig City! |
| they're keeping the city safe after dark | Pig City! |
| the minister for corruption's working late | Pig City! |
| he wants a piece of the action in race eight | Pig City! |
| no s.p. here, he's ringing interstate! | Pig City! |
| the blacks at arukun have to go | Pig City! |
| to keep big business on the go | Pig City! |
| while joh gets shares in comalco | Pig City! |
| who was the bagman, who was the hitman | Pig City! |
| who was the front man, who were the big men | Pig City! |
| in the national scam? | Pig City! |
| hello, hello, is that you dear? | Pig City! |
| what's that clicking noise I hear? | Pig City! |
| walls have eyes and phones have ears | Pig City! |
| go to a dance to have some fun | Pig City! |
| here come the boys with their dogs and guns | Pig City! |
| they don't like punks, run, johnny, run | Pig City! |
| who's that knocking at the door? | Pig City! |
| at 6am it must be the law | Pig City! |
| right, you know what we're looking for | Pig City! |
| a state of emergency for the 'boks | Pig City! |
| then to show the workers who's boss | Pig City! |
| you think you've got rights, they're already lost | Pig City! |
| so you don't want to know, you've heard it before | Pig City! |
| but if you cop this lot you'll sure get more | Pig City! |
| where to now from '84? | Pig City! ¹⁶ |

Illustration 11: "Pig City", The Parameters, 1983

Operation Noah and The Drugs Misuse Act (1986)

The high point of the War on Drugs in Australia came with the national launch of Operation Noah (Narcotics, opiates, amphetamine, and hash) on 13 November 1985. The national front man for this Dob-in-a-Druggie Day was corrupt SA Drug Squad chief, Barry Moyse, who would later be convicted for drug trafficking. Suitably, it was launched in Queensland by Police Commissioner, Terry Lewis, who called on every Queenslander to wage war on ‘the vermin that profit from the misery of drug victims’.

They are callous dealers in death and misery — parasites who deal in a vicious trade purely for greed ... Operation Noah can help us root out these dealers in death ... Remember drug traffickers and dealers become fat cats by ruining thousands of lives. They give no thought to the lives they shatter... Nothing is affecting the health of the youth of Australia worse than drugs. Anyone who wants to help guarantee a brighter, healthier future for our children and has information about drug dealers, growers or importers, should not hesitate to phone in on Wednesday.¹⁷

Premier Bjelke-Petersen also declared himself determined to crack down on the ‘merchants of death’, and he called on all Queenslanders to support Operation Noah by phoning police with information about drug dealers and drug users. Bjelke-Petersen took the opportunity to announce tough new anti-drug legislation which would extend police powers to tap phones of ‘drug dealers’, and would include mandatory life sentences without parole for drug offences. He was heralding The Drugs Misuse Act (1986).¹⁸

As usual, the media were only too happy to do the work of the police, promoting Operation Noah, and championing all measures to crack down on ‘drug pushers’. Giving its support to the ‘Dob-in-a-druggie’ campaign, Brisbane’s *Courier Mail* declared in an editorial: ‘Some civil libertarians may say that informing on others should not be encouraged but, here again, “dobbing in” is the lesser of two evils.’ In another editorial, charmingly entitled ‘Better a tap than a fix’, the newspaper also supported Bjelke-Petersen’s suggestion of extending police phone-tapping powers using ‘the lesser of two evils’ line. In Queensland, the evil of drugs was always perceived to be far greater than the erosion of civil liberties and the extension of police state power to corrupt police.

Meanwhile, at the *Sunday Mail*, ‘anti-druggie’ hysteria was wildly promoted. In the weeks leading up to Operation Noah, the *Sunday Mail* ran a series of sensationalised articles, obviously police inspired, beating up the ‘drug menace’. In one editorial, called ‘Drugs: Join the good fight!’ the *Sunday Mail* loudly beat the drum for the War on Drugs:

Regular readers will recall our special report last Sunday about Australia's burgeoning drug market. Its message was frightening. The cases — Jo, Brian, Karen, Jim and Alan — were tragic. A Queensland welfare worker said almost every Gold Coast and Brisbane school had its marijuana, heroin and sometimes cocaine users. Children. Queensland children. Deadly Drugs. An appalling equation. Normally such disclosures, such disturbing evidence, would produce a strong response in our letter columns at least. This was not the case. Except for calls from a few helpful people, there was no reaction.¹⁹

What could possibly make the Queensland public so jaded? If you wondered, there were even more of these 'shocking revelations' for your titillation. An article called 'True life horror of Queensland drug' scene began:

Primary school aged girls injected with pethidine and subjected to sex abuse, young teenage boys picked up at pinball parlours and given drugs in exchange for posing for pornography pushers, a mother selling her child for the night in exchange for cocaine, pamphlets advertising eight and ten year olds available for perverted acts - it's the stuff of horror movies.

The *Sunday Mail's* portrayal of drugs was firmly in the Reefer Madness mould and followed the usual pattern of titillation, arousal and condemnation. The style of journalism had not changed from the days of *Smith's Weekly* and Harry Anslinger. Drug users were demonised in an hysterical way, portrayed as deviants, as junkies and paedophiles. 'Before' and 'After' profiles of users portrayed drug use as a one-way trip to an overdose in some heroin hell. Meanwhile, in the real world, drug users were the boy/girl next door smoking pot. Ninety per cent of drug use was simply pot smoking; typical drug users were not paedophiles; they were the young, the 18 - 24 age group, over half of whom smoked pot. It was predominantly young, unemployed males who bore the brunt of the War on Drugs which the papers were always promoting.

While the Queensland media were demanding more powers for the police, figures released by Operation Noah showed that Queensland would record the second highest number of drug offences in Australia: on projected national figures New South Wales would record 18,750 charges, while Queensland would record 14,700 drug offences; easily beating the more populous Victoria where about 12,750 offences were expected. Overall, Australia could expect 67,200 drug prosecutions in 1985. The figures revealed that, under Queensland's drug terror state, young Queenslanders were being prosecuted at twice the national rate already without the 'tough new laws'.²⁰

Still, for the media the message was clear: more police powers were called for, and Bjelke-Petersen was willing to oblige. The Drugs Misuse Act went to parliament for the first time in December 1985 with provisions for jail for natural life for trafficking in marijuana, and mandatory life for the possession of more than 2 grams of heroin and cocaine amongst its many extreme provisions. The legislation

represented Australia's toughest anti-drug laws. The Premier had promised the legislation during the 1983 election when he promised to crack down on the 'merchants of death'. Said Bjelke-Petersen: 'We will not allow the Mr Bigs of this intolerable, degrading and murderous trade to continue reaping multimillion dollar profits off the suffering of our youngsters.'²¹

Police Minister, Mr Glasson, said the Government's approach contrasted sharply to Labor policy:

... which was to decriminalise the use of starter drugs such as marijuana. Experience has shown that marijuana is simply a stepping stone for large numbers of young people to heroin and now, in increasing quantities, cocaine ... As far as the government is concerned we will do everything possible to keep drugs out of schools and away from young people by jailing the human parasites who live off this terrible trade in human misery.

There was immediate furore about many of the provisions of the *Drugs Misuse Bill*. The laws on 'permitting use of place' made parents liable to 15 years jail if they didn't do in their children. Even National Party president, Sir Robert Sparks, thought this 'too draconian'. Bjelke-Petersen dismissed this criticism as 'off-beam'. 'I don't like a dobbing-in requirement,' Bjelke-Petersen said, 'But if parents cannot control their children they should tell police if they cannot stop them.'²²

The Bill was roundly criticised by a number of influential organisations, including the Queensland Law Society and the Bar Association. Indeed, as Bar Association President, Ian Callinan QC, wrote to Justice Minister Harper:

In the recent experience of members of the committee of the Bar Association there has been no recent Queensland legislation to match the universal disapproval which the present Bill has attracted from members of the association. The Bar Association is concerned about the extensions of police powers contained in the bill. It argues that Queensland police already have wide powers for detention, search, seizure and arrest under legislation dating back to 1937. The legislation is not soft on drugs, as the Justice Minister has suggested as a reason for his Bill. ... On the subject of penalties, for example, under the new legislation, possession of a small amount of marihuana, four cigarettes, will expose an offender to a mandatory life sentence. In New South Wales, the same offence attracts a fine of \$250. ²³

Another powerful critic, Queensland Law Society president, Mr Denis Byrne, said the Drugs Misuse Act proposed dramatic reversals in law, such as requiring people to prove their innocence rather than the Crown prove their guilt; he was also worried about the wide powers that were to be given to police. Gold Coast Law Association spokesman, Mr Chris Nyst, said it was an exercise in futility which would burden taxpayers with the costs of long jail terms for young offenders.²⁴

The Civil Liberty Council vice-president, Terry O'Gorman, criticised the Drugs Misuse Act on the grounds that the Bill opened the way for corruption and the abuse of police powers. Mr O'Gorman spoke at length at a public meeting in the Caxton

Street Legal Service hall, crammed with more than 400 people. The meeting was called by radio station 4-ZZZ to organise opposition to the bill. ‘When you boil it down this Bill is really about increasing police powers,’ Mr O’Gorman said.²⁵

Dismissing these criticisms, Bjelke-Petersen said the final changes would be worked out in talks between himself, Police Minister Bill Gunn and the Police Commissioner, Sir Terence Lewis. In this regard the *Drugs Misuse Act* shows its parentage well. Bjelke-Petersen wanted an extension of the war on the Young and the Left; Police Commissioner Lewis’s concerns seem to have been to protect ‘God’ and the ‘Drug Joke’. As the opposition pointed out in a number of pamphlets and posters, the bill’s provisions were well tailored to these twin ends.

The poster ‘Pig City’ (Illustration 12) takes its name from 4ZZZ’s theme song, and quotes one line from the song in fine print (‘you think you’ve got rights, they’re already lost!’). The photo on the poster is Terry Lewis holding a Lewis submachine gun, looking like the archetypal American mobster. His word balloon ‘We’re here for your protection!’ is a sly reference to the Drug Joke. ‘Wanna be a legal drug dealer? Join the Qld Police!’ promises the headline, while the text declares:

The government says it is introducing the Drugs Misuse Bill to get at the MR BIGS. Are they?? The main features of the Bill are the horrific penalties for very small quantities of drugs. This is a bill aimed at small users, Why?? Is it because those who drafted this bill are naive, ignorant rednecks? NO! The Police drafted this Bill. They know exactly what amounts are involved in using and dealing. The Bill provides police with enormously increased powers.
 * They will be able to buy and sell drugs (to obtain evidence of course) no questions asked.

* They will not be liable to any damage to property during a raid.

* If they find drugs in your house they won’t have to prove they were in your possession - they’re there - they’re yours.

* If they charge you, even if you win in court, you still have to pay court costs. This is a bill drafted for MR BIG. If you’re a user, if you’re small-time, watch out!

*For the police, business is booming!!*²⁶

The distinguishing feature of the Drugs Misuse Act (1986) was the horrific penalties for very small quantities of drugs. Every other state drug legislation distinguished between ‘users’ and ‘drug traffickers’ with severe penalties for the latter, and small penalties for the former, and allowed for ‘simple offences’ - small penalties and fines for possession of small amounts of cannabis, usually 25 grams. With the Drugs Misuse Act, the simple offence disappeared: the penalties for users in Queensland were on a par with those of drug traffickers. Justice Williams had commented in his Report that it was ‘illogical’ to distinguish between drug traffickers and users, and his fellow Queenslanders, Bjelke-Petersen and Terry Lewis, ensured that the Drugs Misuse Act was the first not to be so ‘illogical’. As

the critics claimed, it was a Bill aimed at small users. Possession of the smallest amount



Illustration 12: "Pig City", the poster



Illustration 13: "What is a Criminal", the poster

of cannabis was made a worse crime than rape, assault or official corruption. By the same token, drug traffickers, in particular, police drug traffickers were far better protected than users under the legislation.

Another poster, a punk-style 'cut up', entitled 'What is a Criminal?' (Illustration 13) shows a considerable debt to the US underground comic by Spain in both title and the punch line. The examples of dubious criminality are given, however, a very topical Queensland flavour: the poster depicts four pillars of the regime - 'Top-Level' Ted Lyons, Allen Callaghan, Martin Tenni and Alan Bond. Interestingly, two of the four — Bond and Callaghan — would end up behind bars; scuttlebutt in Bjelke-Petersen's Queensland could be surprisingly accurate.²⁷

The campaign against 'Australia's toughest drug laws' failed, and the Drugs Misuse Act passed through Queensland's parliament in August 1986. Two months later, Bjelke-Petersen scored, what was for him, a stunning electoral triumph when his National Party received 39% of the popular vote in the Queensland elections; given Queensland's notorious gerrymander, this was easily enough to hold government in his own right. In his first election in 1969, his party's share of the vote had been only 19%, forcing him to govern in coalition with the Liberal Party to 1983. Thus the 1986 result was the high point of Bjelke-Petersen's political career. Encouraged by the Murdoch media, he launched the fateful 'Joh for P.M.' campaign, aiming to capture Canberra.

In retrospect the campaign against the Drugs Misuse Act (1986) can be seen to have added to the growing atmosphere of public anger at the endemic corruption of the Bjelke-Petersen regime. It would be the growing stench of corruption that would bring Bjelke-Petersen's drug-terror state undone.

The Moonlight State

James George Slade was another of the besieged 'honest cops' in Queensland's corrupt police state. An undercover police specialist, he was engaged in surveillance duties for the Bureau of Criminal Intelligence. In 1984, Slade and a colleague, Ian Jamieson, were sent on a three-month intelligence gathering operation to far north Queensland to investigate the drug trade. As a result of that work, Slade submitted a report which described the scale of the North Queensland operation and named some members of the Bellino family.

In March 1985, his superior at the Bureau of Criminal Intelligence, Alan Barnes, handed Slade a \$100 bribe, apparently from Gerry Bellino, and said 'From Uncle Gerry. Have a drink.' Slade did not know what to do. Returning the money meant transportation to the Queensland equivalent of Siberia. Accepting the money meant the end of his self-respect. As a temporary solution, Slade put the money in a plastic

bag and hid it under his bed. Later, he tried a compromise solution by handing the money back without too much fuss or mess.²⁸

As a consequence of his attempted honesty, Slade was moved from the Bureau of Criminal Intelligence and was being shunned by his mates when, in September 1986, he was visited by *Four Corners* reporter Chris Masters who was researching a story on corruption in Queensland called 'The Moonlight State'. From the moment he met Slade, Masters knew he was onto a good story: the scent of institutional corruption gave it scale; the cry from the heart of Jim Slade gave it passion. 'I was angry,' Masters writes, 'at the notion that honesty could be so cunningly press-ganged into a career with the other side.'²⁹

Following Slade's lead, Masters next spoke to Ross Dickson, the maverick Mareeba cop, who was Fast Buck\$ informer. Dickson had retired from the force and now ran a small fish restaurant at Yeppoon with the unforgettable name 'Sea Food and Eat It'. He too confirmed Slade's accusations that, in Joh Bjelke-Petersen's Queensland, the police force organised crime, including the drug trade.

As their investigations continued, Masters and the *Four Corners* crew found themselves under growing surveillance. The Queensland police kept following them, watching them closely, tapping Masters' phone, and monitoring his calls. Masters' diary contained notes like 'Spot three surveillance cars. Why don't they look for crooks?'³⁰ Terry Lewis's growing concern about the Four Corners enquiries was reflected in a dozen separate entries in his work diaries. Officers like Jim Slade who talked to Four Corners were interrogated; witnesses like John Stopford were traced.

'What is a Criminal?' the poster asked. In the topsy-turvy world of Bjelke-Petersen's Queensland Chris Masters found himself asking the same question.

The whole business began seriously to get me down. I wasn't a criminal, I was a journalist — but I was being treated like a criminal, like an enemy. It is very depressing to recognise you are in enemy territory in your very own country.³¹

'The Moonlight State' went to air on 11 May 1987. In one brave broadside, it sank 'Battleship Queensland'. With Bjelke-Petersen absent pursuing his 'Joh for P.M.' campaign, acting Premier Bill Gunn announced an inquiry to be headed by Tony Fitzgerald QC. At the Fitzgerald Inquiry, ex-policeman Jack Herbert admitted he controlled a graft empire in Queensland covering SP bookmaking, prostitution, illegal casinos and illegal in-line machine gambling. He alleged that Police Commissioner Terry Lewis was a key participant in the empire and received monthly payments. Herbert named dozens of serving and former police officers as having been in on the Joke.

The biggest problem for Fitzgerald was that in Bjelke-Petersen's Queensland there were simply far too many crooks; years after Fitzgerald, the prosecutions continued, till they topped well over one hundred. On 5 August 1991, Sir Terence

Lewis was found guilty by a Brisbane District Court jury of 15 charges of official corruption. He was sentenced to 14 years jail. His sponsor, Sir Joh Bjelke-Petersen, was tried for perjury but the case was dropped after the jury failed to reach a verdict.

Four other ministers, including the ex-Special Branch cop, Don Lane, were jailed for rorting expenses. (Note it was Lane himself who steered the investigators towards the issue of expense account rorting as a way of explaining his excess wealth; Lane went down, but he took three other ministers with him). Brothel kings, Hector Hapeta, Gerry Bellino and Vic Conte, were also jailed. The head of the Licensing Branch, Allen Bulger, got twelve years; another senior sergeant Noel Kelly got five years. Others like the bagman Jack Herbert, Assistant Commissioner Graeme Parker and Sgt Harry Burgess received indemnities from prosecution in exchange for breaking ranks with the brotherhood.

Despite these heroic efforts, Fitzgerald failed to crack ‘the Drug Joke’. He had the bagman for the Licensing Branch, Jack Herbert, but he did not have ‘God’. Despite the assurances Herbert gave when he received his indemnity that he would tell everything, it seems a kind of honour amongst bagmen prevailed, and Herbert protected God and the Drug Joke.

Certainly, there were strong suspicions that Herbert did not tell all. Before the Inquiry, Herbert denied any knowledge of police involvement in the drug trade. He also denied any knowledge of corrupt activity by Tony Murphy after the early 1970s. In the press box, Evan Whitton famously whispered to Quentin Dempster ‘We might as well go home!’. ‘I’m being interrupted by people talking,’ said Herbert. ‘It’s just the media,’ said Fitzgerald.³²

Just before his arrest, Brisbane brothel owner, Hector Hapeta, predicted that the Fitzgerald process would blow over, and, within a few years ‘this town (Brisbane) will be as bent as ever’.

So it proved.

Although Fitzgerald’s creation, the Criminal Justice Commission, attempted to reform Queensland’s notorious drug laws, they were resisted every step of the way by the new Labor Premier, Wayne Goss. By Goss’s second term, the number of drug offences was rising rapidly, and Queensland was again the drug capital of Australia, the centre of some enormous marijuana growing and smuggling operations. In February 1995, a 162, 000 plant plantation was busted at Upper Widgee near Gympie — the largest Australian plantation since Coleambally. On 13 December 1996, 8.4 tonnes of cannabis resin were seized by Customs from a boat called *Highlander* in Tin Can Bay; and another 5,000 cannabis plants were discovered on a property leased by one of the *Highlander* principals. Proof of a very large drug trafficking organisation in Queensland.

Eight years after Fitzgerald, in 1997, the Criminal Justice Commission sent out another inquiry, headed by Justice Bill Carter, to look for 'God'. Suspiciously, the Carter Inquiry looked in all the wrong places; investigating minor police corruption at Airlie Beach and the Gold Coast, while studiously avoiding the enormous busts mentioned above. Neither Cairns and its hinterland (including Mareeba) nor Brisbane were investigated at all! At the media release of his report, *Police and Drugs*, Justice Carter was asked by a 4ZZZ journalist: 'Is this just a case of a few bad apples, or is the whole system rotten to the core: i.e. Is there a 'God'?' In reply, Justice Carter admitted that his team was split on the 'God' issue into 'believers, agnostics, and atheists', but, on this point at least, he was 'an atheist'.

Justice Williams and the Americanisation of drugs policy in Australia

The man who officially recommended the Americanisation of drugs policy in Australia was another Queenslander, Justice Edward Stratten Williams. A judge from Bjelke-Petersen's Supreme Court, Williams was appointed by Prime Minister Malcolm Fraser, on the 13 October 1977, to head the Australian Royal Commission of Inquiry into Drugs (ARCID); his terms were to inquire into illegal drug trafficking and report on the adequacy of existing drug laws and law enforcement. It was three months after the murder of Donald Mackay, and the 'drug problem' dominated the political landscape in Australia as never before.

As a direct response to the radicalism of the just released Senate Standing committee report on Illicit Drugs which had recommended decriminalising cannabis, Fraser appointed Williams, a conservative Queenslander, to head the inquiry. The conservative ruled states of Queensland, Victoria, West Australia and Tasmania issued Letters Patent in identical terms to the Commonwealth to the Williams Commission. Only New South Wales, which had already established the Woodward Royal Commission, and South Australia, which had appointed the Sackville Royal Commission, did not participate. Williams' solutions were what Bjelke-Petersen and Fraser — the men who appointed him — wanted. He was a man 'with a narrow legalistic approach to the problem' as Manderson observed. His report was not a tool for re-evaluation, 'but a means of further entrenching and improving the functioning of the established legal order'.¹

The Williams inquiry took three years to complete and took evidence from over 2000 witnesses. Williams' report, handed down in 1980, has been the basis of drug policy in all states except South Australia for the past two decades. It has been hailed by Ian Leader-Elliott as 'Australia's most comprehensive examination of the problems associated with illicit use of recreational drugs'.² Desmond Manderson, less generously, described the report as 'turgid in style', 'predictable' and 'orthodox'; while Don Chipp described its 'obsession' with law enforcement and the cutting off of supply as like 'fairyland'.³

As a researcher who has looked closely at the Williams Report, I have to say I find it sub-standard. Williams fails to get the most basic figures right, and you, the researcher, find yourself in the curious position of having to recalculate the official

figures to get meaningful information. For example, Williams' summary of police seizures of cannabis plantations in the years 1975, 1976, and 1977 — of vital interest to any clear overview of the cannabis market in Australia in the 1970s — is riddled with the most appalling errors. In its section on cannabis production the Williams' report states:

Inspector D.H. Haswell of the Commonwealth Police referred to statistics maintained since 1974 and said that two crops were detected in 1974, four in 1975, eight in 1976 and 20 in 1977 (Of 173). The two crops in 1974 were in New South Wales and they yielded 16,500 plants; the four in 1975 were in New South Wales (1) and Queensland (3), totalling 4340 plants and 181 kg of cannabis; the eight crops in 1976 were in Queensland (6) and South Australia (2), yielding 23,288 plants weighing 1370 kg; and in 1977 four states were involved: New South Wales (14), Victoria (4), Queensland (1) and Western Australia (1) the total number of plants was 28,485, weighing 3023 kg. Acreage were 33 in 1975, 7.25 in 1976 and 547 in 1977 (Open Exhibit 41).⁴

To deal with the obvious errors first. Consider Williams' claim about the four plantations discovered in 1975: 'the four in 1975 were in New South Wales (1) and Queensland (3), totalling 4340 plants and 181 kg of cannabis'. The 'one' plantation in New South Wales was Coleambally, and it totalled 375,000 plants alone! ie Williams is at least 370, 000 plants short, even without considering the three Queensland plantations! Similarly, consider Williams' claim about the number of plantations in 1977: 'in 1977 four states were involved: New South Wales (14), Victoria (4), Queensland (1) and Western Australia (1)'. This misses Northern Territory (1). A fairly important miss too: Bela Csidei's four acres of exotic Mafia pot!

The most ludicrous error is the claim that 547 acres of pot were seized in 1977: 547 acres is impossible at first glance, and becomes even more improbable with even a moment's thought; it represents seven million plants, something like eighteen Coleambally plantations for the year, or one Coleambally every three weeks! Impossible! Not even one marijuana plantation the size of Coleambally was found in 1977 or 1978 or 1979 or 1980 or ever again! Coleambally is out there still, our Mt Everest of pot.

Although there is no excuse for errors of this magnitude other than incompetence, part of Williams' problem seems to be that the seizure figures were presented in a confusing way, as a number of different units — in acres, in plant numbers, and as kilos of dried cannabis — and this seems to have bamboozled Williams. Whatever the reason, Williams manifestly misunderstood the seizure figures, and effectively destroyed the seizure evidence through his lack of understanding.

Williams' bungle of the seizure figures had dire consequences. One result of Williams' mythical 547 acres seized in 1977 was that it made the 31 acres seized at Coleambally look small. In this way Williams made his contribution to covering-up

the murder of Donald Mackay. Williams' mythical figures also supported the police claims that the Drought was the result of vigilant law enforcement and not due to a 'heroin conspiracy'.

Williams' problem seems to be that he already knew the answer — Australia needed US-style drug laws. Because he 'knew' this answer, Williams did not need to bother with irrelevant matters like the seizure figures. His was an ideology-driven approach no evidence would shake.

Williams and Marijuana Law Reform

Cannabis law reform was one of the important political issues in 1979, and Williams was presented with well-argued submissions in support of the legalisation of cannabis from many individuals and groups like the Cannabis Research Foundation and the South Australian Council for Civil Liberties.

In a paper entitled *Marihuana: The Most Victimless Crime of All?* future Health Minister, Dr Neil Blewett, then President of the South Australian Council for Civil Liberties, questioned the justification for using the criminal law for marijuana use. He argued that — unlike crimes like murder, assault, robbery, and rape where there were clear complainants calling for the protection of the criminal law — smoking pot was a crime with no victim. The law against pot caused greater harm than the plant, and consequently, as Dr Blewett commented:

The law is simply an ass if, in seeking to protect a person from his own actions, it imposes upon him far greater agreed harm than anything likely to result from the prohibited actions.⁵

Dr R. A. J. Webb, an educationalist with the NSW Drug Education Unit, in his submission called *Learning From Mistakes* wrote:

Prohibition does not work. As the United States learned from 1920 to 1933 it didn't work with alcohol. As the country has been learning since 1914, it doesn't work with heroin, and it isn't working today with marihuana, LSD, or any of the illicit drugs.⁶

Dr Webb called for a realistic drugs policy with achievable goals:

A realistic understanding of what laws can and cannot do is needed. Laws cannot work miracles. They cannot, for example, keep heroin away from heroin addicts, nor marijuana away from marijuana smokers. The most laws can do in these cases is to punish and to alienate. Accordingly law enforcement policies should be revised to concentrate on achievable goals . . . those goals that cannot be achievable by law enforcement should be assigned to other instrumentalities such as education and social reform.⁷

In its submission the Cannabis Research Foundation argued for the legalisation of cannabis with a legal marijuana industry regulated by a Cannabis Control Board.

The third option open to legislators is to legalise the use of cannabis. Such a move is the only rational way to solve the problems caused by prohibition as

well as ensuring that the Government, not the black market, is the recipient of the considerable revenue that is generated in the cannabis trade. Legislation could be easily established through a Cannabis Control Board, just as we have a wheat and milk board. The Cannabis Control Board would licence growers and retailers (thereby) facilitating quality control, retail ethics maintenance, and collection of revenue for the Government.⁸

Williams dismissed all these submissions as ‘naive and unrealistic’ claiming that ‘the inevitable increase in consumption throughout the Australian community to which such a course would lead’ would be ‘socially unacceptable’ and a ‘national disaster’.⁹ Williams was not a man prepared to learn from mistakes. His own ‘realistic’ solution was simply more prohibition and better prohibition.

The Commission has concluded that the only sensible approach for Australia to adopt is to maintain the existing ‘criminal/medical’ model of dealing with illegal drug abuse. Critics of this model say that the criminal approach has failed in spite of the public monies spent on police and the court system. The Commission believes that there has been a large degree of inefficiency in law enforcement to date and that a much better result can be obtained if Australia ... adopts a truly national policy against drug abuse. Law enforcement efforts should be directed to the harassment of organised groups ... There has been too much preoccupation in the past with having users and minor peddlars convicted.¹⁰

Williams believed he could make prohibition work by remaking it as a truly national system, just like Nixon had done in the U.S.

If the Commission is proposing a policy that is not novel the question that must be invariably answered is why it has not worked before. The answer is that it has not really been tried.¹¹

This comment is not even poor logic: it is simple denial. It is a measure of the true fanaticism of Williams that he could dismiss four decades of prohibition with the claim that prohibition really hadn’t been tried yet! For a true believer like Williams, prohibition could not fail: it just had to be tinkered with and fixed, and reformed along robust Nixon-style War on Drugs lines. Williams called for a ten-year ‘moratorium ‘to put aside polemics and to enter upon a balanced consideration of the issue of cannabis during which period ‘no relaxation of the present Australian prohibition on cannabis should be made’. As Manderson commented ‘a finer justification for inactivity could scarcely be imagined’.¹²

Williams and The War on Drugs

The most important task of drug policy, in Williams’ eyes, was the need to reduce the supply of drugs, and to achieve this he put his faith in more police and more US style laws.

There is no doubt, in the Commission’s view, that the incidence of drug taking is substantially influenced by the availability of drugs. It is therefore essential

to increase law enforcement efforts to limit the availability of these drugs ... cannabis and heroin.¹³

To remove cannabis and heroin from Australian society, Williams proposed an all-out attack on the traffickers, the Mr Bigs. As Manderson argues in *From Mr Sin to Mr Big*, Mr Big' had become 'a potent new symbol of evil'. While Mr Big — the mysterious businessman said to control the drug trade behind a facade of respectability, wealth and power — was never named, he served as folk-devil, a convenient scapegoat who could be 'blamed' for the heroin plague, the murder of Donald Mackay, and for the failure of prohibition without ever having to be identified. Ever the true believer, Williams took to the pursuit of Mr Big enthusiastically.¹⁴

For the war against this new symbol of evil, the police were to be given significant new powers. Because the Drug Trafficking Act proposed by Williams 'will concentrate on the trafficker higher in the distribution chain rather than the street level pedlar ... it seems proper to the Commission to place in the Act significant increases in the powers that law enforcement agencies are able to call on.'¹⁵

Williams proposed a radical rewriting of Australian law to make drug trafficking a major crime with major penalties. As Australian drug laws had developed, the regulations and laws controlling drugs had been included in the various state Health Acts and Poisons Acts because drug addiction was seen as a health problem, not as a law-enforcement problem. Williams proposed moving drug trafficking from the Health Act to the criminal code by the promulgation by all states of a uniform Australia-wide Drug Trafficking Act. Williams also wanted a RICO style Conspiracy Act with forfeiture laws and confiscation of assets. In essence, what Williams proposed was US drug laws circa Richard Nixon — the total Americanisation of Australian drug laws. Twenty years later, his namesake, Attorney-General Darryl Williams, is still labouring to complete the final Americanisation of Australia's drug laws that Williams recommended. Under Darryl Williams' proposals 'the major crime' of trafficking (incurring major penalties) in the new Criminal Code begins with the cultivation or possession of five marijuana plants!

The contradictions were so glaring that even Williams was aware of them. Elsewhere he writes:

The Australian approach to the abuse of illegal drugs has been illogical in wanting to punish traffickers severely but at the same time show leniency to users ... This approach is illogical because nearly all users are traffickers.¹⁶

Precisely. A surprising number of users are 'traffickers' when trafficking is defined as the cultivation of five or more plants! But this 'illogical' approach was at

the core of Williams' recommendations. To counter the legalisers who argued that marijuana was a victimless crime, Williams claimed he was simply going after the Mr Bigs and his new laws would direct police efforts against the criminal element rather than the user population, allowing the police to harass and capture the large operators; to focus 'the effort of law enforcement where they are most effective e.g. to apprehend one financier rather than six couriers.'¹⁷

It was a pretence of prohibition-with-a-human-face, while it actually made the penalties for users (who faced being treated as traffickers for very small quantities) far greater. Williams' rhetoric was that he was simply targeting the Mr Bigs while caring for users who would be offered 'treatment'; but the Williams reality — Queensland — would be a war against users with the Mr Bigs protected by the increasingly well-resourced police. It was the Drug Joke that Williams, the loyal Queenslander, would never see, even though he served faithfully on Bjelke-Petersen's Supreme Court through the worst excesses of the Lewis' years.

For the last two decades Williams' policies have prevailed in most of Australia with the exception of the ACT and South Australia. The result? Cannabis use has risen steadily. In 1977 there were an estimated 675,000 cannabis users; in 1998 this figure had climbed to 2,700,000 cannabis users — a fourfold increase. When Williams was writing, cannabis growing in Australia was in its infancy; today cannabis growing is a multi-billion dollar black market. The arrest of a stream of 'traffickers' has had no effect on supply. There has never been another Drought. 'Naive and unrealistic' is how Williams described the legalisers. As a description of his own prescriptions, those words seem far more apt. What could be more naive than to think that if only the activities of traffickers could be restricted, demand for drugs would disappear?⁴

History By Numbers

So far I have relied on the time-honoured historical techniques of searching government and newspaper archives, coupled with a literature review; in particular, a review of underground youth culture magazines. These underground sources have provided ‘a view from the street’ and have been the most useful lens so far. In ‘History By Numbers’, I am about to construct a new and very powerful lens, a lens that will give us a sense of the size and scale of the Australian drug trade.

The development of ‘History By Numbers’ was influenced (in a positive sense) by the Cleeland Report, *Drugs, Crimes and Society*, the most numerate government report, a report which plays most of the important balls; it looks at price, drug seizures and estimates the size of the drug market, the value of the drug market, and the cost of drug law enforcement. ‘History By Numbers’ extends this analysis over a 25 year span and examines the trends. It provides an economic history of the Australian marijuana trade during the War on Drugs years.

‘History By Numbers’ was also influenced (in a negative sense) by Williams, whose senseless garbling of the crucial seizure figures for 1975-78 plummeted me into despair. This despair was followed by the realisation that I could not rely on the official figures as presented by Williams and that I would have to correct Williams’ errors. I have criticised Williams substantially already. Rather than bewail his incompetence further, in ‘History By Numbers’ I have provided a model for how his task should have been undertaken. In this sense, ‘History By Numbers’ completes my critique of Williams, not negatively, but positively, by doing what Williams should have done, subjecting the drugs policies of the past 25 years to a cost-benefit analysis.

To free myself from the blindfold of ideology, I have adopted a scientific, quantitative approach. Using the historical figures on seizures, arrests, price and cannabis using population, I propose a general theory of prohibition and test the following three propositions:

- The price of pot varies with the regime of prohibition;
- The percentage seized varies with the regime of prohibition; and,
- The regime of corruption increases with the regime of prohibition.

I also propose a way to measure the degree of prohibition (the regime of prohibition), and a new way to calculate the size of the pot market (the Green Mean method). Having estimated the size of the market in this way, I crosscheck my model against the seizure figures. By running these two equations simultaneously, I provide the most accurate model of the Australian marijuana market so far, and reveal ‘The

Sydney Connection’, the group connected with a series of anomalous large seizures destined for the US market.

This is a very powerful historical tool — it develops a sense of scale, and gives a sense of what is big and, by association, who the Mr Bigs are. The analysis of the time of massive seizures, 1975 - 1978, which follows ‘History By Numbers’, demonstrates this by nominating Donald Mackay’s murderer far better than Woodward did. When you understand what a 31 acre farm of pot means, you understand why Donald Mackay died.

Under international drug treaties, the Australian government is required to maintain statistics on the illicit drug trade, and this has been done (by a bewildering array of agencies) since 1953, when Customs began publishing the annual *Report of the Government of Australia in the calendar year on the traffic in opium and other dangerous drugs*, down to the present day *Australian Illicit Drug Report*. These statistics allow us to measure the trends in price, usage, drug offences and amount of drugs seized over five decades. Using these figures we can determine the size of the market and gain a sense of the scale of the Australian cannabis market, allowing us to see what is big and what is too big.

By showing us what is big, it shows, as I have pointed out, who the Mr Bigs are. By telling us what is TOO BIG, it solves many of the mysteries of our story so far. In particular, the mysteries of the period of massive seizures between 1975 and 1978:

Who was behind the massive seizures of the time?

Who (or what) caused the heroin plague?

Who was behind the criminal takeover of the drug scene?

Who (or what) caused the marijuana Drought?

Who killed Donald Mackay?

Why?, and

Was there a heroin conspiracy?

The Williams, Woodward and Stewart Royal Commissions addressed most of these questions. I shall be giving somewhat different answers.

HISTORY BY NUMBERS: Problem One

Estimating the Size of the Australian Marijuana Market (1973 - 1998)

Pot's First Decade in Australia 1964 - 1973

Cannabis use was reborn in Australia in the Summer of 1964/65 with the well-trumpeted discovery of acres of wild hemp infesting the Hunter Valley, north of Sydney. With the beginning of R and R tours to Sydney in late 1967, cannabis use exploded. The figures on cannabis arrests in the sixties reflect Sydney's early pre-eminence in the cannabis scene. In 1965 there were 15 cannabis arrests in Sydney, versus two in the rest of the country; in 1966 there were 57 arrests in Sydney, versus four in the rest of Australia. The explosive growth of pot use in New South Wales is reflected in the table on *Detection of Cannabis by Police in New South Wales*:¹

Table 1: *Detection of Cannabis by Police in New South Wales:*

| Year | Number Detected | %Increase |
|-------------|------------------------|------------------|
| 1966 | 57 | 280 |
| 1967 | 104 | 82 |
| 1968 | 193 | 86 |
| 1969 | 337 | 75 |
| 1970 | 394 | 17 |

Pot detection increased by 280% between 1966 and 1967, and increased by about 80% each year till 1970. These figures confirm the explosive growth of pot smoking in Australia from 1965 to 1970. The figures for cannabis seizures also suggest that the market was doubling each year, as the figures for cannabis seizures for 1972 and 1973 reveal.²

Table 2: *Seizure of cannabis by Police and Customs 1972 and 1973*

| | Year | Customs | Police | Total |
|-----------------------|-------------|----------------|---------------|--------------|
| cannabis heads | 1972 | 200,998 g | 376,883 g | 578 kg |
| hashish | | 332,848 g | 23,065 g | 356 kg |
| plants | | | 5,891 | 5,891 |
| cannabis heads | 1973 | 866,060g | 921,461 g | 1,788 kg |
| hashish | | 234,396g | 3,579 g | 237 kg |
| plants | | 86 | 14,095 | 14,181 |

The total quantity of pot seized was about 1.5 tonne in 1972 and about 3.3 tonnes of cannabis was seized in 1973. We could use these figures to calculate an estimated market size for 1972 and 1973 using the seizure method which determines the size of the pot market in this way: If we assume that the police and customs seize 10% of the market, then the estimated Australian market size in 1972 was 15 tonnes and the estimated market size in 1973 was 33 tonnes of cannabis.

The Green Mean Method of Estimating the Australian Marijuana Market

From 1973 onwards, there are a number of nation-wide surveys (McNair 1973, 1977; Morgan 1979, 1982, 1984; NCADA 1985, 1988, 1991, 1993, 1995, 1998) which allow us to estimate the number of Australians who smoked marijuana in the last year. These population figures on 'active smokers' allow us to estimate the size of the Australian marijuana market with surprising accuracy. Obviously, the amount of pot smoked in Australia increases proportionally to the number of Australians smoking pot. Mathematically, the size and value of the marijuana market for any particular year can be calculated using the following equations:

Estimated yearly market size = No. smokers X Green Mean;

Estimated Market Value = No. smokers X Green Mean X price/oz;

where the Green Mean represents the amount of pot smoked by the average Australian pot smoker in a year.

Drugs, Crimes and Society, the report by the Parliamentary Joint Committee on the National Crime Authority, chaired by Peter Cleeland MP, was the first government report to estimate the size of the Australian marijuana market, and we can use their figure to calculate the Green Mean. By definition, the Green Mean equals the amount of pot smoked in a year in Australia divided by the number of smokers. The Cleeland Report estimated the size of the Australian pot market in 1988 at 120 tonnes of cannabis. Using the population surveys for that year, I estimate that there were 1,500,000 Australians who smoked pot at least once in 1988. By dividing Cleeland's 1988 'guesstimate' by the number of smokers in 1988 we can calculate the Green Mean to be about 80 grams (3 ounces) or 80 one gram joints per year or 80 J per annum.

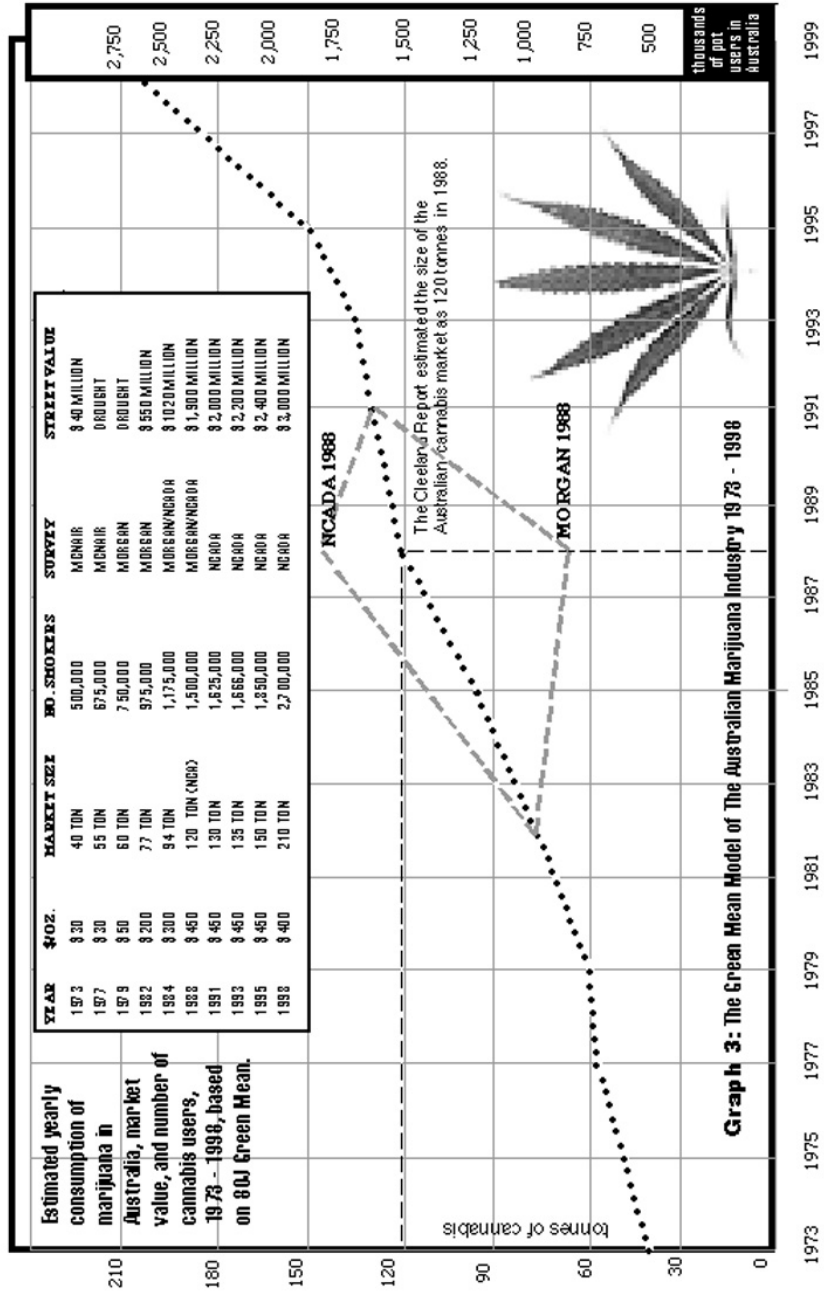
The Green Mean Model of the Australian Marijuana Market, 1973 - 1998

Using the Green Mean method allows easy estimation of the marijuana market and gives more consistent estimates of the marijuana market than the seizure method. Table Three, *The Australian Marijuana Industry Chart, 1973-1998*, is a master chart I have compiled from a number of historical sources. The number of smokers is a calculation based on a series of nation-wide surveys between 1973 and 1998. Estimated market size for any year is based on the Cleeland Report for the National Crime Authority, and assumes a standard market size of 120 tonnes in 1988. This is multiplied by the ratio of the number of smokers in that particular year divided by the number of smokers in 1988. The figure for price is based on a number of historical sources cited in the section 'Prohibition and the Price of Pot'. The 1988 projections agree with the Cleeland Report, which is the measure used to estimate the other years.

Table 3: *The Australian Marijuana Industry Chart, 1973-1998*

| Year | Price/Oz | Market Size | No. Smokers | Survey | Market Value in \$m |
|------|----------|-------------|-------------|--------------|---------------------|
| 1973 | \$30 | 40 tonnes | 500,000 | McNair | \$40m |
| 1977 | \$30 | 55 tonnes | 675,000 | McNair | drought |
| 1979 | \$50 | 60 tonnes | 750,000 | Morgan | drought |
| 1982 | \$200 | 77 tonnes | 975,000 | Morgan | \$550m |
| 1984 | \$300 | 94 tonnes | 1,175,000 | Morgan/NCADA | \$1020m |
| 1988 | \$450 | 120 tonnes | 1,500,000 | Morgan/NCADA | \$1,900m |
| 1991 | \$450 | 130 tonnes | 1,625,000 | NCADA | \$2,000m |
| 1993 | \$450 | 135 tonnes | 1,666,000 | NCADA | \$2,200m |
| 1995 | \$450 | 150 tonnes | 1,850,000 | NCADA | \$2,400m |
| 1998 | \$400 | 210 tonnes | 2,700,000 | NCADA | \$3,000m |

Note the estimated market size for 1973 is 40 tonnes. We had previously calculated the 1973 market size using the 3.3 tonne seizure figure as 33 tonnes, based on the assumption that police and customs seized 10% of the market. From our newer estimate we would conclude that the police and customs seized 8% of the market in 1973. This is a very good result for the Green Mean method, and by implication, Cleeland's 1988 figure. We are right in the mean of the green!



Comments On Graph 3

This graph is based on twelve surveys over a 25 year period, which are the basis for our ‘guesses’ of the number of Australian users. It is important to remember that surveys are simply good guesses. Sometimes they guess high and sometimes they guess low. I believe that two of the major features of Graph 3 — the 1988 and 1998 ‘peaks’ — are the result of high guesses rather than actual peaks in cannabis use. There is nothing in the historical record to indicate that these years represented highs in cannabis use in Australia. The small rise between 1977 and 1979 does correlate with a known historical event - these are the years of the Great Drought.

Between 1984 and 1988 we are blessed/cursed with four polls, which give significantly different guesses — Morgan 1984, Morgan 1988, NCADA 1985, NCADA 1988. Both the Morgan polls give low ‘guesses’ while the NCADA polls give much higher guesses. The big difference is in their guesses for 1988. In 1988 the NCADA guess would indicate about 1,750,000 Australian cannabis users, while the Morgan guess indicates 800,000 cannabis users.

Faced with this enormous disparity, I adapted a line-of-best-fit approach to the years between 1984 and 1988 and made my own guesses for these years. My 1984/1985 figure is based on the formula of 50% Morgan plus 50% NCADA while the 1988 guess is 75% NCADA plus 25% Morgan. My aim was to fall in between the two guesses, because I suspected that NCADA was a high guess and Morgan was guessing low, and the truth lay in between. I was seeking a line-of-best-fit and this formula seemed to provide it.

It is not only Morgan 1988 that suggested that NCADA 1988 was guessing high. All previous and future polls indicate that it is too high i.e. if we were to draw our graph using the NCADA 1988 figure, 1988 would be a very prominent peak in cannabis use in Australia, even though there is nothing in the historical record to indicate this was so. The same holds in reverse for Morgan 1988. It is not only NCADA 1988 that suggests it is low. Again, if we were to draw our graph using Morgan 1988 for our 1988 guess, we would see a large trough in cannabis use in the years before 1988, even more noticeable than the Great Drought, followed by a mountain range in the nineties, with a tripling of users in ten years, again without any corresponding features in the historical record to explain this increase. The grey lines illustrate these rejected scenarios. It is the gestalt of all the polls which suggests Morgan 1988 is a low poll, while NCADA 1988 seems a high poll, indicating a best fit approach should be adapted in these years. Because the polls are guesses we can tolerate a landscape of hills, but mountain ranges require explanation.

HISTORY BY NUMBERS: Problem One Part B Estimating the size of the Australian Marijuana market 1988-1995 — the Modified Cleeland method

In 1999, while I was developing the Green Mean model, the Department of Economics at the University of Western Australia published a discussion paper, *The Economics of Marijuana Consumption*, by Kenneth W Clements and Mert Daryal. Clements and Daryal estimated that the Australian marijuana market was worth \$5 billion in 1995. Apart from Cleeland, this is the only published model of the market, and Clements and Daryal's paper is the source for most contemporary estimates of the Australian cannabis market. Having analysed their model in detail, I believe that they overestimate the size of the market, an overestimation caused because they overestimate individual cannabis consumption. What follows is an examination of their method and my suggestions for improving it.

A Comparison between the Green Mean model and Clements and Daryal's *The Economics of Marijuana Consumption*

Like the Green Mean model, Clements and Daryal use the Cleeland Report (1989) as the starting point for their model, but after that our models diverge. A complicating factor is that there were two different polls of cannabis users in Australia in 1988: the Morgan poll, which was used by Cleeland; and the NCADA poll, which, as a result of various bureaucratic name changes, is known now as the National Drug Strategy Household Survey or the NDSHS survey. Probably because of the way the different polls asked the question, Morgan reported significantly fewer cannabis users than the NCADA survey in 1988. The difference between the number of cannabis users in Australia estimated by the two polls ranged from 800,000 (Morgan) versus 1,750,000 (NCADA). The same disparity in the number of cannabis users is revealed when you compare Morgan's 1984 survey with NCADA's 1985 survey, which again is significantly higher. For whatever reason, the Morgan poll produced significantly lower estimates of cannabis use than the NCADA poll.

Clements and Daryal use the NCADA/NDSHS poll in 1988, unlike Cleeland who uses Morgan 1988. As explained, I regard Morgan 1988 as a low poll and NCADA 1988 as a high poll, and I use a best fit method to guess the number of users in 1988, utilising both polls. I accept Cleeland's estimated market size of 120 tonnes, and divide this by the NCADA/Morgan derived figure of 1,500,000 users and arrive at a

Green Mean of 80 grams per year. I then test the range of figures given by this Green Mean against the seizure figures to see whether they are harmonious.

Clements and Daryal's approach was to recalculate Cleeland's estimate using the higher NCADA poll. Consequently, they got a figure about twice Cleeland's.

If they are right, it has important effects on my Green Mean model, which is calibrated against the size of the market in 1988. It would mean the annual Green Mean should be 160 J.

Are Clements and Daryal right about the size of the market in 1988?

Or is Cleeland right?

The Seizure Evidence and Clements and Daryal's Model

From my point of view, Cleeland uses a poll that is low in its estimate of cannabis users but he unconsciously compensates for this by using an average heavy use figure which is too high, and he is lucky because these errors cancel out. I have examined only the seventies closely but, from these investigations, the Green Mean I obtained from Cleeland seems to be holding against the seizure figures, ie Cleeland's guesstimate is good, despite his questionable assumptions.

Clements and Daryal correct one of Cleeland's questionable assumptions, but not the other. They use the high NCADA poll but they borrow Cleeland's high average heavy use figure. Consequently, their model overestimates the market. However, with the tweakings I suggest, it flies nicely alongside the Green Mean model in the 1988 - 1995 range, producing an alternative way of estimating the market — the Modified Cleeland method — and indicating an annual Green Mean in the range of 80 J.

One significant difference between Clements and Daryal and myself is they do not check their estimated market size against the seizure figures, arguing that:

Information regarding drug seizures or prosecutions for drug offences would obviously be highly imperfect measures of consumption; for example, an intensification of enforcement effort could lead to increased seizures even if consumption remained unchanged.³

This is almost my second law of the cannabis market (the percentage seized varies with the regime of prohibition) phrased slightly differently. I agree that this does complicate the problem of estimating the size of the market from the seizure figures. However, any unified model of the Australian marijuana market has to balance the size of the market estimated from seizures against the size of the market estimated from the number of smokers. In my phrasing, the estimates have to be 'harmonious', and the percentage seized has to be a believable proportion of the estimated market size.

The seizure figures can not be dismissed from the discussion of the size of the Australian cannabis market. Confusing and intractable though they may be, the seizure figures provide some of the most useful information about the market, and to ignore them is folly.

Are Clements and Daryal's Overestimating Market Size? The argument from cost

Both Clements and Daryal and myself are the children of Cleeland, with characteristic variations. I use a different equation for calculating the market based on the used in the last year, or 'recent' smokers' number: the Green Mean method. Clements and Daryal are Cleeland traditionalists in that they follow Cleeland's method for estimating the size of the market.

The method Cleeland used for calculating the Australian market size was this: Cleeland argued that most of the pot smoked in Australia was smoked by those who smoked the most pot, and he calculated the amount of pot smoked by calculating only how much the heavy smokers smoked. Their equation was:

Size of Market = Number of Heavy Smokers X Heavy Green Mean.

While I use for my number of cannabis users the figures for anyone who smoked in the past year, Cleeland only looked at those who have smoked in the last week. Cleeland calculated the size of the cannabis market according to the formula: The size of the marijuana market is equal to the number of heavy users multiplied by the average amount smoked by a heavy cannabis user. This Cleeland estimated to be 10 grams of cannabis per week, an estimate I believe is an overestimation. This error, which overestimated the size of the market, compensated for his other error, the use of a low poll, which underestimated the market.

Clements and Daryal estimated marijuana consumption in Australia using a slightly modified version of Cleeland. While Cleeland considered only those who smoked once a week or more, Clements and Daryal used everyone who smoked in the past year, using different average consumption amounts for each category. Those who smoked daily were estimated to consume 10 grams per week or 520 grams per year; those who smoked once a week or more (but not daily) were given an estimated average of 7 grams per week or 364 grams per year; those who smoked once a month or more were given an estimated average consumption of 4 grams per month or 48 grams per year; those who smoked every few months were assumed to consume 3 grams per year; while those who smoked about once or twice a year were assumed to consume 1 gram per year. The greater weighting given the first two categories meant that 95% of the total consumption came from those who smoked more than once a week: i.e. it was in line with Cleeland's assumption that most of the pot was smoked by these two groups.

In terms of cost and size, Clements and Daryal's average consumption figures, which were based on Cleeland, seem too high.

Consider first the matter of the cost of the habits that Clement and Daryal impose on their cannabis users. At \$450 an ounce, ten grams of cannabis per week equals a cannabis habit of \$160 per week for daily users or \$8320 per year; while at 7 grams per week, it costs the average user who smokes once a week or more (but not daily) \$112 per week or \$5824 per year. These estimates seem beyond what most Australian cannabis users could sustain. Cannabis use is highest among males aged 20 - 24, many of whom are students or unemployed. In the period Clements and Daryal looked at (1988 -1995), the unemployment benefit and the student benefit were worth around \$160 per week; after rent and food, this would not leave anything like \$160 or even \$112 per week in disposable income for cannabis.

Where does the money come from to maintain the habits that Clements and Daryal estimates demand? No answer to this problem is given by Clements and Daryal who do not even consider the question. But it is a very serious flaw in their model.

One of the characteristics of the cannabis market, as opposed to the heroin market, is that cannabis users are far less likely to turn to *other* crime. Cannabis users are not like junkies who steal and prostitute themselves to maintain expensive habits. Because they are not heavily addicted, cannabis users are much more likely to go without pot for a few days whenever budget dictates. The major crimes committed by heavy cannabis users are simply the growing and selling of cannabis. People growing pot themselves and people dealing could maintain a 7-gram per week habit because budget would not be a consideration, but for most other users money is a very important limitation. Economic necessity dictates that many frequent cannabis users have to maintain their habits on a budget of \$25 - \$50 per week. They cannot afford the kind of habits estimated by Clements and Daryal.

Because cannabis prohibition forces up the price of pot, it forces long-term cannabis users to learn to maintain their habits while using less. They do this by learning to smoke cannabis more efficiently. Long-term cannabis users will often object to being labeled 'heavy users'; they maintain that they are simply 'frequent users'. This distinction is useful to explain one of the strategies adopted by long-term cannabis users to maintain their habits under prohibition. By carefully titrating the dose to reach the required high, by using smaller amounts more frequently, the experienced user learns how to smoke more efficiently, actually smoking less by smoking more often, by moving away from joints towards bong, pipes and cones. This leads to our second argument against Clement and Daryal's model: the argument based on consumption levels.

Did Clements and Daryal's Overestimating Consumption? Cleeland's second error — the error in consumption levels

There are, I believe, two mistakes in the Cleeland committee's estimation of the Australian marijuana market in 1988. Firstly, they used a low poll, Morgan not NCADA; secondly, they overestimated weekly and daily consumption levels. These two errors cancel out, and it seems that they got a very approximate answer. Possibly it was sheer dumb luck, though it may well be that the committee had a good idea of the approximate size, and deliberately chose their consumption figures to give that ballpark answer. Ironically, Clements and Daryal are wrong, because they were half right. They saw the committee's first mistake, but not their second error, their model ended up overestimating the size of the market significantly.

The error they missed was the overestimation of consumption levels, which they largely adopted uncritically (though they reduced the weekly/daily figure from 10 grams to 7 grams, which was an improvement in this direction). Cleeland were wrong, but they were wrong twice; and in Cleeland's case, these two wrongs gave a right. Unfortunately for Clements and Daryal, they were wrong only once.

Their 'wrong', the error in consumption levels, becomes apparent when you consider Clements and Daryal's estimations about consumption levels. Consider what 7 grams per week represents, which is the average amount they say is smoked by people who smoke more than once a week, but who are not daily users. Seven grams represents: one J per day, or one of our 1-gram party joints every day, each of which contains several highs. One J per day is too high. It is sufficient for a person who smokes daily. It equates to one two-paper numbers twice per day, or 3 or 4 'racehorses' (thinly rolled one person joints) per day; or several pipes or cones three times a day, depending on the size of the pipe or cone.

Likewise, if 7 grams is the average for weekly (but not daily) use, they were assuming that the range of pot used by smokers who smoked weekly (but not daily) was between 1 gram and 13 grams, which again seems way too high. 7 grams might be the top of the range ie the range might be 1 gram to 7 grams, but you would expect the average would be half that.

Half of seven grams ie three-and-a-half grams per week seems a good estimate for the more-than-once-a-week, but less-than-daily, users. It is possible to use half a gram daily, saving yourself for a few cones at night, but such restrained users would be at the very bottom of the daily user amounts; most daily users would be unlikely to maintain a habit of half-a-gram per day, but this amount would be sufficient for users who use several times per week.

I suggest that the range for the more-than-once-a-week/less-than-daily users would be between 1 gram and 5 grams of pot per week, producing an average of 3

grams of pot per week for this group. At \$450 per ounce, 3 grams of pot is a cannabis habit that costs only \$48 per week, an amount most cannabis users could afford without resorting to crime; whereas Clements and Daryal's usage figures require that cannabis users, like junkies, engage in crime to maintain their habits. This may be so in some individual cases, but the vast majority of cannabis users are otherwise law-abiding, and there is no evidence to support the contention that they engage in crime (apart from growing or dealing cannabis) to support their habits.

How much would the average daily user smoke? I suggest about 6 or 7 grams of pot per week. At \$450 an ounce, a 7-gram usage would be a cannabis habit of \$112 per week while a 6-gram usage would mean a cannabis habit of \$96 per week, which seems too high, but I am assuming that many of the heavy users will be growers or dealers, so the \$112 per week will be purely notional ie they may be smoking their profits, or they may be growing their own, but few ordinary people have the kind of disposable income (in 1988) to afford a regular \$112 per week drug habit, without resorting to crime.

The marijuana consumption of growers is complicated because not all the pot produced by them is marketable marijuana. At \$450 an ounce, buyers are surprisingly picky; for this price the buyer will expect high-quality, manicured buds; no leaf, no kif, no 'shit'. As a consequence, up to 50% of the pot produced is in the form of 'non-market marijuana', pot which is unsaleable because it does not meet market standards. Needless to say, courts and police are far less discriminating than the market. So disposal of the non-market marijuana is a problem for growers, which they solve in a number of ways. Some is smoked by the growers themselves or sold cheaply to friends. Despite market prejudices, the best of this non-market marijuana is smokable, and the amount smoked by growers themselves would be considerable. So while I set the average for heavy users at 6-7 grams of pot, this is 'market marijuana' only and would be augmented from this sizable pool of non-market marijuana.

The Modified Cleeland - A Second Means of Estimating the Cannabis Market (1988 -1995)

If you recalculate Clements and Daryal using the figures I suggest (ie 3 grams per week for the more than weekly, less than daily group, and 6 or 7 grams for the daily smoker group), you end up very close to the Green Mean model (see Table 4).

The comparison between the Green Mean and Clements and Daryal in the estimation of the Australian marijuana market is given in Table 4. Note that the third and fourth figures, Modified Cleeland (1) and Modified Cleeland (2), are Clements and Daryal modified as I suggest. The more-than-once-a-week, but less-than-daily, average is set at 3 grams of pot per week in both models. In Modified Cleeland (1)

the daily user average is set at 6 grams of pot per week. In Modified Cleeland (2) the daily user average is set at 7 grams of pot per week. The polls used to estimate the number of smokers are NCADA 1988, 1991, 1993, 1995, with the exception (already noted) of the Green Mean estimate for 1988.

Table 4: *Size of the Australian Marijuana Market in Thousands of Ounces:*
80 J Green Mean V Clements and Daryal V Modified Cleeland (1) and (2)

| Year | 1988 | 1991 | 1993 | 1995 |
|-----------------------|-------------|-------------|-------------|-------------|
| Clements and Daryal | 8,460 | 11,381 | 9,983 | 11,271 |
| Green Mean | 4,300 | 4,660 | 4,840 | 5,380 |
| Modified Cleeland (1) | 3,876 | 5,306 | 4,803 | 5,348 |
| Modified Cleeland (2) | 4,156 | 5,639 | 5,244 | 5,819 |

Although we use a similar starting point, the Green Mean model and Clements and Daryal’s model differ by a factor of 2. This is due to the factors we have discussed: the difference in numbers between the Morgan and NCADA polls in 1988, and the heavy average consumption figures Clements and Daryal used. By using more realistic usage figure for heavy users, the estimates produced by their method approach the Green Mean model as Table 4 demonstrates. Note that the gap between Modified Cleeland (1) and Modified Cleeland (2) is tiny; yet the 80 J Green Mean produces estimates that fall in the narrow range between the two models in two of our four years; the other two years include 1991, a year in which all the modified Cleeland methods (most notably Clements and Daryal) seem to be estimating high. Clements and Daryal provide no explanation why their estimate for consumption in 1991 was so high, yet it is 35% higher than 1988! By contrast, the estimates of the 80 J Green Mean model shows a steady increase through these years. The anomolous size of the 1991 estimate is the same for Modified Cleeland (1) and Modified Cleeland (2). Note that even in this year of worst fit, the Modified Cleeland (1) estimate is only 14% higher than the Green Mean estimate, while the Modified Cleeland (2) estimate is only 21% higher. Of our eight Modified Cleeland guesses, these are the only two which differ by more than 10% from the Green Mean estimate. The best two guesses are Modified Cleeland (1) in 1993, which was 99.3% of the Green Mean estimate, and in 1995, when it did even better (99.4%)!

The 1988 results are also interesting.

The NCADA 1988 poll givns a high guess of the figure I use to calculate market size (used-in-last-year), so I expected both the Modified Cleeland’s would produce a higher estimate for 1988 than mine. However, the figures used by the Modified Cleeland methods to calculate market size (the used-daily figure and the used-weekly figure) were low in 1988 compared to other years. Consequently my estimate of market size in 1988 is slightly higher than both the Modified Cleeland’s, not lower! Not by much, mind. The Modified Cleeland (2) estimate is 97% of the Green

Mean estimate, while the lower Modified Cleeland (1) estimate is still 90% of the Green Mean estimate. Although I talk about high polls and low polls, this is purely relative, as this example shows. The polls wobble all over the place, and even tiny wobbles have large effects when they are at the business end of our calculations.

At \$450 an ounce, Clements and Daryal's estimated eleven million ounces of cannabis consumed in 1995 would be worth \$5 billion dollars. This figure has become the standard guesstimate for the size of the marijuana market in Australia. Clements and Daryal calculate this to be about 1% of GDP. In contrast, the Green Mean model suggests a market value of \$2.4 billion in 1995 and a market value of \$3.2 billion in 1998.

The Models Compared

The great advantage of Clements and Daryal's model (and the original Cleeland model) is that the Green Means they employ for daily users, and for those who use more than weekly but less than daily, are intuitive, easily measured amounts; whereas my annual Green Mean is counter-intuitive, a purely statistical conceit. Using the assumptions of Modified Cleeland (1) it would seem that nearly all of my estimated 80 J Green Mean is smoked by the one third of active smokers who are smoking weekly or daily. About half of the pot is smoked by the group who smoke weekly but less than daily, who average 156 J per year; while another half is smoked by those who smoke daily, who average about 312 J per year.

The advantage of the Green Mean model over Clements and Daryal is that it is calculated from a figure (those who used cannabis in the past year) for which there is a long historical record in the polls, stretching all the way back to 1973. I chose this method because it gives such a long historic range and, from the historical perspective, this is clearly the superior model. The historical range of the Green Mean model is from 1973 to 1998, a 25-year period. By comparison, the range of Clements and Daryal's model is only 7 years, from 1988 to 1995. A telling consequence is this: the Green Mean model can be used to examine the period of massive seizures from 1975 -1978; whereas Clements and Daryal's model does not begin till one decade later.

On the Reliability of the Polls

Another doubt I have about using modified Cleeland methods (like Clements and Daryal) is that they are 'pushing the envelope' regarding the statistical reliability of the polls they use. All polls are guesses with a certain statistical variation and, as the Morgan and NCADA 1988 polls indicate, they can be out by significant amounts. If we look at the National Drug Strategy Household Survey from 1988 to 1995 (also known as the NCADA polls) which form the basis for Clements and Daryal

calculations for marijuana consumption in Australia we observe some significant variations (see Table 5).⁴

Table 5: *Marijuana Consumption in Australia (Percentage of Respondents*

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There is considerable variation in the polls, though, fortunately for Clements and Daryal, this is less so at the business end of the figures, the daily or once a week or more figures. For example, the measures in daily use vary only between 4% and 5% (a 25% variation) and the figures on once a week or more vary between 8% and 11% (a 37% variation). However the once or twice a year figure ranges from 6% to 14% (a 133% variation!).

I am suspicious of the variation shown in the Every-few-months figure. I believe the 1988 figure is anomalously high. It shows 11% in 1988 versus 6% in 1995 and 1993 and 8% in 1991. I suggest it was also 6% in 1988, and the 11% figure is a tiny statistical wobble in that poll, but one which has major consequences for our estimation of the Used-in-last-year figures for 1988. Note that 1988 is the high year for this figure (47%). This anomalous high in the Every-few-months figure explains why 1988 is a 'high' poll on this measure. If the Used-in-the-last-month figure in 1988 was 6% not 11%, the NCADA 1988 figure for Used-in-the-last-year would be 42% not 47%. The Used-in-the-last-month figure in 1988 would be 89% lower! My decision to take the line-of-best-fit approach to 1988 seems vindicated. It gave a figure that was 86% lower than NCADA 1988! I suggest that it is this anomaly in the 1988 NCADA figures that pushed the Used-in-the-last-year figure high that year. Interestingly, while this variation would force my estimation of the market

significantly higher (about 16% higher), it would have absolutely no effect on the way Cleeland does the estimation!

These variations, rather than reflecting real variation in the habits of our cannabis users, may simply reflect the standard deviation in our polls (our measure) rather than any real variation in what we are attempting to measure (frequency of cannabis consumption). Now if we got a 133% variation in our daily use figure, this would cause a massive miscalculation in our estimation of consumption. Indeed, the reason why Clements and Daryal's estimation of consumption in 1991 is higher than in the other years is because in this year the measures for the two important categories (Used-daily or Used-in-last-week) were both high for this period. I suggest that this is another statistical anomaly, and that cannabis consumption was lower in 1991 than in 1993 or 1995 in line with the estimates of the Green Mean model, which is far less subject to these variations.

The figure I use to calculate the Green Mean model is the total of all who have used in the past year, which ranges between 41% and 47% (a 15% variation). Remember, too, that the 47% figure is the 1988 NCADA poll, the figure I rejected because it looked too high. By using the Used-in-the-last-year figure in this discriminating way, I do not push the statistical reliability of the polls as much as the modified Cleeland methods, which use the much smaller Used-daily and Used-in-last-week figures. As well as having a much greater range, this makes the Green Mean model more reliable.

However, it must be conceded that the Modified Cleeland method demonstrated by Clements and Daryal does not show as much variation in practice as I anticipated, and, with the tweaking I suggest, the two models are quite compatible. In the guise of Modified Cleeland (1) and Modified Cleeland (2), the Cleeland method flies in the same zone as our model. It provides a second way to estimate the market which supports the 80 J Green Mean model in its upper range between 1988 and 1995.⁵

Implications of Clements and Daryal's model

The major question that has to be answered after our examination of Clements and Daryal is: Should we consider changing our annual Green Mean?

There is no doubt that Clements and Daryal are overestimating significantly, and the Green Mean is nowhere near the 160 J we would calculate from their estimate. The evidence of Modified Cleeland (1) and Modified Cleeland (2) supports an annual Green Mean of 80 J.

HISTORY BY NUMBERS: Problem Two

Estimating the Cost of Drug Law Enforcement

In the first 25 years of the War on Drugs in Australia, from December 1975 to December 2000, close to one-and-a-half million drug offences were prosecuted. How much money was spent arresting and prosecuting these million plus drug offences?

The first official report to cost the amount spent by Australian governments on the war on drugs was the Cleeland Report, *Drugs, Crime and Society*, which estimated that drug law enforcement costs (police, customs, prisons, courts) for 1987/88 at \$123 million. Cleeland's rudimentary costing of drug law enforcement was put under the microscope by Robert E Marks in the chapter 'Costs of the Prohibitions' in *Drugs Policy: Fact, Fiction and the Future* edited by Russell Fox and Ian Mathews.

Marks estimated the cost of Drug Law Enforcement in 1988 as:

Table 6: *Drug Law Enforcement costs 1987-88*

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thesis available
from the QUT
library

Obviously, the cost of drug law enforcement varies with the number of drug offences because each drug offence costs police, court and, often, prison time. In 1988 there were 49,070 drug offences and drug law enforcement costs, according to Marks, were \$319.6 million, i.e. the average drug law enforcement cost of each drug offence was about \$6,500 in 1988. Using the CPI index and this figure, we can calculate an average drug law enforcement cost per drug offence for any year; and by multiplying this figure by the number of drug offences we can estimate total drug law enforcement costs for that year. Table 7 gives the results.

Table 7: *Cost of Drug Law Enforcement by year*

| Year | Drug Offences | Cost/Offence | Cost of Drug Law Enforcement |
|------|---------------|--------------|------------------------------|
| 1973 | 6,705 | \$1600 | \$10 m |
| 1982 | 31,947 | \$4275 | \$140 m |
| 1984 | 52,025 | \$4750 | \$250 m |
| 1988 | 49,070 | \$6500 | \$320 m |
| 1991 | 3,508 | \$7500 | \$550 m |
| 1998 | 8 | 5,000 | \$8500 |
| | | | \$720 m |

How accurate are these projections?

Our estimated cost of drug law enforcement for 1973 was \$10 million and there were 6,700 drug offences that year, ie cost per offence was \$1600. In 1975 the Cannabis Research Foundation's Advisory Council, which included JJ McRoach, calculated the cost of drug law enforcement in 1974 at \$10 million, based on 7,300 offenders at an average cost of \$1200 per offence for police and courts alone. Their prison costs were worked out separately, calculated at \$65 per day for each day of prison. They did not include a cost for Prisons (capital) which is 13% of Marks' total cost. When we include prison costs, the Cannabis Research Foundation estimated cost per offence was \$1350; comparable to our figure if Prisons (capital) is excluded.⁷

Going forward in time from 1988, the National Drug Strategy monograph *The social costs of drug abuse in Australia in 1988 and 1992* estimated the cost of drug law enforcement in Australia for 1992 at \$450 million. This is less than my estimated \$550 million, but not by too much. The comparison between Marks and the NDS estimate of the cost of drug law enforcement is:⁸

Table 8: *Drug Law Enforcement costs Marks V NDS*

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Finally, my estimate that the cost of drug law enforcement was \$720 million in 1998 looks fairly approximate as well. Table 10 (below) shows that the total cost of all law enforcement in Australia was about \$6,000 million dollars in 1998/99. If drug law enforcement spending was \$720 million, this would mean that drug law

enforcement was 12% of total law enforcement spending, which again seems right since Table 9 (below) shows that prisoners on drug offences represented 12.1 % of total prison population in Australia in 1998.

The War on Drugs and the Rise of the Security State

During the War on Drugs years the character of the Australian state changed from a Whitlam-style social welfare state to a Nixon-style security state. While spending on welfare, education and health was cut, spending on police and prisons rose. After the harsh new drug laws recommended by Williams came into effect in the eighties, the last fifteen years of the twentieth century saw an unrivalled boom in prison populations in Australia, demonstrated in Graph 4:

Graph 4: *Prison Population Rates per 100,000 Population in Australia*

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The War on Drugs was the major cause of the burgeoning prison population. In less than two decades, the number of prisoners in Australia on drug offences increased from 688 in 1982 to 2150 in 2000 as Table 9 shows:

Table 9: *No. of Prisoners in Australia on Drug Offences V Total Prison Population in Australia by Year*

| Year | No on Drug Offences | % of Total Population | Total Prison Population |
|------|---------------------|-----------------------|-------------------------|
| 1982 | 688 | 7.79 | 8830 |
| 1983 | 683 | 7.55 | 9040 |
| 1986 | 1236 | 10.75 | 11497 |
| 1988 | 1351 | 10.96 | 12321 |
| 1989 | 1297 | 10 | 12964 |
| 1990 | 1301 | 9.1 | 14305 |
| 1991 | 1322 | 8.8 | 15021 |
| 1992 | 1447 | 9.3 | 15559 |
| 1993 | 1697 | 10.7 | 15866 |
| 1994 | 1948 | 11.5 | 16944 |
| 1995 | 1935 | 11.1 | 17428 |
| 1996 | 1874 | 10.3 | 18193 |
| 1997 | 1875 | 9.8 | 19128 |
| 1998 | 2409 | 12.1 | 19906 |
| 1999 | 1960 | 9.1 | 21538 |
| 2000 | 2150 | 9.9 | 21714 ⁹ |

The percentage of prisoners on drug offences reached 10% of prison population by 1986, and has hovered round that level for the last fifteen years, even though the number of drug offenders in prison almost doubled in the same time. This is because the total prison population in Australia also doubled over these years. Many of these other offences were also ‘drug-related’ or ‘Prohibition-related’.

Drug-related crime is a somewhat fuzzy concept. In an editorial (June 14, 2001), *The Age* suggested that two thirds of robberies and residential burglaries were drug-related and even that two thirds of prisoners in Australia were there for drug-related crimes.¹⁰ This might be true if alcohol is counted as a ‘drug’. However, by drug offences we mean ‘illicit’ drug offences. If two thirds of robberies and break-and-enters (which together account for approximately 25% of the prison population) were illicit drug-related this would mean that around 25% of prisoners were there as a consequence of drug offences and illicit drug-related crime, not two thirds as *The Age* suggested in its editorial. While a good part of the increase in prison populations was caused by the harsh new drug laws recommended by Justice Williams, which came into effect in the mid-eighties, the effects of other right-wing law and order measures, including the mandatory sentencing laws in Western Australia and the Northern Territory and the ‘truth in sentencing’ laws in other states, also led to increases in the prison population.

If drug-related crime is estimated at 25% of all crime, then that suggests the cost of drug-related law enforcement was \$1.5 billion in 1998; if drug-related crime is 66

% of all crime that suggests the cost of drug-related law enforcement was \$4 billion in 1998.

One consequence of this doubling of the prison population was a prison building boom in Australia in the last decade of the twentieth century, as the 100-year-old prisons like Boggo Road, Adelaide Gaol and Pentridge, built in the previous century, were replaced by a series of brand new US-style jails. For the prison industry, the War on Drugs period created a once-in-a-century boom.

The growth of the prison sector, and the money spent on drug law enforcement in Australia at the end of the twentieth century, can be seen from the following table:

Table 10: *Government Expenditure on Justice (in 1998/99 dollars)* ¹¹

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The prison industry averaged 7.1% annual growth rate over the five years, becoming a billion-dollar industry in 1997. It continued to grow strongly, adding another \$80 million each year thereafter.

The money spent on police services increased greatly too, with an average annual growth rate of 5.1% over the same five years. By 1999 Australia was spending close to \$4 billion on police services, and \$6 billion on the total justice system: about 10% of this went directly on drug law enforcement; while possibly 25% was drug-related.

The growth in police numbers in Australia in the period after 1973 is recorded in the following table on police numbers.¹²

Table 11: *Police numbers in Australia*

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Again, it was in the period after the Whitlam government, when conservative parties in Australia adopted a US-style law and order approach that police numbers increased most. These figures do not show the increase in ‘private police’ (security

guards and others). At the end of the century there were 94,676 private police — twice as many as there were public police in Australia.¹³

Drug Law Enforcement as a Multiplier of the Black Market

Combining Table 3 with Table 7 gives us Table 12, the Combined Australian Marijuana Industry, 1973-1998. Comparing the cost of law enforcement with the value of the black market for any year shows how law enforcement acts as a subsidy for the cannabis black market. Multiplying the cost of drug law enforcement by about four to five gives a reasonably accurate estimate of the value of the marijuana market.

Table 12: *Combined Australian Marijuana Industry, 1973-1998*

| Year | Price/Oz | Size of Market | No. Smokers | \$Value of Market | Cost Drug Laws |
|------|----------|----------------|-------------|-------------------|----------------|
| 1973 | \$30 | 40 tonnes | 500,000 | \$40m | \$10m |
| 1977 | \$30 | 55 tonnes | 675,000 | drought | \$60m |
| 1979 | \$50 | 60 tonnes | 750,000 | drought | \$100m |
| 1982 | \$200 | 77 tonne | 975,000 | \$550m | \$140m |
| 1984 | \$300 | 94 tonnes | 1,175,000 | \$1020m | \$250m |
| 1988 | \$450 | 120 tonnes | 1,500,000 | \$1,900m | \$320m |
| 1991 | \$450 | 130 tonnes | 1,625,00 | \$2,000m | \$550m |
| 1998 | \$400 | 210 tonnes | 2,700,000 | \$3,000m | \$720m |

Between 1973 and 1998, every dollar spent on drug law enforcement in Australia simply added another four dollars to the cannabis black market; with the exception of 1988, when each dollar of drug law enforcement was worth six dollars for the cannabis black market! The explanation for this curious phenomenon is that the price of pot varies with the regime of prohibition, as we shall see. It also explains why the regime of corruption increases with the regime of prohibition. All that is achieved by increasing the amount spent on drug law enforcement is to increase the value of the black market as a multiple of drug law enforcement.

HISTORY BY NUMBERS: Problem Three Getting the Measure of Prohibition — Calculating the regime of prohibition

The extent of the intensified criminalisation of pot users with the launch of the War on Drugs in 1976 is demonstrated in the burgeoning number of cannabis and drug offences prosecuted in Australia over the decade 1973 to 1984.¹⁴

Table 13: *Cannabis Offences in Australia 1973- 1984*

| Year | Cannabis Offences | % increase | all Drug Offences |
|-------------|--------------------------|-------------------|--------------------------|
| 1973/74 | 4,833 | — | 6,705 |
| 1974/75 | 7,176 | 48% | 9,065 |
| 1975/76 | 13,008 | 81% | 15,847 |
| 1976/77 | 15,689 | 20% | 19,948 |
| 1977/78 | 17,977 | 15% | 23,068 |
| 1978/79 | 14,249 | -20% | 19,948 |
| 1979/80 | 17,501 | 23% | 22,871 |
| 1980/81 | 20,278 | 16% | 24,515 |
| 1981/82 | 26,506 | 31% | 31,947 |

Note that the War on Drugs was essentially a war on pot-users: the overwhelming proportion of drug offences prosecuted were cannabis offences. Cannabis offences themselves constituted about 80- 85% of all drug offences prosecuted; of the remaining 15-20%, a large (but unknown) number of offences were multiple-offence cases involving cannabis along with another drug. Other cases, no doubt, involved pot users convicted for other drugs, not cannabis. On these figures it seems likely then that about 90% of drug offence cases involved cannabis, and even more involved pot users.

Only a part of the increase in offences was due to the increasing numbers using illicit drugs. For example, the number of cannabis offences rose rapidly in Australia after 1975, far more rapidly than the comparative increase in smokers. Between 1973 and 1977 the number of active smokers in Australia rose by 35% from 500,000 to 675,000, while in the same period cannabis offences rose from 4,833 to 17,977, an increase of 270%. The year with the sharpest increase in cannabis offences was the changeover year 1975-1976 between the Whitlam and the Fraser governments. At the peak of the Great Drought, there was a small trough when cannabis offences actually fell (simply because no one had any pot!) but offences returned to correspondingly high levels following the Drought. Between 1973-74 and 1984-85,

the number of pot smokers increased from 500,000 to 1,175,000, a rise of 135%; however, total drug offences rose from 6,702 in 1973-74 to 65,200 in 1984-1985, a rise of 900%.

Measuring the Regime of Prohibition

Figures on the number of drug offences prosecuted in Australia have been kept each year for the past fifty years and, as we have seen, we can use these drug offence figures as an indicator of how hard governments are cracking down on drugs; i.e. they provide us with a quantitative measure of the amount of the crackdown or of the 'regime of prohibition'. They also reveal long-term patterns, 'regimes of prohibition'.

Although the raw drug offences figures themselves provide a revealing measure, an even better measure is provided by the drug offences per 100,000 population, which allows the comparison of countries and states with different populations.

The purest measure of all, the regime of prohibition, is produced by a similar formula, which involves calculating the number of drug offences per thousand drug users. This allows us to compare states and countries over time, even when the number of drug users has changed significantly.

The first year we can estimate the number of drug users in Australia is 1973; so this is the first year we can calculate the regime of prohibition. As our first year, it provides our standard unit: 'the Whitlam', which is the regime of prohibition during the Whitlam year of 1973, which was 12.1 drug offences per thousand drug users. By comparison, 1985, the year Operation Noah was launched, which was the high point of the War on Drugs in Australia, had a regime of prohibition of 52.2 drug offences per thousand users: this equates to 4.28 Whitlams.

To summarise: since the number of drug offences increases with both the number of drug users and with the regime of prohibition (ie with the amount of government repression), we can measure the regime of prohibition for any year by dividing the number of drug offences by the number of illegal drug users in that year. This allows the increasing regime of prohibition in the decades following 1973 to be measured in a unit I call 'Whitlams', which is the offences per thousand drug users ratio for that year compared with the same figure for the Whitlam year of 1973. By comparing the changes in the regime of prohibition year-by-year we discover long-term patterns, 'regimes of prohibition'.

Table 14: *Regime of Prohibition as drug offences per thousand users and in Whitlams*

| Year | Drug Offences | No. Users | Drug Offences/1000 users | Reg. of Proh. |
|------|---------------|-----------|--------------------------|---------------|
| 1974 | 6,705 | 550,000 | 12.19 | 1 |
| 1977 | 19,948 | 675,000 | 29.55 | 2.42 |
| 1979 | 19,948 | 750,000 | 26.6 | 2.18 |
| 1982 | 31,947 | 975,000 | 32.77 | 2.68 |
| 1984 | 52026 | 1,175,000 | 44.30 | 3.63 |
| 1985 | 65207 | 1,250,000 | 52.16 | 4.28 |
| 1988 | 49700 | 1,500,000 | 33.13 | 2.71 |
| 1991 | 73508 | 1,666,000 | 44.12 | 3.61 |
| 1996 | 98,794 | 2,000,000 | 49.39 | 4.05 |
| 1998 | 85,000 | 2,700,000 | 31.48 | 2.58 |

Regimes of Prohibition

Curiously, the regime of prohibition can be calculated in a number of ways: as drug offences per drug user; drug law enforcement cost per smoker; or even via the price of pot. Each measure gives a different set of answers, all in the same ballpark, and all the indices agree. Between 1965 and 1999 there have been not one continuous regime of prohibition, but two:

- From 1965 to 1975 — the years of the Vietnam conflict and the Whitlam government with an approximate regime of prohibition of 12 drug offences per thousand drug users (1 Whitlam);
- 1976 to 1998 — the War on Drugs years when government spending on drug law enforcement increased enormously and a US-style War on Drugs policy was imposed on Australia with an approximate regime of prohibition of 40 drug offences per thousand drug users (3-4 Whitlams).

Drug Law Enforcement Cost and the Two Regimes of Prohibition

The regime of prohibition is best thought of as an indicator of ‘the heat on the street’; it measures the amount of money and energy going into repressing each drug user.

An easy way of understanding the regime of prohibition is as the amount of drug law enforcement money spent repressing each drug user. If we divide the cost for drug law enforcement (in 1998 dollars) by the number of users for any year and express the result as a ratio of the cost of drug law enforcement per user of the Whitlam year of 1973, we get Table 15. Since the cost of drug law enforcement is proportional to the number of offences, calculating the cost of drug law enforcement per user is similar to calculating the offence per thousand users ratio, and provides a similar answer.

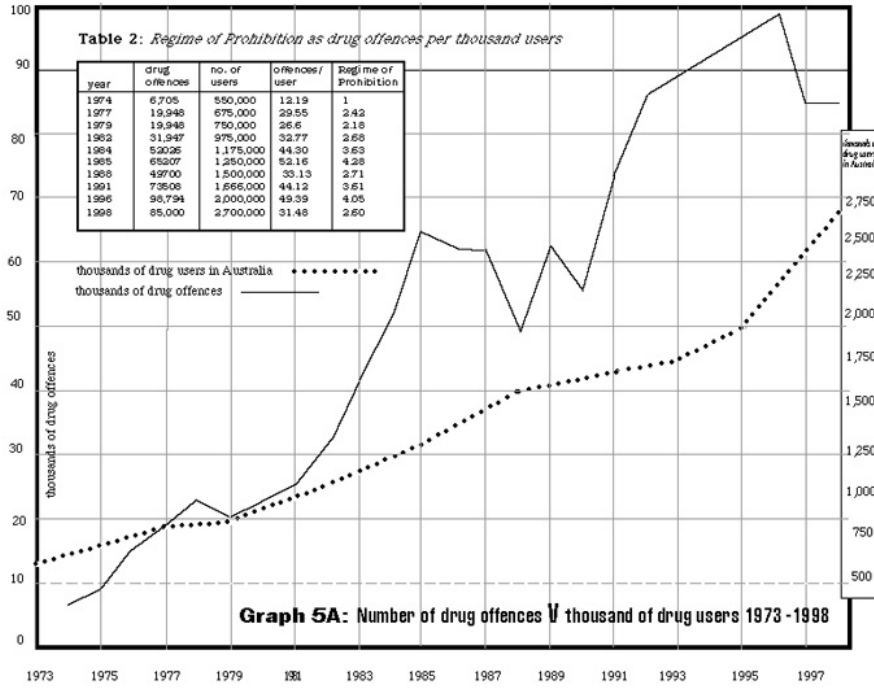
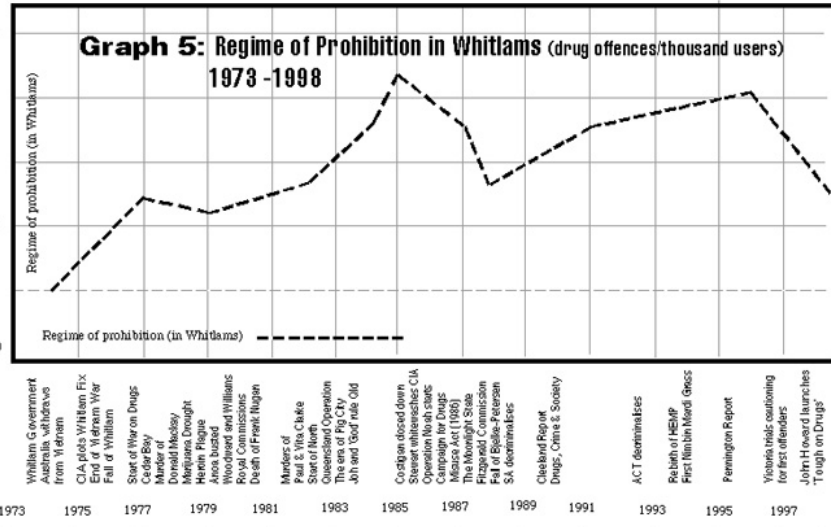


Table 15: *Regime of Prohibition as the Cost of Drug Law Enforcement per User*

| Year | CPI | Cost of Drug Laws in 1998 \$ | No. Users | Cost/User | Reg. of Proh. in Whitlams |
|------|-------|---------------------------------|-----------|-----------|------------------------------|
| 1973 | 23 | \$55m | 500,000 | \$110 | 1 |
| 1982 | 60.9 | \$280m | 975,000 | \$290 | 2.65 |
| 1984 | 67.8 | \$450m | 1,175,000 | \$380 | 3.45 |
| 1988 | 92.6 | \$420m | 1,500,000 | \$280 | 2.55 |
| 1998 | 121.3 | \$720m | 2,700,000 | \$270 | 2.45 |

Again, our theory of two successive regimes of prohibition is confirmed by these figures, showing the greatly increased resources devoted to the ‘War on Drugs’ (specifically the war on cannabis users) in Australia after 1976.

How Regime of Prohibition links Offences, Prices and Seizures

Although I am aware that the expression I am using, ‘regime of prohibition’ is unusual and potentially confusing, I would like to stress that the underlying concepts behind my argument are simple. I expect that when the government cracks down, the number of drug offences will go up, the amount of drugs seized will go up, and that the price will rise **proportionally**. Since the regime of prohibition is the way I measure how hard governments crack down, these common-sense propositions become, in my terms: price varies with the regime of prohibition; percentage seized varies with the regime of prohibition; and, number of drug offences vary with the regime of prohibition (by definition).

The price of pot, the number of offences, the seizure figures and the number of users have been regularly measured since 1973. That they do vary with the regime of prohibition will be tested and, as we shall see, the correlations are powerful.

At times, the synchronicity between regime of prohibition and these other measures seems too perfect, the correlation almost mystical. However, there is nothing mystical about the regime of prohibition. It is based on very real material forces; the amount of police, customs, courts, prisons resources being spent on drug law enforcement; and it is this real material energy which we measure in the regime of prohibition.

COMMENTS ON GRAPH 5

One of my early fascinations was the relationship between the number of drug offences prosecuted and the number of drug users, and one of my earliest double-plotted graphs was the bottom graph (Graph 5A), which traces the relationship between drug users and drug offences. As this graph shows, the number of drug offences does not increase uniformly with the number of illicit drug users. Instead it varies with the number of users AND the regime of prohibition. Accordingly, I

realised it was possible to calculate the regime of prohibition as a ratio of drug offences to drug users.

The top graph records the changing regime of prohibition between 1973 and 1998. It is graphic evidence for the theory of the two regimes of prohibition and the change in the regime of prohibition in 1976. The two graphs are separated by a time line of important events in this history.

HISTORY BY NUMBERS: Problem Four **The Price of Pot and the Regime of Prohibition**

in the bluejean days
when acid was still legal
we used to sell shit for fourteen an
oz & everything was cool & the DS only had
three cops

now its thirty when you can
get it & the squad has thirty-two cops only we
call them pigs now & the heavies are getting all the
smokers busted so they can lay
smack on everyone

the perfect merchandise

customers for life

Michael Dransfield — *Drug Poems* (1972) ¹⁵

Over the past 25 years, Australian governments have spent approximately \$11 billion on drug law enforcement with the supposed aim of reducing supply and, thereby, reducing drug use. However, by attacking supply what they actually achieved was to cause the price of pot to rise, greatly increasing the value of the black market.

Because of the increasing regime of prohibition, the price of pot in Australia rose sharply after the launch of the War on Drugs. Before 1977 the price of pot stayed at a steady \$30 per oz retail from 1970 to 1977. After the Great Drought the price of pot rose rapidly to a peak of \$450/oz in 1988, as the following historical survey of marijuana prices in Australia shows.

The Era of the \$30 Ounce

Michael Dransfield's 'bluejean days, when acid was still legal' when the price of pot was \$14 an ounce, was probably 1966, the year of Martin Sharp's *The Addict. The Report of the Government of Australia in the calendar year 1969 on the traffic in opium and other dangerous drugs* (published by Australian Customs) gives the prices for cannabis in 1969 as:¹⁶

Marihuana

| | |
|-----------|--------------------------------------|
| Sydney | \$20-\$23 per oz (ex pedlar in bulk) |
| Melbourne | \$30 per oz (ex pedlar in bulk) |

| | |
|----------------|---------------------------------------|
| | \$50-\$60 per oz (imported marihuana) |
| Brisbane | \$40 per oz |
| Hashish | |
| Sydney | \$30 per oz |
| Melbourne | \$60 per oz |
| Brisbane | \$100 per oz |

The 1970 figures from the same source are: ¹⁷

| | | |
|------------------|------------------------|---------------------|
| Marijuana | good quality | \$450-\$600 per lb. |
| | poor quality | \$300-\$350 per lb. |
| | peddlers street prices | \$15 -\$35 per oz |

Hashish \$40-\$60 per oz

Because of the falling regime of prohibition in the early seventies, the \$30 ounce became an institution that lasted a good seven years. In May 1977, *The Australasian Weed* gave prices that reflected this stable price regime, though with a greater variety of choice. *The Weed's* market report was intended to be a regular feature of this frequently banned publication. There was no sign of the drought to come in *The Weed's* market report for May 1977:

| | | |
|------------------------------------|-----|----------------------------|
| Domestic grass fair to good | oz | \$25-30. |
| | lb | \$160-300 |
| Nepalese hash Temple balls | oz | \$80 -120. |
| | lb | \$900-1200 |
| Indian hash garbage | oz | \$70-80. |
| | lb. | \$875 -975 |
| Afghani hash excellent | oz | \$100 -125. |
| | lb. | \$1100 -1500 ¹⁸ |

There was no sign either of the drought in the market report for July 1977 in the renamed *Australasian Seed*, which reflected a buoyant marijuana market in both Sydney and Melbourne:

MELBOURNE

GRASS \$600-\$700 per kilo or \$300-\$320 per lb.
\$30 per metric ounce (25 grams). Abundant heads; some over-ripe, seedy, and musty-only fair; some greener and sweeter smelling-excellent.

STICKS Buddha scarce. Jesus sticks less so-\$6-\$7 by the hundred, \$10-\$12 each retail. As usual, fluffier than the imported variety but can be surprisingly good.

HASH \$1650-1700 per lb (hasn't gone metric yet). \$130-\$150 per ounce. Note: Very good Pakistani black around but extremely scarce.

SYDNEY

GRASS Imported: Wholesale price has been falling recently. 200 lbs of compressed Indian grass now available on Sydney market-kif quality. Approx. \$30 per ounce retail.

STICKS Buddha readily available. \$12-15 per stick retail.

HASH Scarce. Approx \$150 per ounce retail when available. Stocks rumoured to be deliberately held back from market. Release of stock will accompany hefty price hike.¹⁹

When Donald Mackay was murdered the era of the \$30 ounce came to an end, and pot almost disappeared from the street. As a result of the Drought, neither *The Australasian Need* nor *The Australasian Greed* nor *The Australasian Plead* carried market reports in 1978. In January 1979, the yet-again renamed *The Noxious Weed* reported:

The supply of cannabis to its users in this country has been so severely curtailed over the last 18 months that weight ounces of grass are now \$50 (if you are tenacious enough to actually obtain it) and ounces of hashish are rarer than truthful coppers. ... My own conspiracy theory is that our law enforcement agencies are deliberately allowing and encouraging dope smokers to become heroin addicts ...²⁰

The Drought ended about 1980. In 1984 the Stock and Produce report, published by *NORML NEWS* in Sydney, confirmed the higher pot prices that the War on Drugs brought about:

Generally speaking, ... grass has ranged from around \$70 an ounce for leaf to around \$300 an ounce for "Buddha" [compressed sinsemilla, reputedly from Thailand, though rumoured to be from North Queensland] ... Hash has remained in the \$320 - \$450 [an ounce] range for the fourth year in a row.²¹

By 1988 the Cleeland Report would place the price of pot at \$450 an ounce, its historic high point. In the decade since 1988, pot prices have varied considerably around the country, reflecting the differing regimes of prohibition. For a decade, the \$450 ounce was almost as standard on the east coast as the \$30 ounce had once been, though after 1997 the price began to fall. By 1998, in South Australia, the lesser prohibition with civil penalties model would see the price of pot fall to \$150-\$250 an ounce; in Victoria (with its cautioning system for first offenders) the price of pot was about \$300 per ounce. The War on Drugs states of Queensland and New South Wales had significantly higher prices, and an ounce of pot was \$350 in Brisbane and \$400 in Sydney.

The Price of Pot and the Regime of Prohibition

Graph 6 and Table 16 test the theory that the price of pot varies with the regime of prohibition and with the Consumer Price Index (CPI) — a measure of historical price inflation for household goods. The first column is the historical price of pot. The second column is the CPI index for that year; the third column is the adjusted price per ounce using the CPI index; and the fourth column is the regime of prohibition in \$Whitlams, a new unit which is the ratio of the price of pot that year compared to the price in the Whitlam year of 1973.

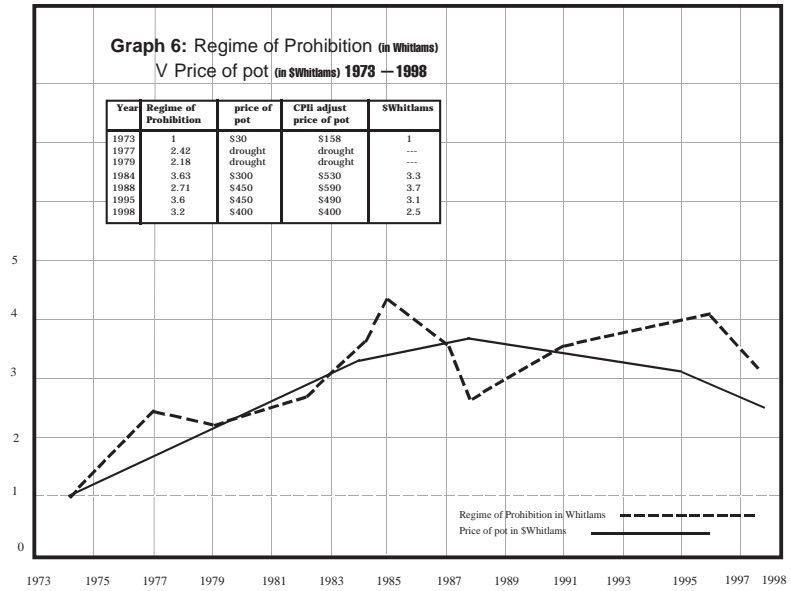


Table 16: *Price of Pot v Regime of Prohibition*

| Year | Price/oz (Sydney) | CPI index (All groups) | adj. price 1998\$ | Reg. of Prohib. (in \$Whitlams) |
|------|----------------------|---------------------------|----------------------|------------------------------------|
| 1973 | \$30 | 23.0 | \$158 | 1 |
| 1984 | \$300 | 67.8 | \$537 | 3.3 |
| 1988 | \$450 | 92.6 | \$589 | 3.45 |
| 1998 | \$400 | 121.3 | \$400 | 2.4 |

When the historic price of pot is adjusted for the CPI, it varies with the regime of prohibition. As Graph 6 shows, the fit is even better than it looks on these figures because price is conservative and lags behind the regime of prohibition. For example, the \$30 ounce lasted until 1977, even though the War on Drugs started in 1976. Similarly, while the high point for the price of pot was 1988, the high point for the regime of prohibition was the period 1984-87, and the regime of prohibition fell significantly in 1988 (because South Australia decriminalised in 1987 and Queensland had the Fitzgerald Inquiry) as Table 17 shows. Our proposition was that price would vary directly with the regime of prohibition. Instead, we observe an approximate two-year time-delay between price and regime of prohibition.

Regime of prohibition leads, forcing price up in its wake. It is the constant pressure of a regime of prohibition between 3.3 to 4 Whitlams from 1984 to 1987 that produced the record price of \$450 an ounce in 1988, which is 3.7 times the CPI adjusted value of the 1973 standard \$30 ounce. The declining regime of prohibition after 1987 simply stabilised the price at \$450 an ounce. After 1988, the real price of pot fell relative to the CPI because of the declining regime of prohibition. A period of stable price like the \$450 ounce reflects a period of declining regime of prohibition.

Of all the official figures, it is the recorded drug offences per 100,000 population (table 17) which best reflect the changing regimes of prohibition in the various states of Australia.²³

Drug Offences per 100,000 Population in Australian states,1979-92

Table 17: *Drug Offences Rate by State by Year (ending 30 June)*

| Year | NSW | Vic | Qld | WA | SA | TAS | NT | ACT | Aust |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1979 | 163.9 | 104.0 | 164.1 | 92.2 | 111.3 | 194.7 | 165.9 | 76.6 | 136.6 |
| 1980 | 182.5 | 90.1 | 201.1 | 109.1 | 245.2 | 261.3 | 111.9 | 45.8 | 159.6 |
| 1981 | 205.1 | 113.6 | 247.1 | 158.5 | 245.0 | 306.1 | 135.3 | 40.7 | 186.6 |
| 1982 | 263.5 | 155.6 | 315.4 | 143.8 | 262.1 | 384.1 | 121.6 | 65.9 | 231.9 |
| 1983 | 284.1 | 181.8 | 414.4 | 189.9 | 370.9 | 316.9 | 169.2 | 53.1 | 273.8 |
| 1984 | 342.8 | 185.9 | 517.2 | 260.1 | 504.7 | 404.0 | 278.5 | 64.9 | 333.5 |
| 1985 | 425.5 | 281.3 | 554.2 | 346.8 | 598.6 | 515.1 | 321.4 | 69.9 | 412.7 |
| 1986 | 379.5 | 309.2 | 523.4 | 435.6 | 476.1 | 383.0 | 279.1 | 119.8 | 393.1 |
| 1987 | 328.6 | 350.0 | 435.6 | 508.4 | 561.6 | 330.4 | 347.2 | 89.9 | 384.6 |
| 1988 | 310.8 | 204.3 | 344.5 | 487.3 | 177.8 | 383.8 | 349.3 | 90.0 | 301.0 |
| 1989 | 324.7 | 521.9 | 349.1 | 398.0 | 192.2 | 389.8 | 486.7 | na | 379.3 |
| 1990 | 325.6 | 340.6 | 365.4 | 545.8 | 214.7 | 424.8 | 399.2 | na | 355.3 |
| 1991 | 340.0 | 447.7 | 464.7 | 758.4 | 206.4 | 416.1 | 331.3 | na | 425.1 |

Although the drug offences per 100,000 population figures change with BOTH the percentage of drug users in the population AND the regime of prohibition, on a year-by-year basis they give a reliable measure of the changing regimes of prohibition in Australia, and allow easy comparisons between states.

The Bjelke- Petersen government in Queensland was the powerhouse that drove the regime of prohibition upwards in Australia in the eighties. In 1979 the drug offences rate in New South Wales and Queensland were almost identical, but Queensland rose rapidly. By 1984, the Queensland rate had trebled. It peaked in 1985, and was still high in 1986. This is the era of ‘Pig City’ in Brisbane, discussed in the chapter ‘Regime of Corruption’. It represented a regime of prohibition between 6 and 7 Whitlams that lasted three years. Both our social history and our economic history agree that this was the high point of the War on Drugs in Australia. Indicating that this crackdown was police-driven, it occurred **before** the passage of the Drugs Misuse Act (1986).

As the figures show, the regime of prohibition varied from state to state in accordance with the drug policies of the various governments. However, a similar rapid rise in offences occurred in most states through the early eighties, with the exception of Victoria. In the ACT, the levels of drug offences were historically many times lower than in other states because of the ACT’s Whitlam-derived pot laws.

The South Australian figures tell an interesting story too, with a period of repression **after** the recommendations of the Sackville Royal Commission for partial decriminalisation, reaching Queensland-like levels when the corrupt Barry Moyses was head of the Drug Squad. There was a noticeable fall in Queensland (as a result of the Fitzgerald Inquiry) and in South Australia (as a result of decriminalisation) in 1988, which produced the 1988 fall in the regime of prohibition and the high point in the price of pot.

Conclusion

As the above discussion shows, economic history is a very different lens to the lens of popular culture. The lens of popular culture is microscopic and shows our studied world up close in vivid detail through the eyes of individual police, politicians and cannabis users. By contrast, the lens of economic history is enormously reductive. It is as though we were looking through a powerful telescope from a very distant planet. Only the largest features of our observed world are discernible. Whole eras of repression reduce to a small feature, to a column in a table, even to a figure — the regime of prohibition.

As this chapter has shown, regime of prohibition is a measure of the heartbeat of prohibition. When it goes up, offences go up (by definition), the cost of drug law enforcement goes up (by definition), price goes up and the value of the black market increases proportionally.

So far I have left one proposition untested: the idea that the percentage of the market seized will also vary with the regime of prohibition.

Before I could examine this idea I had to build and test my historic model of the Australian marijuana market and establish the regime of prohibition, two of the main concerns of this chapter.

This proposition will be explored in the next chapter, when we put our market model to its ultimate test: to see what light it can shed on the origins of the Great Drought.

The Massive Pot Seizures of 1975-1978 and The Sydney Connection

To begin, let me confess to a modest heresy: I am skeptical about the police estimate that Coleambally would produce 60 tonnes of pot. I estimate it would produce 31 tonnes. Now this is a minor quibble, and normally I use the police figure of 60 tonnes for Coleambally. However, because we are looking at the seizure figures closely, I will use both estimates in this section, for the sake of consistency.

Because the seizure figures are presented as a number of differing units, as ounces of pot seized, as number of plants seized, and, in the case of plantations, as acres seized, you need to develop a conversion table or ready reckoner which will convert acres and plants into ounces to make sense of the seizure figures.

Because Coleambally was so big, I began to use it as the basis for developing my ready reckoner. It produced the following conversion table:

One Coleambally acre = 12,097 plants = one tonne of pot (assuming each plant produces three ounces of saleable pot) = 1 million 1 gram joints = 1 megajoint.²

The hardest question to answer was how much marketable marijuana to expect from cannabis plants of this size. My estimate of how much marketable marijuana you would produce from such a plant would be somewhere between 0 and 6 ounces, suggesting an average of about 3 ounces. Now the NSW police gave a different answer to this question. They claimed Coleambally would produce 60 tonnes of pot or 6 ounces of pot per plant, which I consider high, though not impossible. However, because of this disagreement, I use both the police estimate and my estimate of Coleambally in this section.

The three ounces of saleable pot per plant only holds for plants the size of Coleambally ie which occupy about one third of a square meter. Larger plants produce more pot in proportion to their size ie the larger the plant, the more pot, but the yield per square meter is similar (less plants per area, obviously). Hence, the Coleambally acre is valued at a tonne, irrespective of the size of the plants.

What Caused the Drought?

My original intention was to show how the Great Drought developed at the time of massive seizures as the result of simple market forces. The plan was to determine the

size of the Australian cannabis market, subtract the quantity seized, and the Great Drought would be explained, or so I thought.

I also wanted to verify the regime of prohibition through the period of the Great Drought. I believe that my formula for estimating the regime of prohibition (offences/users), although normally reliable, undervalues the regime of prohibition during periods of drought. Under normal market conditions, increasing the money spent on drug law enforcement increases drug offences. However, during periods of drought, drug offences fall, not because the police are going easy, but because the high level of prohibition has succeeded in making drugs unobtainable, which is what happened in Australia between 1977 and 1979. This attracted me to the idea of trying to measure the regime of prohibition by a separate route, from the percentage of the market seized, which I hoped might prove a more reliable measure of the regime of prohibition during times of drought.

Instead, what I discovered was ‘The Sydney Connection’ — a massive distortion in the Australian cannabis seizure figures in the period 1975-1978 caused by a trans-Pacific drug smuggling ring. But I am getting ahead of the story; first, we need to consider the seizure figures and how they relate to our model of the Australian marijuana market.

There are two ways of estimating the size of the Australian marijuana market in the seventies, the Green Mean method and the Seizure method. In 1973 the estimates are ‘harmonious’, ie The Green Mean method predicted a market size of 40 tonnes in 1973 and the seizure figures for that year show that 3.3 tonnes of pot or 8% of the estimated market was seized.

What happens when we apply the two methods to estimating the size of the Australian cannabis market to the period 1975-1978, the era of massive seizures and the Great Drought? We have two conflicting explanations for the origins of the Great Drought: firstly, the police argument was that the Great Drought was caused by the massive seizures of this period; secondly, the underground explanation was that the Great Drought was caused by a heroin conspiracy.

What story will the seizure figures tell?

The Seizure Method and the Green Mean Model Compared

The equation central to the Seizure method aims to estimate the size of the cannabis market from the amount of cannabis seized by police and customs: the assumption being that the estimated market size will be 10 times the amount seized. In practice, the Seizure method proves quite inexact because it has a theoretical weakness; it assumes that the size of the market is the sole determinant of the amount of pot seized. However, what also affects the amount seized is the regime of prohibition.

During government War on Drugs crackdowns, police and customs are well resourced, there are more busts, and therefore we would expect that seizures would also increase proportionally. In other words, while the police estimate that the size of the cannabis market is equal to ten times the quantity of pot seized, I argue that the correct formula should be:

$$\text{Market size} = \text{seized quantity} \times 10 / \text{regime of prohibition}$$

This refinement meets the objections raised by Clements and Daryal that drug seizures are a highly imperfect measure of consumption ‘because an intensification of enforcement effort could lead to increased seizures even if consumption remained unchanged’. This is almost identical to my criticism of the traditional seizure equation, and it is answered by this refinement.

Because the regime of prohibition was 1 Whitlam in 1973, this new refinement of the seizure equation does not alter our 1973 estimate. However, after the fall of the Whitlam government, the number of drug offences prosecuted rose steeply from 1976 as a result of the War on Drugs crackdown. Consequently, I expect that the amount of pot seized should increase proportionally, increasing the estimated market size given by the Seizure method for this period. Table 18 gives the comparison between market size estimated by both the Green Mean method and the Seizure method, and also the percentage seized figure based on the seizure figures and the Green Mean estimate.¹

Table 18: *The Size of the Australian Pot Market Estimated by the Seizure Method Versus the Estimate from the Green Mean Model.*

| Year | amount seized | est. market size | Green Mean est. | %seized |
|---------|---------------|------------------|-----------------|---------|
| 1973 | 3.3 tonnes | 33 tonnes | 40 tonne | 8% |
| 1975(a) | 35 tonnes | 50 tonnes | 45 -55 tonnes | 70% |
| 1975(b) | 64 tonnes | 640 tonnes | 45 -55 tonnes | 128% |
| 1976 | 11 tonnes | 110 tonnes | 50 - 55 tonnes | 20% |
| 1977 | 26 tonnes | 260 tonnes | 55 tonnes | 47% |
| 1978 | 12 tonnes | 120 tonnes | 55 - 60 tonnes | 22% |

The reason 1975 is calculated twice is because we have two different values for Coleambally; which is rated by me at 31 tonnes (see above), and estimated by the NSW police to be 60 tonnes. Thus the lower 1975 seizure estimate is based on my value for Coleambally; while the police estimate of 60 tonnes for Coleambally accounts for the high estimate of 64 tonnes seized in 1975 or 128% of the market seized; a good year for drug law enforcement, obviously!

As expected, the War on Drugs causes the Seizure method to overestimate the size of the cannabis market wildly. Note that the amount of pot seized in 1975, even

using my lower estimate, was TEN times the amount seized in 1973, which results in a ten times greater estimated market size. All of this was due to Coleambally, which was NINE times the total amount of pot seized in 1973. However, 26 tonnes of cannabis were seized in 1977, and the seizure figures all throughout the 1975-1978 period are massive (which explains the equally massive error in estimated market size produced by the Seizure method). The estimates of the market size the Seizure method gives for successive years oscillates wildly from 640 tonnes in 1975 to 110 tonnes in 1976! By contrast, the Green Mean model reflects a market demand increasing with the number of smokers, rising steadily from 40 tonnes in 1973 to 60 tonnes in 1978.

However, the seizure figures do not correspond at all with the development of the Great Drought; and the percentage-seized figures are unbelievably high, well in excess of the regime of prohibition. My initial hypothesis was that the amount seized would vary with the regime of prohibition. Table 18 (above) does not support this hypothesis.

The most curious fact is that Coleambally did not produce a drought in 1976. As the cannabis market pages of the *Australasian Seed* and *Australasian Weed* show, the Australian marijuana market was healthy right up to July 1977. Strangely, the massive seizures of this period do not seem to have caused the Drought. The Great Drought was caused by the murder of Donald Mackay, and the subsequent Royal Commissions and police investigations which caused many major players to go on long ‘holidays’; the smart ones overseas, the less fortunate at Her Majesty’s pleasure. Coleambally should have produced a drought in Australia in 1976 — it represents *at least* 60% of the total Australian market. It didn’t. Therefore, Coleambally was not intended for the Australian market. QED.

Is Coleambally “too big” for the Australian Market?

Like Mt Everest in the Adelaide hills, Coleambally does not belong to our landscape. It was far too huge, 25 times bigger than any plantation before it. No plantation since has come anywhere near it in size. Even though the Australian marijuana market has grown in size five times over the three decades since, Coleambally remains unsurpassed as the biggest marijuana seizure in Australian history. It represented an astonishing increase in production beyond any corresponding increase in the market size or the number of pot smokers.

Indeed, the enormous size of the plantation at Coleambally was the clue that should have unlocked the riddle of the murder of Donald Mackay. Thirty-one acres of pot, 375,000 cannabis plants, an estimated 60 tonnes of marijuana: it was a large clue to overlook. Whoever murdered Donald Mackay could move 60 tonnes of pot.

For those who understood the cannabis market this suggested a fascinating inference: Coleambally was TOO BIG for the Australian marijuana market. It had to belong to the only market in the world that could absorb so much cannabis — the US market.

A good indicator of the relative sizes of the cannabis markets in the U.S., the U.K. and Australia can be gleaned from the seizure figures.

- In 1980 the trans-Caribbean cannabis trade between Colombia and the U.S. was the biggest cannabis trade in the world. The largest seizure on this route at the time was a boat with a cargo of 140 tonnes of pot on board. The Colombian trade was so big that there were regular cannabis consignments the size of Coleambally (and some more than twice as big) leaving for the U.S.

- Britain's largest marijuana seizure in this period occurred in 1980, and it too had a Colombian connection. Howard Marks aka Mr Nice was one of Britain's biggest cannabis dealers in the seventies, regularly moving one tonne shipments of black Paki hash through his network. From US contacts, Marks was introduced to the Colombian connection and he negotiated a small deal (by Colombian standards) of 15 tonnes of Colombian green for his British network. Smuggled into Scotland, Howard Marks' monster flooded the British cannabis market in 1980. Marks found that his dealers could push only one tonne a month, and he was forced to drop the price from £310 per pound to £260. Because a smuggling operation is at its most vulnerable after the cargo has arrived and is being sold on the street, floods not only cause a drop in price and profit; as Howard Marks found out, if they go on too long, they inevitably result in capture. When Marks' operation was busted after six months, Marks had moved only half the cargo.

- Australia had a similar 'hash flood' in 1981, due to the arrival of a four ton hash shipment in Sydney that winter, which caused the price of hashish to fall from around \$400 per ounce to \$190 per ounce. This 'flood' took several months to clear. My estimate of the annual size of the Australian market in 1981 is 75 tonnes, suggesting that even Sydney, the largest market in the country, could consume only about 2 tonnes of cannabis per month, which is consistent with the effects of this 1981 flood.²

These examples show the relative sizes of the Australian, British and U.S. markets, and why I and other experts believe Coleambally was destined for the U.S. market. While a four tonne shipment was sufficient to flood the Sydney market in 1981, and a fifteen tonne shipment had an even greater flooding effect in the U.K. in 1980, the U.S. market was capable of absorbing shipments the size of Coleambally. If a four tonne shipment flooded Sydney in 1981, how could anyone possibly hope

to move a 60 tonne crop in New South Wales in 1975, when the market was 50% smaller?

Another reason that suggests that the Coleambally plantation was intended for export is that the seizure at Coleambally did not produce a drought in 1976. If Woodward were right, and if the growers of Griffith were the major distributors and suppliers of cannabis in New South Wales, then New South Wales should have experienced its biggest marijuana drought in history after Coleambally was busted, yet it didn't. From the historical survey, we know that Sydney's marijuana market was healthy right up to July 1977. It was the murder of Donald Mackay that produced the Drought, not the Coleambally raid. This was another indication that Coleambally was not intended for the Australian market.

Judging from the size of the plantation, Coleambally was destined for the one market that could absorb such a large quantity of cannabis, a market that was 25 times bigger than the Australian market — the U.S. market. Coleambally was not simply the largest plantation ever discovered in Australia; even by world standards it was huge. To distribute it would require a similarly large, global organisation. The group who could move that amount of pot had to be major players in U.S. organised crime. To find the murderers of Donald Mackay, we need only find an international drug smuggling ring with Griffith connections.

The Export Theory

Government analysts who examined the cannabis seizure figures in the seventies saw that the amount of cannabis being produced in Australia was far too large for the Australian market. These members of the Narcotics Bureau and Commonwealth police argued that the enormous cannabis seizures in Australia between 1975 and 1978 were too big for local needs, indicating that some of these crops were being grown for export. This is the 'export' theory. It was this export theory that Bob Bottom followed in his first investigation of the Mackay murder *The Godfather in Australia*, and it is the export theory I support. Implicit in the export theory is the conviction that, behind the mysteries of Griffith, its murders, its massive marijuana fields, lies a U.S. solution. As Bottom observed in *The Godfather in Australia* :

A computer check, analysing the output from all known drug plantations around Australia, has indicated to Federal investigators that Australia could not have consumed all the marijuana produced and that some of it must have been exported, probably to the United States. The shadow of American connections is never far away whichever part of the drug trade you probe.³

Meet the Sydney Connection

My examination of the seizure figures revealed that there were not just one, but four enormous cannabis seizures in Australia between 1975 and 1978 which were too big for the Australian market. These four seizures were:

- * Coleambally, 31 acres, busted 10 November 1975 — the biggest Australian plantation of all time, estimated to produce 60 tonnes of pot;

- * Euston in which 5 acres were seized along with evidence that another 9 acres had been recently harvested, busted March 1977 — Australia's second largest plantation (before 1980) — the sister crop to Coleambally;

- * Murray Riley's total consignment of 4.5 tonnes of buddha sticks (12%THC!); 2.8 tonnes aboard the *Anoa*, busted June 1978, and 1.7 tonnes on the hulk at Polkington Reef — the Australian import record until 1984;

- * Bela Csidei's 4 acres of 'exotic' US Mafia pot guaranteed to 'blow your head off' in the Northern Territory, busted December 1977.

An examination of Murray Riley, Bela Csidei and their associates revealed that they belonged to a closely related U.S./Australian drug network which, although it was based in Sydney, was a global player and supplied the U.S. market as well as Australia. The Australian principals of this network included Murray Riley, Frank Nugan and Bela Csidei; the American principals were Jimmy Fratianno, Michael Hand and Bernie Houghton. Because of their role as suppliers and transshipment agents for the U.S. market, I refer to this group as 'The Sydney Connection'. One member of this network was Frank Nugan who was born in Griffith.

This version of the Sydney Connection (there have been others) came into existence around about the time of the fall of Vietnam, and with the aid of a key member of the CIA's Eastern Division, Michael Hand. I suggest that the Sydney Connection was caused by the CIA's trans-Pacific drug trade moving south to Sydney after the fall of Vietnam. It was this group which owned Coleambally and consequently were responsible for the murder of Donald Mackay. They were the Mr Bigs of the drug trade, they were allied with the Black Knights of the NSW police force and knew they were 'protected'.

Adjusted Seizure Figures and the Sydney Connection

When we subtract these four large drug hauls from the seizure figures of this period, we end up with far more realistic seizure percentages.

Table 19: Adjusted Seizure Figures

| Year | Amt. Seized | Corrected Seizures | Green Mean est. | %Seized |
|-------------|--------------------|---------------------------|------------------------|----------------|
| 1973 | 3.3 tonnes | 3.3 tonnes | 40 tonnes | 8% |
| 1975 | 35 tonnes | 4 tonnes | 50-55 tonnes | 8% |
| 1976 | 11 tonnes | 11 tonnes | 50-55 tonnes | 20% |
| 1977 | 26 tonnes | 17 tonnes | 55 tonnes | 30% |
| 1978 | 12 tonnes | 9 tonnes | 55-60 tonnes | 15% |

(NB.Coleambally was subtracted from 1975; and Euston and Bela Csidei's crop, 9 tonnes in total, were subtracted from the 1977 estimate. Although the evidence about the Anoa and its cargo was confused, my interpretation is that only 3 tonnes of Murray Riley's monster were destined for overseas, so I only took 3 tonnes off the 1978 figure, not 4.5 tonnes).

It makes sense to remove these four large busts from the Australian market and assign them to a new market (labelled 'export') because the evidence that they belong to the U.S. market is substantial. When we do this, we have cracked the code of the Australian cannabis trade at this time of massive seizures, revealing, beyond the national cannabis trade, an international drug smuggling racket, centred on the U.S. market.

John Wesley Egan and the CIA's Secret War

The pioneer of the SE Asia/Sydney/US drug route, the first Sydney Connection, was a tall, handsome NSW Special Branch detective named John Wesley Egan. Educated at Sydney Boy's High School, Egan joined the police force as a cadet and later became a detective with the Underwater Squad. He was a model cop, who was twice recommended for bravery awards for his part in rescues at the Gap. His baby face graced the Sydney afternoon papers; they called him a hero.

Egan's involvement in heroin smuggling began after he joined the political police, the Special Branch, and came via a CIA contact who recruited Egan as a drug courier. The year was 1966 when Egan made the first trans-Pacific run from Hong Kong to New York via Sydney, carrying two kilos of heroin hidden in a specially made corset. Over the next months, Egan began making regular flights to New York, taking periodic leave from his police job. Within four months his airfares with Qantas amounted to \$46,000 and, having exhausted all leave, he resigned from the NSW police force and moved to New York.

From then on Egan hired other couriers to complete the chain — 'clear skins' like himself, usually NSW police officers on leave — with the promise of \$1,000-\$2,000 for the seven-day run. Egan used the 'shotgun technique', booking three or more couriers on the same flight, with a 'supervisor' riding along to make sure none absconded. He kept 20 couriers in motion between Sydney and New York. Over a six-month period in 1966-1967, Egan and his gang smuggled \$22 million worth of heroin into the USA, before a mistake by a courier led to Egan's arrest.

Egan's operation was huge, worth hundreds of million of dollars in today's terms. This remarkable narcotics ring, composed of NSW police officers led by a Special Branch detective, became known as the 'Corset Gang'. They were the first major group ever arrested in the United States for smuggling Asian heroin into the US, the pioneers of the Southeast Asia/Sydney/US route. Egan's operation would leave the NSW police well infected with the germs of the Sydney Connection.¹

Egan accepted a deal and pleaded guilty, and spent only a few months in prison. Released and deported back to Australia in 1972, Egan was the subject of a revealing profile in *The Bulletin*. Egan told *The Bulletin* that the world's heroin routes were

either protected by, or actively participated in, by the police forces of the countries concerned. Egan said he operated under full protection in Hong Kong and a percentage of the take was passed back along the graft channels. He described how the trafficking of heroin from Hong Kong, the warehouse for the opium rich areas of the Golden Triangle in Thailand, Burma and Laos, was often accomplished by either ex-policeman, as in his case, or currently-serving officers who wanted to make a quick fortune. Often working or ex-members of the US Central Intelligence Agency were used as couriers because such men had an excellent knowledge of customs procedures and rarely raised suspicion. Egan pointed out that almost all of the major drug seizures in recent years had not been the result of diligent searches by customs or the police, but rather had come from information given by informers.

Egan estimated that, in the last ten years, 50 % of the narcotics sold in New York had been handled by serving members of the police force. He cited the scandal that erupted when it was discovered that 70 % of the elite Special Squad of the New York Narcotics Bureau were dealing in narcotics. The method of operation was that the heroin would be confiscated from dealers and placed in the property clerk's office for later use as evidence. Police would then 'siphon off the evidence' and sell it back to the dealers. Often the confiscated heroin was given as a bribe for information that would lead to more busts and perpetuate the chain of corruption.²

Egan understood 'the Joke' because he was part of it. When he said the heroin trade was 'police protected' he spoke with an insider's knowledge. 'I am not talking of petty graft but of corruption in the highest echelons of police forces,' said John Wesley Egan. 'Organised crime figures and highly placed policemen are often the same people'.³

The CIA's Secret War

As the story of John Wesley Egan and the Corset Gang shows, the CIA played a key role in creating the Sydney Connection, and the agency would play an even larger role in the second Sydney Connection.

The story of CIA involvement in the heroin trade was first told by American historian Alfred McCoy in *The Politics of Heroin in Southeast Asia*. McCoy was investigating the opium trade in Laos when he interviewed Colonel Maurice Belleux of the French intelligence agency, Service de Documentation Exterieur et du Contre-Espionage, the SDECE, who explained how his agency ran the opium trade during the Indochina War to finance anti-Communist guerrillas. The Colonel then surprised McCoy by adding that 'your CIA' took over the network. In the Laotian villages, the locals told McCoy the same story; that their opium was bought by Hmong soldiers and was flown out in US helicopters.⁴

McCoy traced US involvement with the opium trade back to the Second World War. In 1959 this involvement intensified when the CIA co-ordinated a secret war in Laos. The enemy was the communist Pathet Lao guerrillas; the U.S. proxy army was the Hmong mercenary troops of the Laotian opium warlord Vang Pao. The CIA funded this secret war through the heroin trade, exchanging drugs for guns, just as they would later fund the Contras in Central America and the Mujaheddin rebels in Afghanistan. McCoy warned that American involvement in the Laotian heroin trade had gone far beyond coincidental complicity; embassies had consciously covered up involvement by client governments; CIA contract airlines had carried opium, and individual CIA men had abetted the heroin trade. As a result of direct and indirect American involvement opium production had steadily increased, high-grade heroin production was flourishing, and the Golden Triangle's poppy fields had become linked to global markets. The Golden Triangle produced 70% of the world's illicit opium and was capable of supplying the U.S. with unlimited quantities of heroin for generations to come. Unless something was done to change America's policies and priorities in Southeast Asia, the drug crisis would deepen and the heroin plague would continue to spread.

For Australia, McCoy's warnings would prove prophetic.

McCoy suggested there was a 'natural affinity' between criminals and spies because of their interest in the 'clandestine arts'. Criminals gave spies a covert network for political assassinations, smuggling, and intimidation while the criminals gained protection for their rackets from these powerful allies, enabling them to openly flaunt the laws. This natural affinity between US spies and criminals would be demonstrated in Australia by the partnership of Murray Riley, an ex-detective turned organised crime entrepreneur, and Michael Hand, a CIA contract agent who had fought in the secret war in Laos.⁵

Bernie Houghton and the R and R Years

The alliance between U.S. spies and Sydney criminals which developed into the second Sydney Connection began during the R and R years in Sydney. ‘R and R’ was U.S. army slang for rest and recreation tours, a three to seven-day vacation from the war in Vietnam and Laos for U.S. soldiers during their one-year Southeast Asian tour of duty. R and R tours to Sydney began in 1967; by 1968 the *Sydney Morning Herald* estimated that 1200 US soldiers on R and R leave were visiting Sydney each month and predicted the number would reach 7500 per month.¹

This huge influx of US soldiers contributed to the proliferation of illegal casinos, and fuelled a boom in Kings Cross and in Sydney’s clubland. Thanks to the impetus of the R and R tours, Sydney’s already flourishing vice trade cross-fertilised with US crime and became world class. With the end of R and R, the boom in vice-land also ended, and vice entrepreneurs from Sydney’s clubland, led by Murray Riley, moved into the trans-Pacific drug trade. This move was facilitated by an Australian-American network, which had strong contacts with the U.S. intelligence community who met in Sydney in the R and R years — Bernie Houghton, Michael Hand and Frank Nugan — the trio who would form the Nugan Hand Bank.

Bernie Houghton: The Texan Connection

In 1967, a fleshy Texan named Maurice Bernard Houghton came to Sydney, a month before R and R began. Although the agreement to bring hundreds of thousands of U.S. soldiers from the Vietnam War to Sydney for rest and recreation tours had not been announced, Bernie Houghton seemed to know about it already. With references from top U.S. generals and admirals, he approached Sir Paul Strasser, one of the ‘Hungarian Mafia’, who lent him the money to open the legendary bar/restaurant/sleazehole, the Bourbon and Beefsteak restaurant in Sydney’s Kings Cross. Besides the mandatory strip shows and girls, ‘your Texan host’ catered to his homesick GI’s with dishes of Texas Chili, Sonofabitch Cowpoke Stew, American Yankee Doodle Dandy Sandwich, and bottomless cups of coffee. With this formula of sleaze and brash Americana, the Bourbon and Beefsteak became an enormous hit when R and R began.

Houghton's empire expanded during the R and R years to include Harpoon Harry's and the Texas Bar and Grill as well as the Beef and Bourbon Steakhouse, all of them popular destinations for US military personnel. Within a few years, Bernie Houghton was one of the kings of Kings Cross. Since the R and R boys were the main source of marijuana and heroin in Australia between 1967-1972, his restaurants were also major centres for drug dealing. Right from the start, Bernie Houghton was at the centre of the Australian drug trade.

Prominent amongst the drug-dealing U.S. servicemen who frequented the Beef and Bourbon Steakhouse were a group of CIA veterans who had worked for Air America in the secret war in Laos, including Mike Hand, Kermit King and Joe Judge. In Sydney they teamed up with a young lawyer named Frank Nugan. As Joe Judge recalled:

Nugan for whatever reason was a trusted part of the Agency. We were told on the highest authority to use him - he had connections at really top levels. There was a lot of money around, money from drugs, from the blackmarket and so on; one day millions might come in on Air America. You could take a slice and ship it out the next day as your own. Nugan could shift it for you. He could hide it, do magic tricks and make it reappear somewhere else for you.²

Owning some of the hottest properties in Kings Cross, Houghton quickly developed extremely good connections with Australian politicians like NSW Liberal Premier, Sir Robert Askin, with Australian businessmen like the so-called Hungarian Mafia (who financed him in the first place), and with other 'adult entertainment' entrepreneurs like Abe Saffron. Houghton was also very close to US intelligence and military personnel, including two CIA station chiefs in Australia. Bernie Houghton was a lot more than 'the humble barkeep' he appeared. He was accused of being a covert U.S. agent, connected with Ed Wilson and the mysterious 'second CIA', US Naval Task Force 157.

It was Houghton who arranged employment for Michael Hand when he first came to Australia, and Houghton who introduced Frank Nugan to Michael Hand. Houghton was instrumental in setting up the Nugan Hand Bank and he was a senior partner in that bank. Again, it was Houghton who brought Admiral Yates and the other senior US officers on to the board of Nugan Hand. According to the Commonwealth-New South Wales Police Joint Task Force, Michael Hand looked up to Houghton and Houghton was clearly his senior.³

Houghton's high rank in the U.S. covert community was demonstrated when the time came to flee Australia after the collapse of the Nugan Hand Bank. Michael Hand left with another Green Beret. It was Tom Clines himself, Ted Shackley's long-time deputy, one of the most senior members of the CIA's 'dirty tricks'

division, who came out to Australia to rescue Bernie Houghton! They flew out of Sydney together two days later in June 1980.⁴

The Corruption of the Askin Years

The R and R years co-incided with the premiership of Sir Robert Askin (1965-1975), a premiership tainted by wide-spread corruption. In these years, largely due to R and R, Sydney's already flourishing vice trade became world class. Thousands of American soldiers were serviced by a legion of prostitutes and Kings Cross boomed as never before. Meanwhile, a network of lavish illegal casinos flourished, becoming the gems in the city's glittering nightlife. The baccarat schools ringing Kings Cross were converted into a city-wide network of 14 luxury casinos like the Forbes Club, the Telford Club and the Double Bay Bridge Club, which operated seven nights a week. Although these clubs were illegal, they were never raided by the police, who claimed to be unable to find them. The media and the public had no such problems. The Forbes Club, which nestled directly opposite the ABC Williams Street studio, was regularly photographed on TV shows like *This Day Tonight* and was known to every taxi driver in Sydney.

While illegal gambling casinos proliferated openly, the government and police took their bribes; knighthoods were bought, and a taint of corruption smothered politics. In 1979, anti-corruption campaigner, John Hatton MLA, described the Askin years:

Under the Askin government ... the real penetration of Australian crime by overseas mobsters, gangsters and the mafia took place. The shopfront gambling and rackets came of age ... I have no doubt that Askin and Police Commissioner Hanson knew of and may have encouraged those activities. One is prompted to ask, were they involved, and to what extent?⁵

The answer to this question, according to David Hickie, was that Askin was intimately involved, one of those running the show. In *The Prince and the Premier*, Hickie said that Askin and his Police Commissioners Allen and Hanson established an arrangement under which thousands of dollars weekly in bribes and pay-offs were handed over by the illegal gambling clubs for protection.

The second Sydney Connection began in this climate of high-level corruption, and the ex-police and police, who became heavily involved in the Drug Joke after the criminal takeover of the drug trade, began their corruption in the Askin years. Not only were the detectives in Griffith corrupt, but many NSW detectives were corrupt, and the corruption went all the way to the top. Rather than suppress the drug trade, the corrupt police sought to control it, which effectively meant giving the drug trade to their friends.

The successor to Police Commissioner Hanson was Merv Wood, Murray Riley's ex-sculling partner. The decision to promote to Police Commissioner a policeman so closely connected with Murray Riley, recently exposed by the Moffitt Report as a major organised crime figure, was either breathtakingly stupid or obviously corrupt. The illegal casinos were closed during Wood's term as Police Commissioner, but this was largely due to the election of Neville Wran as NSW Premier, in part due to a backlash over the perceived corruption of Askin and his cronies. Although some members of Wran's new administration were also corrupt, such as Prison Minister Rex Jackson, others, like Attorney General Frank Walker, were cleanskins who tried to clean up the state. It was Frank Walker who would bring down Frank Nugan and the Sydney Connection.

For Australia's first law-and-order politician, Bob Askin's relationship with the drug trade was surprisingly approximate. Askin regularly dined in a discreet back room at Bernie Houghton's Bourbon and Beefsteak Bar in Kings Cross. On his retirement in 1975, Askin was given an office at 55 Macquarie Street, overlooking Circular Quay, where his neighbours were the Nugan Hand Bank. In January 1978, Mike Hand announced that Sir Robert Askin might be joining Nugan Hand as chairman, though nothing seems to have come of this.

The Sydney Connection



The **Sydney Connection**, a trans-Pacific drug smuggling network, were responsible for the four largest cannabis seizures of the seventies: **Murray Riley** with 4.5 tonnes of buddha sticks; **Bela Csiki**'s four acres of mafia supervised; and **Frank Nugan** with Coleambally and Euston.

Murray Riley (right) photographed by the FBI with US mafiosa in San Francisco. Working with a number of U.S. citizens, Riley became the greatest smuggler of the seventies, running drug couriers through **Wings Travel**, and organising massive shipments of pot like the **Anoa**. Like **John Wesley Egan**, Riley served as go-between for the U.S. mafia and secret Asian drug armies.



Working in concert with Riley, **Michael Ham** and **Frank Nugan** organised a "black bank" to move black money around the Pacific rim, providing the financial platform for this enormous drug smuggling operation.



The Second Sydney Connection

In 1975 the connections forged between Southeast Asia, Sydney and the USA during the R and R years flowered into a reincarnation of John Wesley Egan's Sydney Connection. Around this time drug seizures in Australia increased massively. Many of these seizures belonged to the USA/Southeast Asia drug trade which appears to have been pushed south to Sydney after the fall of Vietnam. According to David Deane-Spread, a former senior narcotics agent, Sydney became a favourite place for shipping drugs bound for America at this time because a load of cargo marked as coming from Australia aroused much less suspicion than one from Bangkok. Deane-Spread pointed out:

The Americans combat the problems of trans-shipment to other ports by having over 200 narcotic agents stationed around the world, mostly in South-East Asia. They help local police raid heroin exporters and warn their colleagues at home about shipments on their way. Australia has only one narcotics officer in Asia - he is in Kuala Lumpur at the embassy.¹

The details surrounding the birth of this second Sydney Connection are somewhat sketchy. Unlike John Wesley Egan, the members of the second Sydney Connection never confessed their conspiracy. Indeed, they perjured themselves in court, denying they even knew each other. But the evidence indicates that another Sydney Connection was formed sometime in 1975.

* In 1975, a U.S. mobster named Danny Stein, who had links to Jimmy Fratianno and the San Francisco Mafia, visited Sydney to organise the importation of drugs for the U.S. market. The idea, recycled from the Corset Gang, was to use Sydney as a transshipment point for drugs between the Golden Triangle and the U.S. west coast. Amongst the organised crime figures Danny Stein visited in Sydney was ex-NSW detective Murray Riley.

* Later in 1975, Murray Riley met Frank Nugan. Present at that first meeting were two former U.S. citizens, Harry Wainwright and Duke Countis, associates of Jimmy Fratianno, whom the Joint Task Force believed were acting as Fratianno's agents. There are no records of what they discussed, but since what emerged from this meeting was a drug-smuggling conspiracy, it seems likely that the establishment of a new Sydney Connection was their object. In the following years, Murray Riley

emerged as a major trans-Pacific drug smuggler. Meanwhile Frank Nugan set up the Nugan Hand Bank, and Harry Wainwright helped finance Riley's drug activities via his Nugan Hand account.

* The deposits in Wainwright's Nugan Hand account usually coincided with a known drug deal, but the first transaction in his Nugan Hand account has never been explained: On 4 November 1975, Wainwright deposited \$25,000 with Nugan Hand, but this was returned on 11 November 1975. On 10 November 1975, an enormous cannabis plantation of 31 acres was seized at Coleambally, south of Griffith. The size of the Coleambally plantation suggested it was owned by an international drug smuggling ring, which is precisely what Riley, Nugan and Wainwright were. Coleambally was disproportionately huge — 25 times bigger than the previous Australian record seizure, indicating that it was ordered for a market 25 times bigger. This suggests that one purpose of Riley and Wainwright's meeting with Frank Nugan was to place an order for the San Francisco Mafia with Nugan's Griffith connections. At the very least, this deposit shows the beginning of the Wainwright/Nugan/Riley association coincided with Coleambally.

This second incarnation of the Sydney Connection was in its heyday between 1975 and 1978: its rise and fall was responsible for the mega-features of the Australian drug trade in this period: the criminal takeover of the drug scene, the massive drug seizures, and the heroin plague. Conforming to John Wesley Egan's description of the top level of the drug trade as being composed of CIA agents and ex-NSW detectives, it contained three US spies, Frank Nugan, Mike Hand and Bernie Houghton, as well as an ex-NSW detective, Murray Riley. The size and sophistication of its operation was on a scale unimaginable in Australia. It was a creature of the US market, made in the USA and with substantial involvement by the U.S. Mafia and U.S. spies.

Michael Hand: The Hero with the Heroin

Michael Jon Hand, the American hero who played a key role in narcoticising Australia, was born in New York City in 1941, and enlisted in the United States Special Forces (the Green Berets) in 1963. Michael Hand won a Silver Star, a Purple Heart and the Distinguished Service Cross in Vietnam. He went on to become a contract agent working for the CIA with the Hmong army in the secret war in Laos. According to Andrew Lowe, his involvement in the heroin trade began there, smuggling heroin home in the bodies of dead soldiers.

Hand came to Australia in 1968, making contact with Bernie Houghton who got him a job with Sir Paul Strasser's Parkes Corporation. It was through Houghton that he met crooked lawyer Frank Nugan with whom he opened a number of companies which would later become fronts for drug dealing, and would act as a 'black bank' for CIA activities. He was employed selling real estate at Ocean Shores in Northern New South Wales; and there are allegations that Hand, together with an ex-Air America pilot, Kermit 'Buddy' King, was involved smuggling drugs through Byron Bay.¹

There was much about our man of mystery Michael Hand— from his military background, to the people he knew, to the way he disappeared— that suggested he was a US spy. He was the kind of man that intelligence agencies like the CIA recruit as their field operatives; an elite soldier, an ex-Green Beret, a man trained in assassination, smuggling and leading guerrilla armies. While the romantic image of the field operative was someone like James Bond, in the real world, the field operative was someone with the career profile of Michael Hand. Such a career normally included a time, shortly after recruitment, when the field operative went under deep cover; becoming 'a sleeper', stealthily penetrating the designated target. Hand was recruited for the CIA in Laos, and his early days in Australia were 'sleeper' years.

After this time of deep cover, agent Hand became active again. In 1975 he left Australia and spent a year smuggling arms to US supported rebels in southern Africa, working for Ed Wilson and US Naval Intelligence. Agents of the Eastern Division of the CIA, run by Ted Shackley, were also involved in this shipment.

Hand occasionally returned to Australia, and there are allegations he helped forge documents during the Loans Affair to discredit the Whitlam government.²

In March 1976, Hand returned to Australia to set up the Nugan Hand Bank, a 'legitimate' bank for black money, which he co-founded with Frank Nugan. Again, it seems to have been Ed Wilson who arranged for Nugan Hand to get a banking licence in the Cayman Islands.

To begin with, Murray Riley dealt with Frank Nugan, but with Hand's return to Australia, Hand took over the relationship with Riley. With Hand's assistance, Murray Riley's trafficking moved from marijuana to Southeast Asian heroin. As Michael Hand left behind his life of drug smuggling and gun running to re-emerge as an international banker, his protege, Murray Riley, blossomed to become the king of the trans-Pacific drug trade. The Nugan Hand/Murray Riley partnership was central to the second Sydney Connection.

Shortly after the Nugan Hand Bank was incorporated on 23 August 1976, Hand announced that he intended opening offices of the Nugan Hand Bank in Bangkok, Chiang Mai and Phuket in Thailand. The Chiang Mai office would later be described by its office director as a 'laundry' for the Hmong and other opium growers. Mr Collins was sent from the Hong Kong office to Thailand, and Michael Hand took over the Hong Kong branch of Nugan Hand in October 1976. Hand left Australia, although he continued to visit at regular intervals, and he even became an Australian citizen. Later on, he would claim that he was driven out of Australia by rising 'anti-Americanism' ie the ALP's witch-hunt for US spies following the events of 11 November 1975.

In August 1977, Hand left Hong Kong for Singapore, not surprisingly perhaps, at a time when the Hong Kong authorities were cracking down on a large heroin smuggling ring with ties to US intelligence (the Ma brothers syndicate which also ran the largest Chinese language newspaper in Hong Kong). Until 1980, he ran the international section of the Nugan Hand Bank from Singapore.³

In 1979 Michael Hand and Nugan Hand became key players in an ambitious scheme to relocate the remnants of the Hmong army from Thailand to the Turk and Caicos Islands, 90 kilometres off the coast of Cuba and right in the middle of the Caribbean drug route. Hand claimed to be acting as a private citizen, yet he was initiating an important strategic move for covert US interests. This scheme collapsed following the death of Frank Nugan. After Nugan's death, Michael Hand returned to Sydney to destroy as much of the evidence about Nugan Hand as possible. He fled Australia in June 1980 and, according to the authorities, he simply vanished.

Murray Riley

The Prince of Scams

The man Nugan Hand helped become the king of the trans-Pacific smugglers, Murray Stewart Riley, was an ex-NSW policeman who became one of the major criminal entrepreneurs of Sydney.

Murray Riley joined the NSW Police in 1943 and rose to the rank of Detective Sergeant (third class). A contemporary of John Wesley Egan, Riley was another of the brightest stars of the NSW police, a sporting hero who won two gold rowing medals at consecutive Commonwealth Games at Auckland 1950, and Vancouver 1954, partnering future NSW Police Commissioner, Merv Wood. The pair won bronze in sculls at the 1956 Melbourne Olympic Games.

Like Egan, Riley's fall began when he joined the CIB and fell under the influence of Ray 'Shotgun' Kelly, the legendary detective and 'Black Knight' who, together with Fred Krahe, organised 'the Laugh' (the NSW term for 'the Joke') of that era. Almost two metres tall and broad shouldered, Kelly openly associated with criminals and his network of informers was legendary. Kelly cleverly worked the press, inviting them along to record his conquests, becoming a 'hero' in the process; a glamorous role model for young detectives like Murray Riley. It was said that Kelly used to quiz young policeman aspiring to join his squad: 'Would you 'load' [verbal or set-up] a criminal?' If the reply was 'Yes!' Kelly gave his approval. If the answer was 'No!' Kelly refused the trainee.

In 1954 violence flared between rival poker machine networks and Riley was assigned to protect Ray Smith, a poker machine distributor and henchman of standover man Lennie McPherson. As Riley's association with Smith grew, he came into conflict with a senior officer, and he was subject to disciplinary charges. Resigning from the police in 1962, he became a sales manager for Raymond Smith's poker machine distribution company.

In his report on organised crime in Sydney, Justice Athol Moffitt noted the close relationship between Riley, McPherson and Raymond Smith:

Riley has been in a close business relationship with Raymond Smith, dating back to the fifties. He was apparently engaged with Riley in doubtful or criminal conduct in the financing of poker machines. Smith had a long standing association with McPherson, a man with a bad criminal record. ¹

The man with the bad criminal record, Leonard Arthur ‘Lennie’ McPherson, was one of the overlords of Sydney’s vice scene, a standover merchant often referred to simply as ‘Mr Big’. During Riley’s career in clubland, McPherson visited clubs with him, drumming up business for Riley’s entertainment company. McPherson’s menacing presence made some club managers feel there were ‘implied threats’ if they did not sign up. While McPherson played the role of the heavy, the ‘hard crim’, Murray Riley was the ‘soft crim’, a likeable rogue who (in the words of a NSW police report) ‘could not even be reputed to be a criminal’.

Riley’s first conviction for organised crime came in 1966 when he was arrested in New Zealand for attempted to bribe a New Zealand police inspector to arrange the release on bail of a group of Australians on a pyramid selling scam. For his trial, his partner, Raymond Smith, wrote Riley a letter of good character. Unimpressed, the judge sentenced Riley to a year in prison. Riley’s incarceration in New Zealand meant that he was unavailable for Egan’s Corset Gang, though ‘the Prince of Scams’ no doubt heard about Egan’s operation.

Back in Sydney, Riley was hired by Walter Dean as poker machine supervisor at South Sydney Junior Leagues Club. Working with Dean and William Charles Garfield Sinclair (his future associate in Wings Travel), Riley became a major figure in the multi-million dollar Sydney clubs market, providing poker machines and entertainment. In the R and R boom years between 1968 and 1972, Riley worked Sydney’s clubland for every scam he could think of.

The boom in poker machine gambling in the sixties had made Sydney’s league clubs and others social clubs a lucrative target for organised crime. The boards of clubs could be easily taken over, and a corrupt board could remain in office by rigged elections, by rigged proxies, or even by miscounting votes. The cash from poker machines in these captured clubs would be ‘skimmed’ by the gang. Those who argued would be met with strong-arm tactics, of which there was some indication in South Sydney Juniors.

Justice Athol Moffitt’s Royal Commission into Organised Crime in Clubs investigated whether Riley was involved in organised crime through his interests in the entertainment company Arcadia, and through three social clubs, South Sydney Juniors, the Associated Motor Club and the Associated Mariner’s Club.

Riley was an executive and shareholder in Arcadia which ran the entertainment at South Sydney Juniors as well as other clubs, and he held various positions at South Sydney Juniors, including poker machine supervisor, which placed him in an ideal position to skim the takings of the poker machines. He also employed ‘helpers’ to assist with the poker machines whose wages were paid into Riley’s bank account.

Riley involved himself in industrial relations at South Sydney Juniors, attempting to bribe a union official to get a 'sweetheart' deal so there would be no union disputes. As Moffitt noted, 'in all the clubs in which he operated Riley, a person outside any club authority of office, arranged directorships and employments, and in South Sydney Juniors, without office, usurped the position of industrial relations officer and acted in the club's affairs.'²

As well as bribing the union official, there was evidence Riley offered secret commissions to club managers who bought his services, and he was involved in assaults. However, the NSW police investigations into the allegations of organised crime at South Sydney Juniors were negative, with the final report emphasising instead the efficiency and success of the club. About Murray Riley, the police report said that he 'could not even be reputed to be a criminal'. Nonetheless, the investigating police had advised witnesses against Riley not 'to tangle' with him.

Justice Moffitt, who believed Riley and his gang were engaged in the organised plundering of clubs, was critical of the benign attitude to Riley taken in the police report. He concluded that the police were 'disinterested and dilatory ... because an ex-police officer of some sporting fame was involved'.³

When Moffitt began his inquiry into club corruption in 1972, Riley went underground to avoid having to give evidence. He was named several times as an organised crime figure during that Commission, and both he and Raymond Smith disappeared for the course of the Royal Commission. The day after Justice Moffitt tabled his report, Riley reappeared in Sydney in spectacular fashion, driving his flashy Buick Le Sabre, and threatening to smash the camera of a reporter who tried to interview him.

In his report, Justice Moffitt was critical of the leniency of the NSW police investigation into the organised crime activities of Riley, concluding that the NSW police 'treated Riley with undue favour'.⁴

Moffitt predicted 'there was a very real danger that organised crime from overseas will infiltrate this country'. He predicted that the arrival of US organised crime would not be heralded by 'armed gangsters in black shirts and white ties'; it would arrive in 'the Trojan horse of legitimate business, fashioned for concealment and apparent respectability by the witting and unwitting aid of expert accountants, lawyers and businessmen'.⁵

When this Trojan horse of organised crime arrived, it was called the Nugan Hand Bank, and Murray Riley was its favoured customer.

Banned from the club business, on his return to Sydney Riley moved into drugs. In 1975, Riley met Danny Stein and began working closely with a number of US citizens, including Stein, Jimmy Fratianno and Harry Wainwright, to establish a

trans-Pacific drug network linking Southeast Asia, Sydney, and the United States. Riley and Wainwright also met Frank Nugan in 1975. At first, Frank Nugan managed the Nugan Hand relationship with Riley, but when Michael Hand returned in March 1976, he took over the relationship. Perhaps not surprisingly, it was during the period when he was close to Hand when Riley moved into Southeast Asian heroin.

The drug related activities of Murray Riley and the Nugan Hand group were investigated by the Commonwealth-New South Wales Joint Task Force on Drug Trafficking, which concluded that Riley organised five shipments of heroin into Australia in April, June, August, September-October, and November-December 1976, mostly in false bottom suitcases. For each importation the facilities of the Nugan Hand group of companies were used to transfer the purchase money from Sydney to Hong Kong. Over one hundred pounds of heroin was involved, and much of this was shipped on to the US. Riley was also involved in two heroin importations in July and September 1977.

In December 1975, Riley resumed his association with William Charles Garfield Sinclair, who founded Wings Travel. Sinclair provided Riley with an employee discount on airline tickets and a letter of accreditation which enabled him to get 50% off hotel rates. Riley operated a Pacific Rim circuit between Sydney, Hong Kong and San Francisco. Over the next few years, Wings Travel was used by an extensive network of drug couriers. According to Woodward Royal Commission counsel, Mr Roger Gyles QC, 'The manifest of Wings Travel reads like a who's who of drug traffickers'. The role of Riley, like the role of Egan, was to organise the trafficking, allowing the CIA to stand at arms length from the drug trade, acting as the honest broker, literally the drug trade's 'bank'.

As well as his flirtation with Nugan Hand and the CIA, Riley frequently visited San Francisco with other members of the Sydney Connection, including Bela Csidei, Duke Countis and Harry Wainwright. Csidei and Riley were photographed meeting US Mafia bosses (including Jimmy Fratianno) in San Francisco, an ideal transshipment port on the US west coast, completing the Southeast Asia/Sydney/US triangle.

Bob Bottom devoted a whole chapter of *The Godfather in Australia* to 'The San Francisco Connection', which is his phrase for Jimmy Fratianno, his Teamsters' Union companion, Rudy Tham, and Murray Riley and Bela Csidei. According to Bottom, Riley and Csidei met regularly with Fratianno, sometimes twice a month, over a period of two years. Bottom details the Mafia pedigree of Fratianno and company whom he describes as the 'deadliest clique of Mafia chieftains since the era

of Chicago's Al Capone'. Noting these drug connections, Bottom speculated that this group may have been involved in the Mackay murder.

If Mackay's murder was organised by the national or international syndicates that control much of Australia's \$225 million per year illicit drug trade, nobody could have recommended a better source for a hit-man than Fratianno and his American or Australian associates.⁶

The Ocker Nostra

The criminal takeover of the underground dealing network (when an organised gang moved against the old hippie dealing network, demanding that grass-only dealers sell heroin or get out) happened in late 1976 in Australia, a convenient time for Murray Riley, who was bringing heroin into the country, and who had plans to enter the pot market in a big way.

Arthur Stanley 'Neddy' Smith was a prominent member of the 'Ocker Nostra' that Murray Riley assembled for his venture into the drug trade. A street brawler without equal, Smith was earning his living 'the hard way', by armed robberies and as a standover man before he began his career in heroin in 1976 when he got a job as a minder for Ken Derley, a big heroin dealer who worked for Murray Riley. Smith rose swiftly to become the biggest heroin dealer in Australia by 1978, selling in 30 pound lots round the Double Bay area. As Neddy Smith recalled in his autobiography *Neddy*: 'I did millions of dollars of business with Murray.'⁷

The Double Bay Mob, those associates of Murray Riley who came to dominate the drug trade in Sydney after the criminal takeover, were part of a criminal milieu, a group of standover men and SP bookies and other organised crime figures who drank together and socialised in the Double Bay area of Sydney. For the bookies, settling day was Monday at The Royal Oak Hotel in Double Bay. Standover men like Smith hung round to get business collecting debts while discussing other scams.

In this milieu, Murray Riley was 'the Prince of Promises', a compulsive scammer who, as Neddy Smith remembered, 'was always talking in telephone numbers'. 'Murray kept coming up with scams worth plenty of money' wrote Neddy Smith: 'Not a lot of Murray's scams amounted to anything — hence his nickname the 'Prince of Promises' — but when one came off, it produced huge earns for one and all'.⁸

As Smith discovered, the Prince of Promises could work scams on both sides of the law. At their first meeting, Riley paid Smith \$30,000 for his role in a drug run, then offered to 'fix a blue' for Smith, who was facing charges of armed robbery and attempted murder. For \$20,000, Riley ensured that Neddy Smith left court a very happy man.

In June 1977, Murray Riley made the first of several trips to Southeast Asia to organise the greatest scam of his career, a massive importation of buddha sticks destined for both the US and the Australian market. Using contacts in Hong Kong, he struck a deal to buy five tonnes of this potent form of Thai cannabis. Riley then travelled to Bangkok, where he made downpayments to plantation operators, trucking companies and the Thai military for protection.

Back in Australia, Riley put together a gang of cronies from clubland who would oversee various stages of the operation, from guarding the cargo *en route* to supervising its distribution. Riley's budget gives a good measure of the scale of the operation: According to Jarratt, Riley expected to make \$50 million from his share of the cargo (another part belonged to a silent partner who was never revealed) and he promised his gang members between \$500,000 and \$2 million each. This still left Riley with \$25 million, with which he planned to purchase a casino in Las Vegas!

On 30 March 1978, Riley's boat, the *Chorya Maru*, left Bangkok, having picked up two separate consignments of cannabis in Thailand, the first on the west coast near Sathip and the second off Pataya. On board was a cargo estimated at five tonnes of buddha sticks, destined, in part, for drought ravaged Australia. 'The Big One' was on the way!

By this stage, Riley had invested \$750,000 in the boat and its heavily guarded cargo. Unfortunately for him, the voyage across the Pacific proved a series of misfortunes and the condition of the *Chorya Maru* forced the crew to offload the cargo in the hull of a wreck on Polkington Reef near Honiara in the Solomon Islands. To avert disaster, Riley had to buy a second ship, the *Anoa*, in Cairns and send it to the Solomons. At the reef, Riley's men loaded every crevice of the boat with about 2.6 tonnes of cannabis, leaving roughly the same amount in the hull. Another 1.9 tonnes of cannabis would later be recovered from the wreck on Polkington Reef, bringing the total to 4.5 tonnes.

As 'the Big One' made its tortured way across the Pacific, its progress was being monitored by no fewer than four law enforcement agencies, and a large police operation followed the *Anoa's* progress down the Australian coast. The ketch was due to rendezvous at Bermagui, but heavy weather forced the *Anoa* to put in near Coffs Harbour, where a team of drug squad detectives and federal police watched it unload before they pounced on 10 June 1978.

According to Murray Riley, he was driving north to meet the cargo when he heard news of the bust on the car radio, so he turned around and headed south. Neddy Smith tells a different version with Riley reaching the *Anoa* and departing with \$2 million worth of buddha sticks. Whatever the case, the NSW police quickly rounded up all the conspirators except Riley, who slipped away.

Three weeks later an Adelaide police constable noticed something familiar about the fit, middle-aged jogger he passed at Henley Beach. Riley was arrested in Adelaide on 29 June 1978. The phone contacts in his address book included a member of NSW parliament, the NSW Police Commissioner, several senior police officers and other organised crime figures. One contact was Harry Ikin, a former NSW policeman who was John Wesley Egan's partner in the 'Corset Gang' racket, though, given Egan, Ikin and Riley were all NSW detectives and contemporaries, shared friendship is not unexpected.

There was substantial evidence that there were two different cannabis cargoes on board the *Chorya Maru*, possibly arranged by independent, although co-operating, groups. The *Chorya Maru* picked up two separate consignments of cannabis in Thailand, the first on the west coast near Sathip (1.5 tonnes packed in 45 cartonnes) and the second off Pataya (about 3-4 tonnes packed in 150 hessian sacks). Consequently, there was much confusion about whether Riley owned all the cannabis on board the *Chorya Maru* or whether he was merely 'the transportation agent' for one-third of the cargo, as he claimed at his trial.

In various interviews, Murray Riley gave three different versions of who owned the cargo. Just after he was arrested, Riley gave the police his first version of the importation. He said that he was approached by a man in Bangkok with a drug-smuggling proposition and he agreed to arrange a shipment of 1.5 tonnes of buddha sticks to Australia. It was only when he reached Honiara that the skipper of the *Chorya Maru* told Riley that the boat 'had picked up another consignment of 4 tonnes from another part of Thailand on its way down to Australia'. According to Riley this consignment 'was for another party whom I did not know'. Riley said he and his associates were to receive \$500,000 for their services in shipping the 1.5 tonnes, which represents a mere 1% of the estimated \$50 million value he would later give the *Chorya Maru's* cargo!⁹

In an interview with Woodward commission investigators in March 1979, Riley gave his second version of the financing of the operation. Again Riley said he met a man in Bangkok who had a contact for the supply of buddha sticks. Riley discussed the matter with 'some acquaintances' in Sydney and it was decided they should pool their resources and attempt an importation. Riley insisted that the whole of the finance for the importation had been raised from those arrested in connection with the *Anoa*, and there were no others involved.

In his evidence before the Woodward royal commission, Riley told a third version of the importation, similar to his first version, but with some novel variations. The man in Bangkok this time introduced Riley to an American named John Gilmore, who contracted Riley and his associates to move the 1.5 tonnes of buddha sticks to

Sydney. Gilmore was to take delivery of the shipment in Sydney. Riley's remuneration was to be \$500,000 but Gilmore did not give Riley an advance, supposedly leaving Riley and his associates to pay out of their own pockets the expenses involved in the venture. For the first time, Riley claimed that Gilmore told him the shipment was not to be distributed in Australia. Riley presumed that it was to be distributed in the United States. In this new version, the one he used in court, Riley and friends ceased to be the principals of this enormous drug trafficking operation and were now simply 'agents' for the principal, the mysterious American John Gilmore.

Woodward confronted Riley with his earlier versions of the *Anoa* importation. Riley admitted that these earlier statements were 'not entirely' true, but insisted they were 'close'. He said he lied because he did not want to involve others.

As well as Riley's dubious testimony, Woodward also heard allegations involving the financing of the *Anoa* venture, implicating two American citizens Harry Wainwright and Danny Stein, using the facilities of the Nugan Hand Bank. Both Wainwright and Stein had connections with the U.S. Mafia. According to the Joint Police Task Force, Wainwright was also a major source of funds for Riley's heroin importations.

Riley's constantly evolving versions of the financing of the *Anoa* importation made Woodward's task of pulling the threads of the conspiracy together very difficult. Woodward concluded that the costs involved were beyond the unaided financial resources of Riley and his group and he believed there was another financier behind the shipment of the other 3.5 tonnes of cannabis who Riley and associates were protecting.

Riley has originally said that the shipment was to be sold in Australia, but then had changed his story and said that the consignment was to be sold on the American market. Woodward rejected the Sydney Connection theory, though he was unusually tentative in this judgement, conceding the possibility (which I hold) that 'it may be that the Australian sales were to be made out of the shipment of 1.5 tonnes for which Riley was responsible and the shipment of 3.5 tonnes was to be distributed in America'.¹⁰

However his final conclusion on this question was:

I do not have any information which suggests that drugs are imported into America from the East via Australia. On the contrary, it has been suggested that drugs originating from the East may be brought into Australia through the United States to avoid the suspicion attached to a shipment from Bangkok or Hong Kong. In the result, I cannot conclude that any of the importation was to be distributed in the United States. Riley's statements in this regard may have been merely a "blind" ...¹¹

I believe the Commissioner was himself “blind” to the idea of the Sydney Connection. My own interpretation of this conflicting evidence is the other possibility that Woodward conceded; that Riley and his network would move 1.5 tonnes in Australia, while Fratianno and the San Francisco Mafia would move the larger consignment in the U.S.

Riley’s evidence was self-serving, designed to minimise his role as a drug trafficker and any attendant jail sentence. Although the pattern of his travels and his use of aliases over several years were consistent with his involvement in drug trafficking, Riley said he was largely engaged in smuggling gems. The evidence established links between Riley and with persons in the United States who (on Riley’s own admission) bore the reputation of being leading gangsters and members of the Mafia. Riley explained these connections by saying he was negotiating with them over the legitimate importation into the United States of lobster and beef because of their power over waterfront labour. Riley covered up his close relationship with Nugan Hand too. He admitted that he had met Hand socially in Sydney, but denied meeting him in Hong Kong (where his drug transactions took part). He also said that he never met Frank Nugan. He conceded that he may have been to Nugan Hand’s corporate office in Macquarie Street, but he denied having any dealings with the company.¹²

Woodward’s opinion of Riley’s evidence was:

If there is one fact which has emerged with clarity from Riley’s evidence before this Commission, it is this: that the co-operation and assistance he volunteered to police after his arrest and the information he gave to them and to Commission Investigators was, for the most part, a deliberate and thoroughly cynical web of lies, designed to mislead the police and the investigators or, at least, to tell them nothing of any real value, and at the same time to secure for himself their good offices when he came to be sentenced and to be considered for parole.¹³

It paid off too.

At Riley’s trial a senior police officer gave evidence that Riley had ‘co-operated with the police’ and had revealed detailed information which was of ‘much assistance’. The learned trial judge took this into account in passing sentence, treating Riley’s co-operation with the police as ‘a substantial matter in his favour’. Riley pleaded guilty to being the ‘transportation agent’ for 1.5 tonnes of the *Anoa*’s cargo and was sentenced to ten years jail (with a minimum of five) by Judge Kenneth Torrington in October 1978.

The old fox was out in five, glowing with good health, and looking ten years younger than his fifty nine years. He spent that summer talking to Phil Jarratt about a book about the *Anoa* adventure. Riley took Jarratt to long, boozy lunches with ‘business associates’, Australian ‘wise-guys’ who, like Riley, ‘favoured all-year

tans, chunky gold jewellery and red jags'. The book foundered on Riley's inability to tell the truth about his exploits.¹⁴

Although Riley lost large sums of money on 'the Big One', at least some of it came from another source: Riley was made bankrupt in 1983 owing \$132,497 to Nugan Hand Bank (in liquidation). Riley's ex-rowing partner, Mervyn Wood, resigned as New South Wales police commissioner in June 1979, a year after Riley's arrest, amid allegations of corruption in the police force, including gambling, prostitution and drugs.

If crime doesn't pay, it seems no one ever explained this to Murray Riley. Unreformed, he continued on his way as criminal mastermind, until retirement came. Aged 65, he sat in a cold English gaol awaiting trial for conspiring to defraud British Aerospace of \$103 million. The gaol was minimum security and proved no challenge for Riley, who simply walked out the door, beating the law one last time.

Bela Csidei and Harry Wainwright

In 1980, in his *Further Report*, Justice Woodward recommended that a joint state and Commonwealth police task force should be set up to investigate the drug smuggling activities of Harry Wainwright, Murray Riley and Nugan Hand. Thus the investigation of the principals of the Sydney Connection fell to the New South Wales-Commonwealth Joint Task Force. Their report presented a detailed investigation of Murray Riley and Nugan Hand, providing a more accurate picture of the Mr Bigs of the drug trade in New South Wales than Justice Woodward. It also revealed a good deal more about Nugan Hand's drug activities than the Stewart royal commission. Significantly, this was the only report that looked in detail at all the principals of the second Sydney Connection.

The Joint Task Force report was in four volumes, but the first volume was never released to the public. It contained an account of the final plantation belonging to the Sydney Connection, Bela Csidei's crop at Wollogorang Station in the Northern Territory, as well as information on Bela Csidei and Harry Wainwright. Because this part of the report was never published, and because Wainwright and Csidei told different stories in court, the details in this chapter are, as a consequence, sketchy and inconclusive. Were they principals themselves? Or were they fronts for more powerful forces?

Bela Csidei

Murray Riley's associate in the trans-Pacific drug trade, Bela Csidei, was born in Budapest, Hungary, on 10 August 1932. Csidei migrated to Australia in the 1950s where he joined up with his countryman, Emil Herbert Peter Abeles. While Sir Peter Abeles' dizzying climb to billionaire status propelled him to the centre of power in Australia, Csidei's relationship with Abeles remained close: Csidei said Abeles treated him like a son; others accused Csidei of being a front man for Abeles.

Abeles was a member of a powerful, right-wing emigre group (which included Alexander Barton, Sir Paul Strasser and Sir Ivan Charody) who were referred to as 'the Hungarian Mafia'. It was members of this group who had funded Bernie

Houghton when he first came to Australia, and who provided employment for Michael Hand.

Csidei associated with Murray Riley in his visits to the U.S. in 1976 and 1977 and Csidei and Riley were photographed with Teamsters' Union official Rudy Tham and Mafia leader James 'the Weasel' Fratianno in San Francisco in 1976. From Fratianno, Csidei acquired some exotic cannabis seed whose produce was guaranteed to 'blow your head off', according to Csidei.

Back in Australia, Csidei established a 4 acre plot of this Mafia 'superweed' on his property at Wollongorag Station in the Northern Territory in June 1977, but the wonder crop did not flourish. The plants grew slowly, and after four months many were only five centimetres tall. In need of cash, Csidei harvested some pot in November. On 7 December, Queensland police arrested a Sydney-bound courier at Mt Isa in possession of 140 kilos of cannabis. Allegedly beaten, the courier revealed the source of the marijuana. The next day Northern Territory police raided the Csidei property and discovered the cannabis some thirty kilometres from the station's homestead. Csidei surrendered himself at Sydney CIB after the station manager implicated him as financier and organiser of the crop. Bizarrely, Csidei claimed that the crop really belonged to Murray Riley and Harry Wainwright, and he was just 'renting' the land to them. At his trial in September 1978, evidence was given that he had borrowed \$10,000 from Fratianno, and if he did not pay it, he would be history.

Was Csidei a Mr Big? Although his four acres of Mafia superweed would fetch close to \$50 million today, his trial judge didn't think so. Csidei was sentenced in the Northern Territory Supreme Court to a mere fifteen months imprisonment, with a non-parole period of only nine months; the trial judge, Mr Justice Foster, characterised Csidei as 'a silly and greedy man, not a criminal mastermind'.¹

Csidei was treated even more leniently than Murray Riley. The police report on him was never made public. Csidei was similarly spared from Woodward's inquisition.

Harry Wainwright

Harry Wainwright was regarded by the Joint Task Force as a major financier of Riley's drug importations, and they clearly saw Wainwright as a creature of the San Francisco Mafia, describing him as 'an associate of known Mafia leaders'. In his defense, Wainwright could claim that this was not surprising for someone in his profession: Wainwright had practiced criminal defense law in San Francisco, until his disbarment. Indicted on tax charges, he fled to Sydney in 1973, becoming an Australian citizen to escape extradition to the U.S. In Sydney, he met up with the

‘Ocker Nostra’ and it seems he served as an intermediary between organised crime in the U.S. and Australia.

Wainwright was present at the first meeting of Riley and Nugan. After that Wainwright became a major sponsor of Murray Riley’s drug activities via his Nugan Hand account. Wainwright’s first known deposit with Nugan Hand occurred on 4 November 1975 when he lodged \$25,000. This transaction was unusual in that it was left with Nugan Hand for only a week, and was withdrawn on 11 November 1975. Coleambally was busted on 10 November 1975. Since Wainwright’s other deposits were drug-related, this deposit could well be Coleambally-related.

Around the time of his second deposit, Wainwright told Frank Nugan that he regarded Riley and his associate Ken Derley as ‘good boys and if they want any of my money they can use it’. He deposited \$30,000 in Sydney on 5 April 1976 and eight days later Riley withdrew half that amount in Hong Kong dollars from Nugan Hand in Hong Kong to fund his first heroin importation. The rest was used for Riley’s second heroin importation in June. In August, Wainwright deposited \$US50,000 in Sydney and an equivalent amount was withdrawn a few days later by Riley in Hong Kong for the third importation. For the fourth importation, Riley withdrew \$70,000 from Hong Kong, though this time there seems to have been no corresponding deposit by Wainwright or Riley at the Sydney office, leading to speculation that Nugan Hand ‘loaned’ the money for this importation. To cover the fifth importation in December, a combination of Riley, Derley, Wainwright and two others deposited \$80,000 in Sydney. The funding details suggests that the first three consignments were for the U.S. Mafia alone (paid via Wainwright) but, after the criminal takeover in late 1976, Riley and Derley began ordering for an Australian network as well.

Although Wainwright’s account was a significant source of funds for Riley, it was not the only source. Both Wainwright and Riley had accounts with Nugan Hand, but it seems that much of the money shelled out for Riley in Hong Kong was never reimbursed from these accounts. When Riley was made bankrupt in 1983 he owed \$132,497 to Nugan Hand. The Joint Task Force speculated that Nugan Hand were lending Riley money, thereby financing the drug trade. They also accused Wainwright of being involved in the financing of the *Anoa*.

Just as Michael Hand and Murray Riley became good friends in 1976, Wainwright and Frank Nugan became friends also, and the two lawyers played chess together and socialised. The Joint Task Force reported that ‘just after the arrival of a big load of heroin from Asia’ (Riley’s second importation in June 1976), Wainwright held a lavish party at his Darling Point penthouse which was attended by Frank Nugan and other Sydney-based employees of Nugan Hand.

Besides Frank Nugan, Murray Riley and the U.S. Mafia, Wainwright was well connected with most of the principals of the Sydney Connection. He was a close associate of Daniel Drake, an American who was arrested with Bela Csidei over the cultivation of a large marijuana plantation on Wollogorang Station in the Northern Territory. In his defence Csidei claimed that the marijuana was being grown by Wainwright and Riley and that he was just 'renting' them the property. Drake and Wainwright had also purchased a property known as Red Hill near Port Macquarie. In the deportation proceedings against Drake, Mr Justice Brennan said he was satisfied that marijuana was grown by Drake at Red Hill.

Wainwright came to the attention of the Woodward Royal Commission because he had travelled with Wings Travel. As Woodward noted disapprovingly 'on his own evidence, he is an associate of Riley, Sinclair, Derley, Csidei, Neville Stevens and Karl Bonnette, all of whom have strong links with drug trafficking....He did business with Michael Hand and Frank Nugan and says that he knew the latter socially.' ²

But if knowing Frank Nugan was an offence, then some of the most powerful men in the U.S. and Australia would be behind bars. Despite the insinuations of Csidei and the suspicions of Justice Woodward and the Joint Task Force, Harry Wainwright was never convicted of any crime in Australia. A few years later, the University of New South Wales considered him of good enough character to lecture to their law students.

The Trojan Horse Bank

Justice Moffitt predicted that US organised crime would arrive in Australia in the Trojan horse of legitimate business, fashioned for concealment and respectability with the aid of expert accountants, lawyers and businessmen. The Nugan Hand Bank was Moffitt's predicted Trojan horse. To the outside world, the Nugan Hand Bank appeared to be an ordinary commercial bank. In reality, it was a black bank for black money, set up to hide money made from arms smuggling, drug trafficking, money laundering and tax avoidance.

What the Nugan Hand Bank offered its clients was a highly confidential banking service; the identity of many bank clients were known only to Michael Hand and one other trusted employee. To achieve this anonymity, Hand devised a system whereby clients were offered a client number, and were referred to in bank records by this number alone. The number code was used for bank principals too; Hand himself was 536 and Frank Nugan was 537. Reflecting his intelligence background, Hand also introduced a system of codes to transmit messages between the various offices of the Nugan Hand Bank.¹

The Nugan Hand manual reflected Hand's obsession with secrecy. It gave detailed steps to ensure clients' privacy including 'maximum security' for sensitive clients, allocation of code words and numbered accounts, and the forwarding of correspondence in envelopes having no company markings or return address. It was this section of the manual that Hand instructed Nugan Hand staff to shred after Frank Nugan's death.

These features made Nugan Hand ideal for drug traffickers. Deposits were afforded the utmost secrecy, and the bank had no qualms at all about black money. Facilities were available for the transfer of funds overseas to those countries where Nugan Hand had branch offices; in particular, it was very easy to use Nugan Hand to move money from Australia covertly to Hong Kong, Thailand, and to the USA. In the 1970s, in the days before financial deregulation, there were laws controlling how much money you could send out of Australia. Consider how useful the Nugan Hand Bank was for an entrepreneur in the trans-Pacific drug trade like Murray Riley, trying to finance the Big One. Riley had to pay for his five tonnes of cannabis in Hong Kong, pay for transport and protection in Bangkok, distribute money to his clubland gang in Sydney, as well as deal with the Mafia in San Francisco.

Conveniently, Nugan Hand had branches in all these places; Riley simply had to open accounts with Nugan Hand for his criminal network and much of the organisation was done. If your purpose was smuggling buddha sticks from the Golden Triangle or hashish from Lebanon, where there was also a branch, Nugan Hand was perfectly designed.

The bank was used by most of the major syndicates smuggling heroin from South East Asia into Australia, and by many minor drug dealers as well. Bank principals Michael Hand and George Shaw had numerous drug clients in Australia and they actively recruited drug traffickers.

George Shaw was a Lebanese man first employed by Nugan Hand in April 1974 to gather deposits for Nugan Hand Ltd. For the Stewart Royal Commission, Shaw reluctantly identified a number of clients whom he either knew or suspected were involved in drug trafficking, and they included many Lebanese hashish dealers. These accounts were kept in a blue book described by Mr Shaw as an 'off-ledger'.²

Shaw said he understood he was assisting cash clients to hide funds from the Commissioner of Taxation. He offered cash clients the advantages of anonymity, the receipt of interest in cash, and the payment of funds overseas. One of Shaw's clients, who was selling heroin, said that Shaw asked him to recruit 'other people in the business' for the Nugan Hand group. He mentioned this to other drug sellers and several of these made use of the company's facilities. Shaw agreed that the whole purpose of the exercise was to attract people with black money and to assure them that their anonymity would be preserved. When a person with black money made a deposit, Shaw would not ask the source of such money. Other witnesses told Justice Stewart that Shaw had helped a number of Chinese heroin sellers use Nugan Hand to remit their money overseas. Shaw's evidence showed that substantial amounts of the black money that Nugan Hand recruited came from the drug trade.³

While George Shaw was recruiting Lebanese dealers in Sydney, Michael Hand handled Murray Riley and friends, Andrew Lowe recruited from Sydney's Chinese community, and Evans, Wong and Collins were sent to Thailand to recruit drug money there. In Griffith, Australia's 'pot capital', the Griffith growers had secret accounts with the Nugan Group, and there was a constant flow of money between the bank and Frank Nugan's family company. The clients of Nugan Hand were a who's-who of the drug trade. By 1977, Nugan Hand and its associates dominated the Australian drug trade in a way that had never been achieved before.

The key element in the expansion of drug trafficking in Australia, in the years following the fall of Vietnam, is the relationship between Murray Riley and his group and Michael Hand and Frank Nugan. The Joint Task Force's assessment of Nugan Hand's association with the Riley group is typically restrained:

Briefly, it seems highly probable that Hand knew Riley and Wainwright were involved in drug trafficking and their requests for use of Nugan Hand facilities for the movement of money in furtherance of their activity. And knowing this, Hand assisted them not only by freely offering the use of those facilities, but indeed encouraging that use.⁴

While Riley helped Wings Travels become the travel company of choice for a network of couriers, Nugan Hand established a bank capable of moving money around the Pacific rim, in particular, the Thailand-Australia-USA triangle. Meanwhile, the criminal takeover of the old hippie network occurred, establishing a large network in Australia for moving heroin as well as pot. It seems a well-planned move, establishing the infrastructure for a re-routing of the Southeast Asian drug trade via Sydney. It was a drug-smuggling conspiracy of global proportion, far larger than Australia itself could maintain.

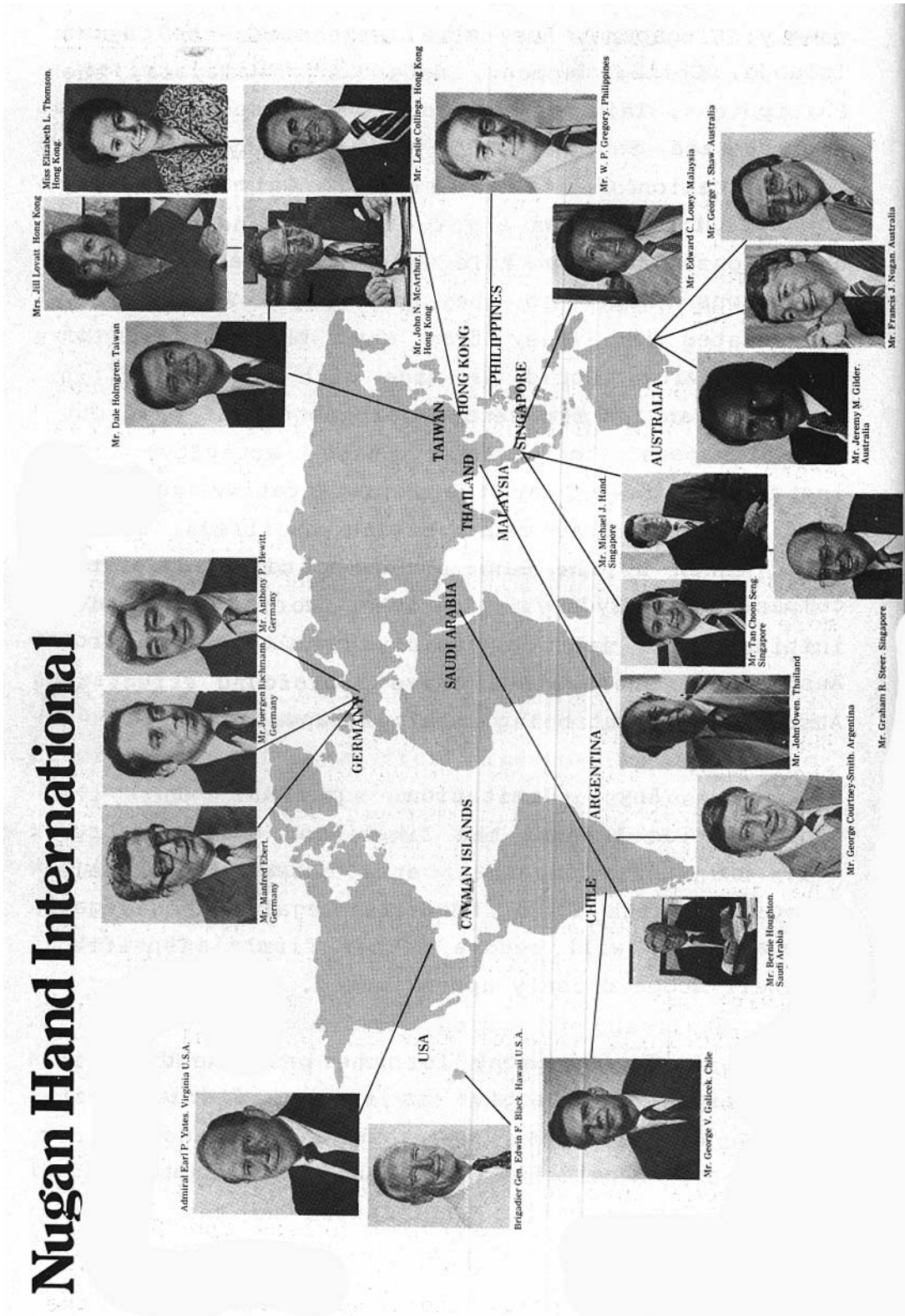


Illustration 15: The Nugan Hand bank

The Small Army: The Nugan Hand Team

The original Trojan horse hid a small army inside, and so too did the Trojan horse bank. One of the unique features of the Nugan Hand Bank was the number of high ranking, former members of the US military with service in Vietnam who became directors or representatives for the bank, despite their uniform lack of banking experience. On the inside of the Trojan horse bank there were three US generals, one US admiral and an ex-head of the CIA. Indeed, incredible as it may seem, these officials had previously been the commanders who supervised the US withdrawal from the Vietnam War!

Chief among these retired military and naval officers was **Rear Admiral Earl Yates**, the first president of Nugan Hand, who graduated from the U.S. Naval academy in 1943 and served in World War II, Korea and Vietnam. Yates was formerly head of planning for the U.S. Pacific Command and senior aide to the Secretary of the U.S. Navy. His final assignment was Deputy Chief of Staff U.S. Pacific Command during the withdrawal of U.S. forces from Vietnam in 1974.

Admiral Yates became director and president of the Nugan Hand Bank in early 1977; he was also the director of the company in the Grand Cayman Islands. With Yates came a number of other US military officers including General Leroy Manor who was the Nugan Hand representative in the Philippines; Yates was also involved in the Manila office with General Manor. Yates also engaged General Edwin Black and General Earle Cocks, Nugan Hand contact in Washington DC.¹

General Edwin Black was born on 17 August 1915. He attended the US military academy at West Point and served with the US Army in the Second World War, Vietnam and Korea. He was assigned to the Office for Strategic Studies (the OSS — the forerunner of the CIA) and the National Security Council. Command assignments included duty with the OSS, the 82nd Airborne Division, Assistant Division Commander of the 25th Infantry Division and later Commanding General of the U.S. Army during the Vietnam conflict. He retired from the US army in 1970. Despite having no banking experience, Black joined Nugan Hand in 1977 as the representative in Hawaii, and was involved with the sale of helicopters,

fragmentation bombs, ammunition, and shelters for combat aircraft to Thailand and South Korea.²

Lieutenant General Leroy J Manor, born 21 February 1921, was a highly decorated fighter pilot who served with the U.S. Air Force in World War II, Korea and Vietnam and was commander of the 13th Air Force in the Philippines. A former Chief of Staff of the U.S. Pacific Command, the largest operational military command in the U.S., he planned and executed the Son Tay Raid, the major U.S. military operation into North Vietnam during the Vietnam War. After retirement he became an adviser to the Pentagon on the successful renegotiation of the U.S. bases in Clark and Subic Bay in the Philippines. In February 1979 he became Nugan Hand representative in the Philippines, sharing an office with President Marcos's brother-in-law. Among his many awards, General Manor held the U.S. Distinguished Services Medal, Legion of Merit, and the Distinguished Flying Cross.³

General Earl Cocke, a US citizen born in 1921, was another high-ranking officer employed by Nugan Hand. He served with distinction during World War II and was highly decorated. In 1951 he was appointed special consultant to the US Secretary of Defence and subsequently served as a civilian aide. In 1959 he served as a US delegate to the United Nations with the rank of Ambassador. In 1961 he was appointed Alternate Executive Director of the International Bank for Reconstruction and Development and, after 1964, provided a managerial consultancy service. He provided office space for Nugan Hand in Washington. A well known Washington lobbyist, General Cocke established the U.S. government contacts for the group to negotiate the takeover of the former U.S. naval base on Grand Turk Island for the resettlement of Hmong refugees from Indochina.⁴

William Colby, whose business card was found on the body of Frank Nugan, was the head of the CIA from 1973 to 1976. During the Vietnam War, he was the organiser of the Phoenix programme — a program of assassination designed to terrorise the Viet Cong, and he may have met Michael Hand there. After retiring from the CIA, Colby went into partnership with a Washington law firm and worked as legal adviser to Nugan Hand International. Like General Cocke and Admiral Yates, Colby was employed to work on the project that involved the resettlement of Hmong refugees in Central and South America. Colby and Hand met with officials of the Turks and Caicos Islands to discuss the resettlement of the Hmong refugees there. At the time of Nugan's death, Hand was in London with Admiral Yates meeting British foreign office officials in connection with this resettlement scheme. Colby also acted as a lawyer for both Nugan and Hand.⁵

The CIA Bank?

The Blond Ghost and the Merchant of Death

Theodore George Shackley, born in 1927, was never employed by Nugan Hand because he already had a job. At the time the second Sydney Connection began, Ted Shackley was the Director of the Eastern Division of the CIA; later he became the Associate Director of the Directorate of Operations, the division that ran the CIA's secret wars and dirty tricks. If Nugan Hand were a secret operation by the Eastern Division of the CIA, then Shackley is a man we might expect to be involved. As it turns out, Ted Shackley was very closely associated with Michael Hand, Ed Wilson, Tom Clines, Bernie Houghton and nearly all the other Nugan Hand players. To further strengthen the secret war in Laos connection, Shackley was the CIA station chief there during Hand's time in Laos.

Shackley, the 'Blond Ghost', joined the CIA in 1951. Over the next two decades he emerged as the agency's 'dirty tricks' specialist, the USA's foremost covert Cold War warrior. In 1962 he became head of JMWAVE - the agency's Miami Station directing 'dirty tricks' against Castro and Cuba. In 1966 he became Chief of Station in Laos and directed the secret war there, earning his other nickname, 'the Butcher of Laos'.¹

For Shackley, his years in Laos must have been intoxicating. He sat in the Ambassador's office, tall, thin, and owl-like, with really pale, white skin — the Blond Ghost — dealing with leaders of the Lao government, and arranging for Thai artillery strikes and US bombers. He had his own secret Hmong army to map a strategy for. It was a modest secret war, with an invisible hit-and-run force. With his trademark ruthless efficiency, Shackley built up the Hmong army to a force of 20,000. He ushered in a new war, more ambitious, with battalion-sized assaults on the Ho Chi Minh Trail. This escalation led to a commensurate response from the North Vietnamese.²

Everyone knew the Hmong fought to protect their rich opium crop. Opium was legal in Laos, and it was the opium trade that subsidised the secret war. Most of the Hmong villages were perched on steep mountains plateaus where the opium poppy grew well, overlooking valleys and towns controlled by the Pathet Lao. Under CIA supervision, dozens of crude landing strips for Air America aircraft were hacked out of the mountain forests, and the scattered Hmong villages were linked with CIA

headquarters. As the secret war progressed, more than 20 new landing strips dotted the conquered corridor, linking Long Tieng to the villages. It enabled two-way traffic with arms and food going to the Hmong while Hmong opium was brought back. The CIA's proprietary airline, Air America, became the principal conduit for smuggling Hmong opium and a heroin laboratory was established at CIA headquarters in Long Tieng. In 1967 the United Nations reported that poppy farmers in the Golden Triangle (situated in north-eastern Burma, northern Thailand and northern Laos) were producing 1000 tonnes of raw opium which was then about 70% of the world's opium crop.³

It was during the Shackley period in Laos that Michael Hand, as a member of the Special Forces, was 'loaned' to the CIA. Kermit Walker "Buddy" King, Hand's later business partner, worked with Shackley and was one of Air America's best pilots. On a number of occasions, King was responsible for flying Hand to and from his operational outpost in the Hmong hill tribes area of Laos. As CIA station chief, Shackley was responsible for both ground and air cover in Laos. Air cover involved the CIA proprietary companies, Air America and Civilian Air Transport, and was the responsibility of General Richard Secord. Ground cover, involving Michael Hand and other members of the U.S. Special Forces, was the responsibility of Thomas Clines, who was Hand's more immediate supervisor. Clines and Secord were major players in the drugs-for-guns Iran-Contra affair two decades later; again, Clines' partnership with Shackley was close.⁴

For the men like Michael Hand who directed Shackley's secret army, Laos meant 'Spook Heaven' — the secret CIA financed city of Long Tieng. It had no paved streets, and almost no cars, yet a 3,000 foot runway divided the city. Its tribal population of Hmong topped 45,000 and its major industry was heroin. In the shadow of mist draped mountains, it was a Shangri-la where US pilots and contract agents dressed like surf bums or jungle adventurers, and went 'native' or 'troppo' in heart-of-darkness territory in the taverns, warehouses and opium dens.⁵

For US policy makers, the secret war in Laos was 'something of which we can be proud as Americans. It involved virtually no American casualties'. In comparison to Vietnam, it was 'very cost-effective'. It was the Hmong who did all the messy dying business. By the time Shackley left Laos in October 1968, it was estimated that of the Hmong who had taken up arms to fight for the US, one quarter had been killed in action. Civilian casualties totalled 40,000 — almost one in ten of the Hmong. Thanks to the Butcher of Laos, the Hmong were well on the road to decimation.⁶

In 1968 Shackley was posted to Vietnam, becoming Station Chief in Saigon. In 1971 he became head of the CIA's Western Division (covering North and South America) where he plotted the overthrow of Allende in Chile, and chased agency

whistle-blower, Phillip Agee. In 1974 Shackley became head of the Eastern Division of the CIA, covering Asia and Australia.

In May 1974, Gough Whitlam was re-elected Prime Minister of Australia and Jim Cairns, US critic and anti-Vietnam War campaigner, became Deputy Prime Minister. They were men whom President Nixon and the CIA hated intensely. One of the last acts of Nixon's presidency was to order a CIA review of the US alliance with Australia on 1 July 1974, shortly after Whitlam was re-elected. The US government has refused to de-classify the CIA's response to this order, but many suspect that a dirty tricks campaign against Whitlam and the Left in Australia was begun then. The fall of Jim Cairns, the Loans Affair, the Pine-Gap security crisis, and the events of the Whitlam Dismissal on 11 November 1975 are seen to be part of this conspiracy. If there were such a dirty tricks campaign, then Ted Shackley would have directed it as the head of the Eastern Division of the CIA. He was again 'the man in the chair' when Vietnam fell in April 1975.⁷

While the role played by Shackley and Nugan Hand in a dirty tricks campaign aimed at the overthrow of the Whitlam government remains speculation, there is no doubt about the role that Shackley played in the security crisis of November 1975. The security crisis revolved around the so-called 'joint facility' at Pine Gap, one of the CIA's most important assets. Whitlam had threatened that if the U.S. tried to 'bounce' his government, he would look at the U.S. bases in Australia. As it happened, the lease for Pine Gap was due for renewal in December 1975. On 10 November 1975, the day before Whitlam was sacked, Shackley sent an extraordinary cable from the CIA to ASIO's Director General, threatening to remove ASIO from the UK-USA agreement because he considered Whitlam (the Prime Minister of Australia) was a security threat! The cable was published by the *Financial Review* in 1977 and has been widely reprinted. It is the smoking gun that shows Shackley's involvement in the security crisis.

The grounds for Shackley's fury was that Whitlam had accused the CIA of funding the opposition National Party, and had claimed that CIA money was being used to influence domestic Australian politics. In particular, Whitlam was asking questions about the close relationship between Richard Stallings, who ran the so-called joint facility at Pine Gap, and the leader of the National Party, Doug Anthony. 'The CIA has grave concerns as to where this type of public discussion may lead,' said Shackley's cable of 10 November 1975. Whitlam was due to reveal Richard Stallings was a CIA agent on November 11, but Sir John Kerr famously intervened. In his speech calling for a royal commission into the activities of the CIA in Australia (see Appendix 2), Whitlam called Shackley's cable 'a clear example of the attempted deception of the Australian Government by the American intelligence

community ...The message was offensive in tone, deceitful in intent and sinister in its implications’.

When the second Sydney Connection developed, Shackley’s Eastern division of the CIA faced four major problems: how to arrange the retreat of the remnant Hmong army stranded in Thai refugee camps after the loss of the secret war in Laos; how to redirect the Southeast Asian drug trade following the loss of Vietnam; how to finance the anti-Whitlam forces inside Australia; and how to destroy the Whitlamites. Michael Hand and the Nugan Hand Bank would solve all four. During the subsequent marijuana Drought and heroin plague of 1977-1979, there would be allegations of a conspiracy by heroin traffickers to cause the Drought and sell large amounts of Southeast Asian heroin in Australia: Shackley could have organised such a conspiracy, and he had been involved in a similar conspiracy; his period in Laos coincided with the first Sydney Connection of John Wesley Egan and the Corset Gang.

Shackley played a key role in the removal of the Whitlam government during the ‘security crisis’ of November 1975. As a reward for that, in 1976 Shackley was promoted to the number two position in the covert division of the CIA, becoming Assistant Director of the Directorate of Operations. He was one step away from the big chair.⁸

If the Republicans had won the 1976 US elections, Shackley would have become Director of the CIA. However, they didn’t, and, in 1977, President Carter appointed Admiral Stansfield Turner to be CIA Director. Turner became increasingly uneasy about the ‘rogue’ activities of the CIA’s ‘old guard’ including Shackley, whom he pushed out of the operations directorate. This was the end of the climb. Realising he had no future under Turner, Shackley left the CIA in 1979.

In the early eighties, the scandals surrounding Ed Wilson and Nugan Hand forced Shackley to finally abandon his dreams of becoming CIA Director. Following the Iran-Contra scandal, Shackley became the chief target of a highly publicised lawsuit by the Christic Institute alleging that he, along with Ed Wilson, led a rogue element in the CIA who were responsible for many crimes worldwide, involving drug smuggling, arms running and assassination. This was ‘the Shooters Gang’, a group of rogue spies who socialised by going shooting together at Ed Wilson’s farm. It is this group of ‘patriots’ who were alleged to have run the CIA’s secret wars and were involved in Golden Triangle heroin, Nugan Hand, and the Iran-Contra’ drugs-for-guns deal in Nicaragua.⁹

Ed Wilson and the Second CIA

Although the Nugan Hand Bank is routinely referred to as a CIA bank, it may not have belonged to Ted Shackley and the CIA; rather it may have belonged to a much smaller and far more secretive U.S. intelligence agency, US Naval Intelligence Task Force 157, run by Ted Shackley's close friend, Ed Wilson.

Ed Wilson joined the CIA in 1955. In 1960 he was assigned to the Seafarers' International Union as a deep-cover contract agent, where he spied on labour unions, monitored shipping, and paid off Corsican gangsters to lean on communist dockworkers in Europe. In 1965 he opened up a business, Marine Consulting Associates, an ocean freight forwarder that was a front company handling sea logistics for CIA programs. The Agency man in charge of Maritime was Tom Clines, deputy chief of the division's maritime branch. Wilson and Clines became friends. In 1966, Tom Clines was recruited by Ted Shackley for the secret war in Laos.

When the CIA was ordered to rein in its free wheeling proprietary companies in 1970, Wilson was allowed to leave the CIA and keep his proprietary companies. He was recruited instead to Task Force 157, a small, secret unit of naval intelligence that ran agents — dockworkers, seaman, shipping agents and port prostitutes — to monitor traffic on the high seas. Under Wilson, Task Force 157 set up a string of proprietary companies world-wide. Effectively, Task Force 157 took over the management of front companies from the CIA. The success of this venture inspired Wilson with the notion of expanding Task Force 157 to make it into a second CIA.

Thanks to the US government's generosity that gave him his proprietary companies, Wilson became a multi-millionaire. A string of congressman, Capitol Hill aides, generals and admirals appreciated his lavish hospitality. So also did a group of spooks and secret warriors who met with Wilson to go shooting at his Mount Airy Farm in northern Virginia. Chief among them were a group of cold war warriors who had fought the secret war in Laos: Tom Clines, Richard Secord, Erich von Marbod, a top pentagon aide, and Ted Shackley, the CIA's rising star. This was the legendary 'Shooters Gang'.

In February 1976, Wilson pitched Admiral Bobby Ray Inman, head of Naval Intelligence with his dream of expanding Task Force 157 into a second CIA. He boasted of having covert sources around the globe, and dropped a long list of names including his 'good friend Ted Shackley out at CIA'. Wilson told the Admiral he was aware Naval Intelligence was having budgetary problems, and promised that if the Admiral backed his scheme, he would get all the money he wanted. A legendary straight-shooter, Inman was shocked that one of his subordinates was trying to bribe him. When Inman decided to shut down Task Force 157, Ted Shackley rang Inman to tell him Wilson could not be dismissed because of 'national security'. Inman did

not buy this: if Wilson was so important, he reasoned, the CIA could pick up the tab. Whether they did or not became the central issue at Wilson's trial.

Wilson lost his contract with Naval Intelligence in April 1976. It was around this time that Michael Hand successfully arranged for Nugan Hand to become a bank, which it did in August 1976. The previous year, Hand had worked for Wilson, smuggling guns to U.S. backed rebels in Southern Africa. So the puppet master behind Nugan Hand may have been the freelancing Ed Wilson and not Ted Shackley.

While all the high-ranking U.S. brass on board the Nugan Hand Bank makes it seem likely that Nugan Hand was owned by *some* U.S. intelligence agency, the CIA seems to be too high-profile, too well-known, and too penetrated (by U.S. liberals as well as the KGB) to be the sponsoring agency. As well, the fate of Ed Wilson and Ted Shackley shows that the CIA was cleaning up its act in 1976. The cowboys, men like Shackley and Wilson, were now the hunted. In this atmosphere, it is unlikely that Shackley could have contemplated a scheme so far outside the law as Nugan Hand, whereas Ed Wilson, recently 'liberated' from any bureaucratic oversight, was free to go where no cowboy had ever gone before. Although the Nugan Hand crew were very close to Shackley, this could be explained by Shackley's friendship with Ed Wilson.

Despite the loss of his navy contract, Ed Wilson kept his companies and carried on with his dream of a 'second CIA', though changed into the concept of a 'free-enterprise CIA'. Ed Wilson now became the 'Merchant of Death' offering global assassination, arms-dealing, and anti-terrorist training to anyone who would pay.

One world leader prepared to purchase Ed Wilson's services was Libya's Colonel Gaddafi. Ed Wilson shipped Gaddafi 42,000 pounds of the plastic explosive C-4, said to be the most powerful, non-nuclear explosive made. Wilson hired U.S. experts — former U.S. Army Green Berets — to teach Gaddafi's people how to make bombs shaped like lamps, ashtrays, briefcases and radios from the C-4. The Libyan terrorist bombing of the aircraft at Lockerbie may well be one of the fruits of Wilson's training. Gaddafi paid Wilson millions, and, in return, Wilson helped Gaddafi develop a credible terrorist threat. However, when Wilson arranged the assassination of Libyan opposition leaders in Egypt, the real CIA decided Wilson had gone too far.

The U.S. government charged Wilson with illegal arms sales to Libya. In his defence, Wilson's lawyers argued that Wilson was still working for the CIA, and that the CIA had known and sanctioned the activities for which he was now on trial. The U.S. government denied this, insisting that Wilson had not been re-employed by the CIA after he lost his contract with Naval Intelligence. Although the CIA asserted that Wilson left the Agency in 1971, Agency record showed no less than 80 'non-

social' contacts between Wilson and the CIA between 1971 and 1978, chiefly meetings with Agency personnel, especially Shackley, Clines and Shackley's secretary.

Whatever the truth was about Ed Wilson's relationship with the CIA, Wilson was convicted for illegal arms sales to Libya and sentenced to life imprisonment. Two decades later, he remains in gaol. Given all the dirty secrets he knew, there seems little doubt that in Ed Wilson's case life imprisonment will really mean life.

Frank Nugan and the Murder of Donald Mackay

If Mackay's crusading activities were deemed to be a threat to the continuance of large-scale marihuana growing around Griffith, the key to who was troubled the most must surely lie in who had the most to lose: the marihuana growers, with their grass castles in Griffith, or the real Mr Bigs, with their mansions in Sydney.¹

Bob Bottom, *The Godfather in Australia*

The Australian partner in the Nugan Hand Bank, Frank Nugan, was born in Griffith in 1942, the son of a Spanish migrant who started a fruit packing business there. The playboy heir to a modest food processing fortune, Nugan got a law degree in 1963 from Sydney University and a Master of Law from Berkeley University in 1965. After working in Canada, he returned to Australia in 1968 and met Bernie Houghton and Michael Hand. By the late 1970s, Frank Nugan was calling himself 'one of the wealthiest men in Sydney'. He drove a gold Mercedes and lived in a million dollar mansion in Vaucluse with a harbour view and its own beach. Half owner of the Nugan Hand Bank, at its prestigious 55 Macquarie Street address, he shared offices overlooking Circular Quay with Sir Robert Askin, recently-retired Premier of New South Wales.

Askin and his powerful circle were Frank Nugan's sponsors. Admiral Yates, the President of Nugan Hand Bank, said he accepted the position as Nugan Hand president on the advice of Sir Robert Askin. Admiral Yates said he trusted Askin's opinion about the bank principals, Frank Nugan and Michael Hand, because Askin knew them well and shared an office with them. Yates said: 'I inquired of Sir Robert Askin, who had a private office at 55 Macquarie Street with them, and he gave them very strong credentials'. Yates said Askin had told him Nugan and Hand were 'good solid business people — a little flamboyant, but that was because they were so successful'.

Askin's generous appraisal overlooked some serious flaws.

Frank Nugan drank too much and, from early in the morning, a glass of whisky was always present on his desk. In April 1979, Nugan gave up alcohol for Christianity which he embraced with the sinner's conspicuous intensity.

Nugan touted his skills as a tax consultant and a financial adviser, but his genius lay in deception. Secret accounts were his trademark, and he was gifted at losing

money in elaborate deceptions, scattering cheques to create bewildering paper trails. Stewart, in his report, had a diagram of one \$30,000 diversion of funds from the Nugan Hand Bank to the Nugan Group in Griffith which Frank Nugan sent through eleven transactions between the source (the Nugan Hand Bank) and its destination in the Nugan Group.

The Nugan Group, Frank Nugan's family company, began in 1941 in a primitive shed in Banna Avenue in Griffith, packing fresh fruit and vegetables. By 1977 the Nugan Group was valued at \$11 million; it operated a major 5 acre factory complex in Griffith and ran factories in Casino, Lismore and Brisbane. The Nugan Group was one of Australia's major fruit juice producers, and the largest proprietary fresh fruit and vegetable packers and distributors in the country. It was 51% owned by the Nugan family with another 40% controlled by four institutional shareholders.²

In early 1977, as the newspapers began calling Griffith the 'pot capital of Australia', persistent rumours began circulating that the Nugan Group's packing plant in Griffith was somehow involved. That year, an independent audit turned up secret accounts in the Nugan Group's books in the names of local pot growers with cheques for thousands of dollars made out to members of the Trimboli and Sergi families. Members of the Trimboli and Sergi families were heavily involved in Griffith's marijuana trade, and family members were involved with a one acre plot of pot at Hanwood near Griffith in February 1974, with a thirty-one acre pot plantation at Coleambally in 1975, and with a five acre plot at Euston in March 1977. The secret accounts in their names suggest that some of the pot was being grown for Frank Nugan.³

The gangster tactics that Frank Nugan used to hush up the affair provide further corroboration. The Nugans argued that the cheques did not indicate payment to the Sergis and Trimboles. They said the payee names were just phony 'code names' used for legitimate reasons, though they did not say what the purpose of this internal money laundering might be. Instead, when the auditors and independent directors of the Nugan Group tried to find out more, the Nugans responded by seeking to remove the auditors, and by 'intimidating' the opposition directors.

The intimidation was impressive.

The man Frank Nugan hired as his private investigator was Fred Krahe, an ex-NSW detective whose reputation as an underworld enforcer and hit man earned him the nickname of the 'Killer Cop'. In *The Prince and The Premier*, David Hickie called Krahe the 'King of crooked police during the Askin era, he organised the abortion rackets, armed hold-ups, the framing of criminals and bribery payments among prostitutes and the police, and he maintained a reputation feared in the Sydney underworld'.⁴

Krahe, described by another NSW detective as ‘an evil bloke — a big, brooding bastard with an aura of power and evil about him’, joined the police force in 1940 and rose to the rank of Detective-Sergeant. But in 1971 Shirley Brifman, queen of the Kings Cross call girls, blew the whistle on his rackets, subsequently paying with her life. Krahe retired ‘medically unfit’ from the police in 1972 and became a licensed private investigator, working as a security chief for the developers during the Victoria Street redevelopment/Green Ban battle in Kings Cross. In July 1975, Juanita Nielsen, whose local newspaper *NOW* had led the fight against the multi-million dollar redevelopment, disappeared. Many credit Krahe with the murder of Juanita Nielsen, a murder with many similarities to the murder of Donald Mackay:⁵

- * Both Juanita Nielsen and Donald Mackay were anti-corruption activists at the two biggest centres of corruption in New South Wales; Donald Mackay in Griffith and Juanita Nielsen in Kings Cross.

- * Both discovered a network that led to the heart of the Australian establishment.

- * Both were murdered because they ‘knew too much’ about the central corrupt network; Nielsen in 1975 and Mackay in 1977.

- * In both cases, Fred Krahe was employed by their opponents.

- * Both were extremely professional hits; Juanita Nielsen disappeared without a trace and Mackay’s body was never found.

- * The NSW police were unable to solve either murder.⁶

In July 1977, Frank Nugan possessed both the motive for the murder of Donald Mackay and the likely murder weapon, Fred Krahe. Although he was not the grower for Euston or Coleambally, Frank Nugan was the man who paid the growers. The second Sydney Connection, which he fronted, had access to the U.S. market; they were the only network in Australia which could move such a large quantity of pot.

Together the two crops, Euston and Coleambally, would have produced about 90 tonnes of pot according to NSW police estimation, worth approximately \$90 million in 1977 dollars or about \$1,000 million in 1998 terms. It is very likely that Frank Nugan learned, either through Fred Krahe’s investigations or through the Euston trial, that Donald Mackay was the man responsible for the Coleambally raid, and he may have blamed him for Euston as well.

For Frank Nugan, these were unsettling times; it was Michael Hand’s ‘period of anti-Americanism in Australia’. From April to July 1977, Australia was awash with stories about CIA interference in Australia caused by the allegations of Christopher Boyce. So loud did the chorus for a royal commission become that, on 24 May 1977, Australian Prime Minister Malcolm Fraser rose in parliament to deny the allegations about CIA activities. In a prime ministerial statement, Fraser reassured the

Australian people that there is ‘a long established convention that close allies do not conduct covert activities within each other’s territories’. As Fraser explained: ‘Such activities are not necessary between friends’. In reply, Gough Whitlam alleged that the CIA were secretly paying the conservative parties in 1975, and had done so since 1967.⁷

Also in May 1977, the Narcotics Bureau opened their file on Nugan Hand with the information that Frank Nugan and Michael Hand were ‘bigger than anything you have seen in the heroin game’. It would not take Frank Nugan long to find out about the file; he had a corrupt associate, Brian Alexander, who was the bagman for the Narcotics Bureau.

Amidst this sea of troubles, the auditors of the Nugan Group presented the greatest danger. They had Frank Nugan’s secret marijuana accounts. Fortunately for Frank Nugan, they did not know what the accounts were for. While Woodward’s report (published in 1979) publicly associated the Sergi and Trimboli families with marijuana growing, such a conclusion was not so obvious in 1977. However, Frank Nugan must have been aware that secret accounts in the name of Sergi and Trimboli were not an unbreakable code. If anyone in Griffith had suspicions about marijuana growing, there was one man they would approach. And if anyone could have understood the code, it was Donald Mackay.

In July 1977, two weeks before the murder, the crisis over the secret accounts came to a head when the auditors refused to complete the Nugan Group accounts for the financial year.

For Frank Nugan, the winter of 1977 brought with it the threat of exposure on two fronts — as the Mr Big of the drug trade and as the banker for the CIA. Under pressure, Frank Nugan drank too much, and drunk he was an uncharitable man. Peter Wilcox, an ex-British agent who was unsuccessfully recruited for Nugan Hand, met Frank Nugan at his drunken worst. Nugan insulted Wilcox and his wife, and said of Nugan Hand: ‘We put people away. We do the bastards over, anybody that gets in our way we can take care of’.⁸

Donald Mackay had got in Frank Nugan’s way enough already; and if he knew about Euston and Coleambally, what else might he know?

Did he know about the secret accounts?

Did he know about Frank Nugan?

What did the Man Who Knew Too Much know?

The man who was investigating these matters was Fred Krahe.

For Donald Mackay, an assassin was waiting.

Fred Krahe and the Removal of the Nugan Auditors.

Four days after the Mackay murder, on the following Tuesday, 19 July 1977, four Nugan Group directors — H Graham, DW Webb, BD Edney, and LE Tutt (Jnr) — as well as the company Secretary, EA Nichols, resigned. Despite this successful board room purge, Frank Nugan still had much to do to bury the secret accounts affair. To get rid of the evidence, Frank Nugan had to get rid of the troublesome auditors, Hungerfords, something he achieved at an extraordinary general meeting of the Nugan Group Ltd. in October 1977, despite strong opposition by the minority shareholders.

The meeting, which lasted four hours, packed Sydney's ANZAC House auditorium. The minority shareholders — Mercantile Mutual, New Zealand Insurance, the Milton Corporation and CSR Insurance — opposed Hungerfords' removal. Their tactic was to use their numbers to force an adjournment until the day after the company's next annual general meeting. This could have been achieved with a simple show of hands and would have resulted in Hungerfords' completing the audit of the year's accounts.

But in the previous few days the numbers of shareholders in the Nugan Group Ltd had dramatically increased. Many of the new shareholders had been rounded up around Paddy's Market and other inner-city hotels by Fred Krahe, the Nugans' private investigator. Krahe offered his goons \$10 to attend the meeting plus free food and drinks later on. All they had to do was raise their hands when Krahe raised his.

With this legion of thugs and drunks as support, the Nugans forced approval of the company accounts. Repeatedly, chairmen Ken Nugan refused to answer questions about the company's affairs and ruled speakers out of order. Twice the gag was applied amid screams of 'point of order'⁹

The Australian Shareholders' Association (ASA) issued a press statement after the meeting saying it would seek the Attorney-General's intervention in the light of the manner and conduct of the meeting, and suggested the appointment of a government auditor to The Nugan Group Ltd. The ASA's deputy Chairman, Mr RJ Blackburn, described the use of the gag and other Nugan machinations as 'deplorable'.¹⁰

On November 10, Liberal MLA for Lane Cove, John Dowd, repeated this call in the Legislative Assembly and asked the Attorney-General, Frank Walker, to make inquiries about the activities of the Nugan Group and 'some former members of the NSW police force'. The company's activities were of some interest to the Royal Commission on Drug Trafficking, Dowd said.

Dowd called on Mr Walker to investigate:

- * the 'intimidation' of the former auditors of the Nugan Group, Hungerfords, by persons who called to the homes of the auditor;
- * the orchestration of a public meeting on October 27 when Hungerfords were removed as the auditors of the group;
- * the creation of 194 new shareholders in the group in the 48 hours before the meeting took place;
- * the role of Fred Krahe, ex-NSW detective sergeant, and other former police in the orchestration of the meeting;
- * the activities carried out by Mr Krahe in Griffith on behalf of the Nugan Group; and
- * the inadequate recordings of payments made by the Nugan Group to persons in Griffith particularly those being investigated by the NSW Royal Commission into Drug Trafficking.¹¹

Dowd said that many at the meeting were not 'genuine shareholders' and said that many of them had the same address — 55 Macquarie St, which was also the address of a company called the Nugan Hand Bank. Of Fred Krahe, Dowd said: 'He has, of course, been to Griffith, has been employed by the company to carry out certain investigations and in fact, four directors in July 1977 resigned from that company'.¹²

The placing of Fred Krahe in Griffith in July 1977 had implications that many members of parliament would have noted.

In reply Attorney-General Walker announced that five officers of the Corporate Affairs Commissions already seconded to the drugs royal commission would begin an immediate investigation into the Nugan Group. Ken Nugan, Chairman of the Nugan Group, in a statement which appeared as a full page ad in *The Australian*, denied the allegations made 'behind the cloak of Parliamentary Privilege'. Nugan called Dowd's linking of the Nugans with the drug trade and the murder of Donald Mackay as 'nothing short of despicable'.¹³

To say we have any links with the Griffith drug problem is a lie. In fact, I personally was a very close friend of Don Mackay. I applauded the appointment of the Drug Royal Commission most sincerely, and I fervently hope that those people involved in marijuana growing in Griffith get the stiffest penalties the law can provide . . . It is tragic and scandalous that our Company, with such a fine record, should be called upon to answer these unfounded allegations.

The Narcotics Bureau and Frank Nugan

With assistance from the U.S. embassy, Frank Nugan succeeded in closing down the Narcotics Bureau investigation of Nugan Hand with a display of feigned outrage.

On 2 February 1978, the U.S. embassy's Economic and Commercial Affairs counsellor, Peter Frost, wrote a letter to the head of the Narcotics Bureau, Harvey Bates, on behalf of Robert Jantzen. Jantzen, whom Frost referred to as 'a retired US government official', was another career CIA officer (he had been the Agency's station chief in Thailand) who was seeking a job with Nugan Hand, but had been told that Nugan Hand 'may be under some sort of investigation by your organisation'. Frost said if the investigation was negative or unwarranted, then Jantzen 'would like to be in a position to consider the job offer'. Enclosed with the letter was a photocopy of a memo from Frank Nugan to Jantzen, informing him about the Narcotics Bureau investigation, and complaining that it was commercially "embarrassing".¹⁴

On February 14, Frank Nugan visited Harvey Bates in Canberra to protest personally. In a brazen act of deception, the power-dressed Nugan protested his innocence and complained about the Bureau's investigation of Nugan Hand and the "unfair publicity" it was generating for his firm. He offered to let the Bureau look at his client records, saying he would get rid of any customers they had concerns with. Bates declined this offer because he was afraid Nugan would dupe him, and because it meant letting Nugan know whom the Bureau was investigating.

However, following Nugan's visit, Bates sent off a secret memo which had the effect of stopping the Nugan Hand investigation. Phillip Bailey, the narcotics agent investigating Nugan Hand, said Frank Nugan decided that the best way to take the heat off the investigation was to complain to the top officer, threatening adverse publicity. Bailey said that Nugan had done this previously in 1974 by successfully making waves regarding some clients who were searched at Sydney airport. Bates replied that the fact that Frank Nugan knew about the investigation showed that the handling of the investigation was incompetent and inept. However, all this demonstrated was how corrupt the Bureau was. Frank Nugan's law clerk, Brian Alexander, had a mole at the highest level of the Narcotics Bureau who was feeding him reports of the investigation.

Narcotic agent Bailey claimed that Nugan Hand were 'crying out to be investigated in 1978', but Bureau head, Harvey Bates, disagreed. However Frank Nugan, reporting his visit to the Narcotics Bureau, told Stephen Hill that 'the bureau had a large blackboard with a diagram of all the drug dealers on it, and slap bang in the middle of the diagram was Nugan Hand Ltd'. Someone at the Narcotics Bureau understood how central Nugan Hand was to the drug trade. The decision to close down such an investigation must evoke suspicion.

The Corporate Affairs Investigation

For two years, Frank Nugan also managed to keep the New South Wales Corporate Affairs investigation into the Nugan Group Ltd at bay; but he could never stop this investigation which, like a cancer, slowly ate away at him and Nugan Hand. The legal costs alone amounted to over \$1 million, and Frank Nugan took the money from Nugan Hand. It would prove a source of friction with Michael Hand, who was also concerned when Nugan took another \$1 million for his Sydney mansion (\$600,000 for the house and \$300,000 to build a beach) and another \$1 million to buy the Orange Spot companies.

Despite a determined political campaign from the Nugans to stop the Corporate Affairs investigation, conspiracy charges over the secret accounts were laid against Frank Nugan, Ken Nugan, several Nugan Group employees, and ex-detectives Fred Krahe and Keith Kelly. After a committal hearing before Clarrie Briese, SM, the charges against Krahe and Kelly were dismissed and they were awarded costs. The other defendants were committed for trial, a fate Frank Nugan avoided by suicide.

In October 1979, with the prospect of trial looming over him, Frank Nugan supervised a purge of the Nugan Hand accounts, tossing out much of the illegitimate business flow. Giving up drugs and gambling would cost money, but Frank Nugan was preparing to appear as straight as possible. Instructing the Nugan Hand legal section to steer the bank away from illegal transactions, he told his lawyers:

We will have to go through quite a lot of files and find all the secret bank accounts that are secret for reasons unacceptable to us ... I know of many of these that you people don't know of, so there's more to get rid of than you think, simply because I have been the main guilty party for some reason in years gone by.¹⁵

He sounded contrite, almost confessional. Conceding that the problems in the firm stemmed from the top, he said:

We've got people who at present get away with murder and never give a damn because at one time or another you were either inside a bottle of Scotch or in a church or whatever in this period. We are reborn, those sons of bitches who are passing under our name, prior to today, including me. We are different people.¹⁶

Nugan, who had given up alcohol for Christianity earlier that year, lurched from guilt about the past to hope of an evangelical rebirth. But the guilt was undeniable, guilt about a party who got away with murder and didn't give a damn because his head was inside a bottle of Scotch, someone not too dissimilar from Frank Nugan.

Death of a Banker

About 4am on Sunday 27 January 1980, police patrolling a section of roadway 10 kilometres south of Lithgow NSW checked out a Mercedes vehicle which was parked on a disused section of the highway with its parking lights on. Inside they

found a casually dressed, middle-aged man, slumped towards the centre of the Mercedes, dead.

A huge wound in the face made identification difficult. The dead man still clutched a .30 calibre rifle in his hands, suggesting that he shot himself. The moat of undisturbed gore that surrounded the body appeared to confirm this; there seemed no way that someone else could have got into the car, killed him, and left no trace. However no fingerprints were ever found on the rifle.¹⁷

Inside the dead man's briefcase the police found a list containing scores of typed names of prominent Australian political, sports, business and entertainment personalities. Next to their names were hand-written dollar amounts, mostly five and six figure sums. The dead man's brother was contacted and he identified the corpse as Frank Nugan, a Sydney lawyer and banker. Assuming the death was suicide the NSW police omitted to preserve the scene for scientific investigation.

Very shortly, doubts would grow over both the identification of the man in the Mercedes and whether his death was suicide or murder. For the dead man, Frank Nugan, was already the subject of a major investigation by the NSW Corporate Affairs Commission. He was a director of the Nugan Hand Bank, a shadowy group with high-level links to the US military and the CIA. Symbolising these links, a business card of William Colby, a recently retired director of the CIA, was found in the dead man's wallet.

Frank Nugan's business partner, Michael Hand, was in London with the Chairman of the Board of the Nugan Hand Bank, Admiral Earl Yates, talking to officials of the Foreign Office about a scheme to resettle Hmong refugees in the Caribbean, when Ken Nugan rang to inform them of Frank Nugan's death. According to Ken Nugan, Hand responded to the news of the death of his partner with the words 'The little fucker! He has gone and got out of this mess and left me to clean it up.'

Which is precisely what Michael Hand did. He made his excuses to the Foreign Office and flew back to Australia with Admiral Yates on the evening of 27 January 1980. When Admiral Yates and Hand arrived at Sydney airport they were met by Bernie Houghton, the head of the bank's Saudi Arabia operation, Michael Moloney, Houghton's solicitor, and a Nugan Hand principal, Jerry Gilder. En route to the Nugan Hand offices at 55 Macquarie Street, Hand learned that Frank Nugan had stolen \$3 million from Nugan Hand Ltd. The office itself was bedlam. The phones kept ringing with depositors wanting their money back. It was a time of chaos and shell-shock, when grown men like George Shaw were crying.

When Jerry Gilder suggested that company operations be suspended, Hand erupted with a twenty minute tirade on the dangers of such a move. Hand said he had received several death threats and that he expected to be killed 'in the next twenty

four hours'. He warned Gilder 'Your picture is well-known in South East Asia. You should fear for your life too'. Hand threatened the others, if they did not 'co-operate' with him they would finish up in 'lead boots or concrete shoes' and their wives would be 'delivered to you in pieces'.¹⁸

On the Thursday following Nugan's death, Gilder, Michael Hand, Admiral Yates and Michael Moloney went through Nugan's office. Some records were destroyed while others were packed into cartons to be removed to safer locations. The files that were destroyed could have identified clients of Nugan Hand's overseas operations i.e. the entire drug smuggling network.

The records Hand was most interested in were in the book where Nugan had recorded 'off ledger' transactions, used for the purpose of keeping black money records anonymous to the authorities. Frank Nugan's off-ledger would have revealed the most intimate business secrets of the CIA, their anti-Communist network and the drug trade in Australia. Two green tin trunks were removed from Frank Nugan's house.

During the following months, Michael Hand continued to 'clean up the mess' left by the death of his partner. In the process he destroyed records and files; he lied to creditors and the staff; he gave false evidence to the coronial inquiry into Frank Nugan's death; and he lied to the investigating officers of the New South Wales Corporate Affairs Commission. It was a bravura performance and, at the end of it, Michael Hand, man of mystery, topped it all by completely and utterly disappearing.

With the assistance of a friend of Bernie Houghton's called Bob Gehring, Hand obtained the birth certificate of one of Gehring's employees, Alan Winter. In May 1980, an ex-military associate who used the code-name 'Charlie' (subsequently revealed to be James Oswald Spencer, a former member of the US Special Forces and ex-CIA operative who had served with Hand in Vietnam) came to Australia to assist Hand to escape.

'Charlie' arranged for a passport photo of Hand to be taken showing him with glasses, a false, goatee beard, and a moustache. Hand completed the passport application in the name of Alan Winter, then caught the train to Brisbane, where he departed Australia on 14 June 1980. Michael Hand had his new face and a new passport. Though they declared him to be 'one of the most wanted men on the planet', somehow the US and Australian authorities never found him. Michael Hand simply vanished.

The Secret Accounts

Like the size of the plantation at Coleambally, the secret accounts at the Nugan Group were an important clue that escaped the scrutiny of those investigating the Mackay murder. The accounts were never given to the Woodward royal commission, nor to the Joint Task Force; instead they wound up with the Corporate Affairs Commission, who used them to prosecute the Nugan brothers for fraud. Although the Nugan brothers never came up with a convincing explanation for the accounts, the accounts were probably not fraudulent. Instead, they were legitimate payments to growers of an illegitimate crop.

The secret accounts operated through ledger cards held in an inside office at the Nugan Group packing shed. They were in three name: Rose, Sergi, and Trimboli, and were for hundreds of thousands of dollars. The accounts ran from May 1973 until their discovery in 1977, and they co-incided with Griffith's marijuana growing years when members of the Trimboli and Sergi families were involved in the growing of large marijuana plantations around Griffith. The Nugans argued that the secret accounts were a way of paying cash to growers of legal crops, but such secret accounts would also be useful to pay growers for illegal crops.

At his trial, Coombs, the Crown Prosecutor, accused Ken Nugan of devising a system of bogus cash payments to growers. This system, Coombs said, became the vehicle for a systematic way to misapply in various ways large sums of the public company's money. Although Ken Nugan had promised to fight these 'scurrilous accusations' all the way, he pleaded guilty in 1982 to three charges of misappropriating \$11,700 from the Nugan Group. He was sentenced to six months jail, and released three months later.

I believe the secret accounts were a lot more than the petty fraud that Ken Nugan pleaded guilty to. After the size of Coleambally, they were the second most important clue to the murder of Donald Mackay, who was murdered just after the accounts were discovered. The secret accounts were evidence that Frank Nugan was buying marijuana from the growers in Griffith, misusing the considerable resources of his family company to wholesale an illicit vegetable. They were the smoking gun that tied Frank Nugan to Coleambally.

After the death of his brother and the unravelling of the Nugan Hand Bank, Ken Nugan tried to distance the Nugan Group from the smell of Nugan Hand. In a letter

to Nugan Group shareholders, written shortly after the well-publicised inquest into his brother's death, Ken Nugan lamented the way the media had 'confused the Nugan Group Ltd. with the Nugan Hand Ltd. of which Mr Frank Nugan was chairman.' Ken Nugan declared that neither he, nor the Nugan Group, nor any of its subsidiaries held an interest in Nugan Hand. 'Likewise Nugan Hand Ltd. had never been a shareholder in the Nugan Group.' But he had to admit that his brother had lent the Nugan Group large amounts of money 'to assist with the company's growth as a supplement to its bank overdraft facility.' Ken Nugan insisted these 'loans' were strictly 'commercial'.¹

In his report, Justice Stewart described the extent of these 'commercial' loans and the convoluted way Frank Nugan sent the loan money round and round and round in the Nugan Hand laundry.

By 31 January 1979 the traceable net movement of funds from the Nugan Hand Ltd. to the Nugan Fruit Group was \$307,000. The funds were moved through various companies in the Nugan Hand Group before reaching the ultimate recipient so as to distance Mr Nugan from the misapplication of Nugan Hand funds. In removing these funds from the Nugan Hand Ltd. Mr Nugan often employed a convoluted method of transferring funds.²

If these 'loans' were commercial as Ken Nugan claimed, why would Frank Nugan try to disguise the source of the funds through such intricate financial movements?

From the size of Coleambally, we deduced that it was destined for the U.S. market. We can now show that there was a secret pipeline for funds to flow from the U.S. Mafia to the growers of Griffith via Harry Wainwright's account at Nugan Hand, through Frank Nugan's unorthodox 'loans' to the Nugan Group, and finally via the secret accounts to the Griffith growers. And we know that there was movement of money along this hidden pipeline, apparently from the U.S. Mafia, at the time of Coleambally.

As well as the alleged loan money, Nugan Hand funded the Nugan brother's legal defence in relation to the Nugan Group conspiracy charges, which cost over \$1 million, and Nugan Hand paid for Fred Krahe's investigations. Again, why would Frank Nugan do this if the Nugan Group and Nugan Hand were as separate as Ken Nugan maintained?

To further distance the Nugan Group from his brother, Ken Nugan emphasised that Frank Nugan was a director of the Nugan Group for only a short time. The Nugan Group Ltd was incorporated on 20 February 1973 with Ken Nugan and KR Reed as directors. Four new directors were appointed on 12 July 1973, including Frank Nugan. Frank Nugan resigned as a director on 19 April 1974. But Frank Nugan's interest in the Nugan Group went beyond being a director. He was a major

shareholder, a son of the founder, brother of the managing director, and unofficial 'bank' to the group. Again, there was a notable coincidence between the period when organised marijuana growing began in Griffith and the time when Frank Nugan was a director of the Nugan Group.

Just as the secret accounts played a key role in the murder of Donald Mackay, the secret accounts were part of the reason behind the suicide of Frank Nugan who was facing trial over the accounts, and was threatened with disgrace and dishonour. There were other reasons. The auditors of the Nugan Hand Bank had uncovered some of Frank Nugan's deceits and were refusing to accept the books. One of the hazards of running a black bank is that you rip off your clients at your peril. As Mike Hand observed, Nugan Hand clients were the kind of people liable to cut up your wife and send you the pieces. For Frank Nugan, the bravado with the rifle near Lithgow proved preferable.

So what became of the secret accounts?

Since they were important evidence against Ken Nugan, I attempted to trace them via the records of Ken Nugan's trial. However, after a long chase through the bureaucracy, the NSW Supreme Court informed me that the files on the trial of Ken Nugan couldn't be found.

The Man Who Knew Too Much

Griffith locals believed that Donald Mackay was killed either because he 'knew too much', or as an act of revenge because he had been disclosed as the informant during the Coleambally trial. Justice Woodward rejected the 'knew too much' theory for the following reasons:

Adherents of the 'knew too much' theory suffered something of a reverse when homicide investigators were unable to discover, either amongst Mackay's family or his closest associates, the faintest clue to suggest the sort of information that would drive the subject of it to kill to prevent exposure. Mr Mackay had made no secret of the names of the people he believed were engaged in marijuana cultivation, in fact their identity was common knowledge. The proposition that he might have become aware of, and was about to reveal to the authorities, the location of another large cannabis crop, was hardly feasible in mid-winter.³

So Woodward concluded that revenge was the motive for the murder. In Woodward's view, the Griffith 'Mafia' believed they could murder Donald Mackay and carry on life as usual, free from further law enforcement problems. Of course, this is not what happened. The Mackay murder galvanised the community and the Griffith operation was closed down, and the 'heat' of Woodward's Royal Commission was applied to the Trimbole, Barbaro and Sergi families, who were

subjected to an inquisitorial examination of their finances, friendships, relations and antecedents.

The secret accounts at the Nugan Group allow us to revive the ‘knew too much’ theory. The suggestion is that shortly after the secret accounts at the Nugan Group became a public scandal, when the auditors refused to complete the company’s books (i.e. in the first weeks of July 1977) someone who suspected that marijuana growing might be the explanation behind the secret accounts went to Donald Mackay with this information, but Fred Krahe or Frank Nugan learned of this. As we have seen, Frank Nugan had many reasons to kill to prevent exposure, and in Fred Krahe he had the perfect assassin. Up until this point, Donald Mackay knew only the growers in their grass castles. Now he had a clue that led to the man with the mansion in Vaucluse. As many suspected, Mackay was murdered to protect the financiers and distributors, those higher up the chain of this enormous drug smuggling network. In a twist worthy of a thriller, the boys from Homicide couldn’t find the killer because he was the ex-head of Homicide.

The Stewart Royal Commission into Nugan Hand

In the years following the death of Frank Nugan, the pressure for a royal commission of inquiry into Nugan Hand built. There was considerable media interest in the story: It was the heyday of investigative journalism, and Nugan Hand was a political mystery whose trail led into a murky underworld of drugs and criminals and US spies. On both sides of the Pacific, an impressive team of journalists was on the trail: Marian Wilkinson, Brian Toohey and Wendy Bacon amongst the Australians, and Jonathon Kwitny from the US. Their burrowings unearthed many links between Nugan Hand, the CIA and a campaign of clandestine destabilisation of the Whitlam government in 1975. Their articles, along with the revelations of investigators from the NSW Corporate Affairs Commission and the Commonwealth-New South Wales Joint Task Force, played a key role in the formation of the Stewart royal commission.

In November 1982, the Joint Task Force report concluded that two of the principals of Nugan Hand — Michael Hand and Bernie Houghton — were associated with US intelligence, and that Nugan Hand ‘was well established in drug activity’, and had ‘dabbled in the sales of military arms’. It noted that when Nugan Hand ‘exploded’ on the international scene in 1977, ‘retired U.S. armed service personnel and former U.S. government advisers dominated the positions created by expansion’.¹

The NSW Corporate Affairs Commission Report on Nugan Hand was just as sensational. A chapter of this report was repressed when the report was tabled. The suppressed chapter consisted of interviews with Narcotics Bureau members about the Bureau’s investigation of Nugan Hand and why that investigation was closed down in March 1978. On oath, several former officers of the Narcotics Bureau made allegations of political interference in the Bureau’s Nugan Hand investigation by the Leader of the Country Party, Doug Anthony. The Nugan Hand issue exploded in the Australian Parliament on 18 March 1982 when ALP leader Bill Hayden repeated these allegations that Anthony had intervened on behalf of the Nugans, an allegation the Deputy Prime Minister denied. A royal commission was now inevitable.²

Justice Donald Stewart — ‘crime fighter extraordinaire’ as the *Sydney Morning Herald* billed him in 1998 — was the man selected by the conservative Fraser government to chair the royal commission into the can of worms that was Nugan Hand. A former policeman turned barrister, Stewart became a judge in 1979, and spent four years in the early eighties chairing royal commissions into the *Age* tapes, into the Mr Asia syndicate and the activities of the Nugan Hand Group. He left the Supreme Court in 1986 to become the first head of the National Crimes Authority (NCA); an appointment criticised by Australia’s foremost investigative journalist, Brian Toohey, who described Stewart as ‘gullible’.

Many investigators regard Stewart’s report on the affairs of Nugan Hand as a whitewash, not so much of Nugan and Hand (who Stewart conveniently blamed for everything), but of the US government. According to Stewart, it is ‘the good soldier’ Hand who was the presiding genius of Nugan Hand, who — Stewart asks us to believe — issued the orders to General Black, General Manor, General Cocke, Admiral Yates, ex-CIA director William Colby and his old boss, Ted Shackley. Not surprisingly, Wilkinson, Toohey, Kwitny, Bacon and McCoy felt that Stewart inverted Nugan Hand’s real chain of command.

Marian Wilkinson commented that she felt Stewart set out to provide an analysis of Nugan Hand that he was comfortable with, and ignored or dismissed evidence or material that did not fit that analysis. Wilkinson wrote:

Stewart’s analysis - as far as it goes - is quite valid. In short, he finds that the Nugan Hand group was a classic fraud run by two corporate crooks who inflated their accounts, rewrote their books, used paper money transfers to disguise their deficiencies and simple ‘Ponzi’ financial schemes to rob clients in order to bankroll their activities and pay off other clients. But this had all been disclosed two years ago by the NSW Corporate Affairs Commission. What is extraordinary about Stewart’s report is that after two years of investigations and hearings, he has produced not one new significant insight or piece of evidence about Nugan Hand.³

In *The Crimes of Patriots*, US author Jonathon Kwitny described Stewart’s failure to solve the Nugan Hand mystery as ‘predictable’, given that Stewart rejected the help of investigators like Geoffrey Nicholson of the Corporate Affairs Commission and Clive Small of the Joint Task Force ‘who had carried the ball halfway downfield and knew the yardage still to be covered. Stewart preferred his own neophyte staff’ wrote Kwitny:

Even so, the thoroughness of the failure was astonishing. There was an almost total lack of investigative effort to resolve major issues raised by previous investigations ... Stewart’s report was full of elementary errors. Mike Hand was credited with a degree from Syracuse University he never got. Ed Wilson, the merchant of death, was identified as an U.S. Congressman. General Black, who had been dead two years, was described as “currently engaged as a consultant.” ... More important was the whitewashing of various

CIA connections. Long-identified CIA operatives like Ricardo Chavez were referred to without identification, as if they were ordinary businessmen. Dale Holmgren was said to have “managed all in-flight services for a group named Civil Air Transport,” without any indication that Civil Air Transport was a wholly owned proprietary company of the CIA. William Colby was said to have gone to Vietnam for the State Department with the rank of ambassador; no doubt that was an effective cover for his real work in the 1960s, but to maintain that cover story in print in light of what is now known is absurd.⁴

Like Kwitny, Marian Wilkinson and Brian Toohey pointed out the lengths Stewart’s report went to undermine or ignore the evidence already collected by previous investigators. Stewart concluded that the allegations about drug trafficking were not correct ‘except to the extent that drug funds were being deposited with the . . . group’. Stewart’s argument that Nugan Hand were not guilty of drug trafficking, but only facilitated drug trafficking, was technically correct in the sense that it was the Nugan Hand Bank’s clients (Murray Riley, the Mr Asia gang, the drug clients of Andrew Lowe and George Shaw, etc.) who were the drug traffickers, while the Nugan Hand Bank were simply the financiers of the drug trade. But this was a purely semantic quibble, and even to achieve this Stewart had to rule out the evidence of Andrew Lowe and Neil Evans — the best witnesses on Nugan Hand’s drug involvement — because he considered them ‘unreliable’. Indeed, the basis of Stewart’s whitewash was the old judicial trick of discrediting the inconvenient witnesses.

Andrew Wellington Lowe, the witness referred to as ‘Mr B’ by Stewart, was undoubtedly the most inconvenient witness of all. Born in Sydney of Chinese parents in 1943, Lowe became extensively involved in the gambling casinos of Sydney and the heroin business. Introduced to Nugan and Hand via George Shaw, he was employed by Nugan Hand around the middle of 1974 to recruit Chinese restaurateurs and businessmen for the bank. Like many dealers, Lowe was also an informer for Dennis Kelly, a member of the Sydney Narcotics Bureau.

On 3 May 1977, Kelly opened a Nugan Hand file at the Sydney office of the Bureau with the information supplied by Lowe that there were two American merchant bankers named Mr FJ Nugan and Michael Hand who were ‘bigger than anything you have seen in the heroin game and are said to be part of an American Security Organisation.... If you caught these blokes, all hell would break loose.’ Lowe said that Hand was an ex-Green Beret and that he was acting on behalf of the CIA. After the Narcotics Bureau investigation into Nugan Hand was closed down in March 1978, Lowe supplied Kelly with the information that the investigation was killed because ‘there was a bribe of \$150,000 and that Wal Fife [the Country Party minister with responsibility for the Bureau], Doug Anthony [leader of the Country Party and Deputy Prime Minister] and Sullivan [Country Party member for the

Riverina] were involved'. It was this allegation of Lowe's that led many disgruntled Narcotics Bureau officers to believe Doug Anthony had helped kill the Narcotics Bureau investigation.

Pressed by Stewart, Lowe admitted that the Anthony information was purely hearsay. But, like a lot of Lowe's gossip, the source was impeccable — Lowe said the story came from Brian Alexander, law clerk and legal representative for the Mr Asia gang and Ken Nugan. Brian Alexander himself was not available to corroborate Lowe's story. Another 'man who knew too much', Alexander disappeared mysteriously in 1981, another victim of 'the time of murder'.

The evidence of John William Sullivan (Country Party member for Riverina 1974-1977) largely corroborated Lowe's story. Sullivan remembered being approached by Ken Nugan and he remembered Nugan asking him to 'see if you can get Doug Anthony to help get the Corporate Affairs Commission off my back'. Sullivan raised the matter with Doug Anthony who said he would try and do what he could. On another occasion (November 1977) Sullivan got a message to visit Ken Nugan at his office in Griffith. Nugan asked him if he needed money for his campaign funds and produced a large chequebook and asked Sullivan to name a figure. Sullivan (who said he made a point of not accepting money under any circumstances) told Nugan to contact the campaign finance committee chairman. Since this was all that Ken Nugan wanted to see him about, Sullivan was suspicious. Returning home, he told his wife, 'I think I may have been offered a bribe'.⁵

Deputy Prime Minister Doug Anthony's evidence was littered with phrases like 'I do not remember' and 'I do not recollect', but he confirmed the substance of Sullivan's story. He had written a letter to the New Zealand government for Ken Nugan about the role of the New Zealand Insurance in the Nugan Group company dispute. Although asked to produce a copy of this letter, Anthony lamely replied. 'I have not got it. I have looked for it, but all my records that far back have gone.' With characteristic deference to the powerful, Stewart failed to press the Deputy Prime Minister on this or other matters.⁶

In effect, Stewart's investigation of Lowe's claims about Doug Anthony and the alleged bribe was further confirmation of the reliability of Lowe's 'gossip'. The substance of Lowe's allegation were:

- (i) It was intended that an investigation by a law enforcement body into the Nugan Hand group be stopped. Admittedly Lowe confused the Nugan Hand Bank with the Nugan Group, but this is an easy mistake to make and, given the way money surreptitiously flowed between the two groups, may not really be a mistake at all.
- (ii) There was to be an approach to the politicians named by Lowe.
- (iii) There was to be a payment of money in return for this influence.

(iv) Mr Ken Nugan was involved as ‘he had the necessary connections’.

It must be to Lowe’s credit that all seemed to be true, though without Brian Alexander any case against Doug Anthony was simply hearsay. Yet Stewart’s view of Lowe’s evidence was that it was ‘improbable’ and unbelievable.⁷

However, no such fate befell Admiral Yates or William Colby and one has to ask how Stewart could regard Admiral Yates as a witness with any credit at all. As Marian Wilkinson wrote:

This was the same Admiral Yates who for over three years was associated with an organisation that Stewart’s report had found utterly fraudulent from its conception. This is the same Yates who, according to court evidence, was present when the Nugan Hand documents were destroyed or removed from the group’s office after Frank Nugan’s death in January 1980. This is the same Admiral Yates who ... Stewart admits signed false accounting records for the bank in the Cayman Islands.⁸

Stewart’s conclusion that there was no evidence of links with the CIA was headlined in Murdoch’s *Australian* as ‘CIA Link Disproved’. As Brian Toohey commented in the *National Times*: ‘Far from being disproved, the extent of the links was not even investigated by Justice Stewart in any normal sense of the world.’

Toohey commented:

Although it cost \$3.5 million and took more than 1,200 pages to make its final two-volume report, the Stewart royal commission has provided remarkably little new material about the collapsed banking group.⁹

Stewart’s main investigation was to travel to the US to interview seven Americans including Admiral Yates, William Colby and General Black. To a man, all of them denied CIA involvement in Nugan Hand, claiming it would be foolish for the CIA to get involved with such a shonky group as Nugan Hand. In his report, Stewart repeated these arguments. Ironically, all of these men had worked for Nugan Hand. It never occurred to Stewart to ask them why, if Nugan Hand was such a transparent fraud, they became so intimately involved with the group.

Stewart asked rhetorically: ‘For what conceivable reason would a powerful agency of the United States government use or allow itself to be used by the Nugan Hand group or its principals?’, as if this question automatically answered itself in the negative. As Brian Toohey pointed out all this reveals is Stewart’s ignorance of the CIA, which has been caught up in all sorts of bizarre schemes, ranging from trying to develop a powder to make Fidel Castro’s beard fall off, to getting psychics to read the minds of politburo members.

Likewise, the CIA has made extensive use of front companies with far from savoury reputations. It is precisely the fly-by-night type of organisation, ideal for official denial, which is often used by the CIA to shift money or to provide cover for its agents. Stewart’s argument about powerful agencies of the US government

automatically shying away from Nugan Hand does not sit easily with the fact that many former senior members of these organisations (as he well knew) worked for the bank.

Brian Toohey called Stewart gullible and said his lack of investigative skills assumed a particular importance since Stewart would be the first head of the NCA.

Sadly for the future quality of NCA (National Crimes Authority) work it seems that the police and the NSW Corporate Affairs Commission were able to carry out far more impressive investigations drawing on much slimmer resources than the NCA chairman.¹⁰

As Toohey concluded: 'It does not give grounds for public confidence in Stewart's investigative skills as head of the NCA.'¹¹

Framing Jimmy Bazley

From the beginning of their investigations, NSW detectives had been determined to get the ‘Italian’ marijuana growers of Griffith for the murder of Donald Mackay. As novelist and *Bulletin* journalist Robert Drewe recorded in 1977:

Before the special police investigation assisting the current New South Wales Royal Commission into drug trafficking left for the town of Griffith they were given a top-level briefing on the subject of marijuana and Italians. The following instructions were given: “Remember you are fighting for democracy” and, “Do to them what we did in the desert!” Those remarks may say a lot about the prejudice of certain Australian authorities¹

This prejudice against the Italian community demonstrated by the Woodward Royal Commission and its investigators was also commented on by Alfred McCoy, who contrasted it with the lenient treatment given to Murray Riley.

Even the smallest of Griffith’s Calabrian marijuana growers were subjected to an almost inquisitorial examination of their finances, friendships, relations and antecedents. But Murray S. Riley, a former N.S.W. police sergeant and native-born Australian, was courteously exempted from public examination or the publication of embarrassing background details, even though he is currently serving a ten-year prison sentence for his role as the principal in the illegal importation of \$46 million of Thai cannabis in 1978.

During his royal commission, Justice Moffitt had commented that the NSW police treated Murray Riley ‘with undue favour’. This special treatment was continued by the police attached to the Woodward royal commission. Riley’s associate Bela Csidei got even more favourable treatment: the report on him was suppressed. By downplaying Riley and Csidei, Woodward was able to ignore the US connection, another aspect McCoy noted:

The Commissioner’s unexplained dismissal of any American organised crime involvement in Australia’s drug trade does little to explain the police surveillance of Riley’s alleged San Francisco meetings with known American crime personalities in the month prior to his arrest.²

By this selective treatment, the NSW police nudged the Woodward royal commission to its farcical conclusion that a secret Italian society controlled the drug

trade in Australia, despite the apparently superior claims for ‘market leader’ that could be made for Murray Riley and friends. Woodward also concluded that the same group were ‘probably’ responsible for the murder of Mackay. Once this accusation was made, it proved self-fulfilling. Because the likely candidates — Riley, Nugan and company — were protected, the scene was set for a classic miscarriage of justice. A ‘police crop’, a bungled ‘sting’, a possible ‘plant’ and the ‘snitch’ provisions recommended by Williams were the improbable ingredients which would produce ‘the Supergrass’.

The police crop was a huge marijuana plantation at Bungendore, sanctioned by officers of the NSW and Federal police as an elaborate sting to set up the Italians. However, as a result of police bungling or corruption, thousands of marijuana plants from this police crop found their way to the street.

It was with the aim of purchasing two hundred pounds of this pot that Tony Barbaro drove to Canberra in a hired van on 31 March 1982. Gianfranco Tizzoni drove along as escort in his gold coloured Mercedes. As the car suggests, Tizzoni was a wealthy man who got his start in the drug trade via his mate Robert Trimbole; he was Trimbole’s Melbourne distributor. Bob Trimbole was a major player in Griffith’s marijuana trade and, like many crime figures, he used a number of aliases; during the early 1970s, he was chiefly known as Bruno Trimboli. The various spelling of his surname created confusion; and this confusion was exactly what Bob/Bruno Trimbole/Trimboli intended.

Unknown to Tizzoni and Barbaro, the pot they were buying was another sting. As they drove back to Melbourne, they were followed and both cars were stopped. The Victorian police version is that they searched Tizzoni’s Mercedes at 8 pm and found twenty pounds of pot in the boot. Tizzoni said they planted the pot on him.

Whatever the truth, Tizzoni was trapped, facing a very serious drug trafficking charge. He tried to bribe his way out and, when this didn’t work, he offered to inform. This is what the Victorian police wanted and they suspended Tizzoni’s court appearances, but continued to use the threat of prosecution to maintain his ‘co-operation’. Tizzoni’s initial information resulted in snaring Det Sgt William Harris as a co-conspirator in a hash importation scheme worth \$8.5 million. Tizzoni then nominated James Frederick Bazley, a small-time Victorian criminal, as an accomplice in a robbery performed by Tizzoni’s gang. The police, however, wanted more and Tizzoni found himself caught in the police game of snitch, playing the dangerous and hated role of the ‘dog’, the informer, the ‘grass’.

Jimmy Bazley was a painter and docker, a small-time crim who was dubbed ‘the Maxwell Smart of bank robbers’ after one particularly unsuccessful bank robbery where he was caught by a one-legged man. After his arrest, Bazley escaped from

police custody. He was a man ‘on the lam’, a fugitive from justice, hiding his true identity and, consequently, very easy to frame. Bazley became the ‘fall guy’ for Tizzoni who nominated him for three of the most infamous murders of the seventies.

Firstly, Tizzoni nominated Bazley as the murderer of Douglas and Isabel Wilson, two drug couriers for Terry Clark, who had informed on the Mr Asia network to the Narcotics Bureau and the Queensland police and who were murdered as a result. Later, Tizzoni nominated Jimmy Bazley as the murderer of Donald Mackay. It was this information that earned Tizzoni the epithet of ‘the Supergrass’.

On June the first 1984, Tizzoni gave the Victorian police his first version of the murder of Donald Mackay. In this version, Tizzoni said that he attended a meeting at Tony Sergi’s house in Griffith in May 1977 to discuss the ‘Mackay problem’. Besides Tizzoni, the meeting consisted of Bob Trimbole, Tony Sergi and Tony Barbaro. While the others proposed killing Mackay Calabrian-style with a shotgun, Tizzoni said that he was concerned with the consequence and argued for other solutions, such as buying Mackay off, or compromising him with a woman. Execution, he argued, should only be used as a last resort. But the meeting decided on execution and Bob Trimbole approached Tizzoni to find a Melbourne hit man to do the job. The hit man was Tizzoni’s favourite target, James Frederick Bazley, who Tizzoni had already nominated for the murders of Douglas and Isabel Wilson. The Victorian police were obviously delighted with this story — they had solved Australia’s most famous murder and they had three of Woodward’s principals, Tony Sergi, Tony Barbaro and Bob Trimbole, in the frame!

However, within 24 hours, Tizzoni changed his story substantially. According to the second version, Bob Trimbole approached Tizzoni to get the hit man in Melbourne. Tizzoni said the meeting involving Bob Trimbole, Tony Sergi and Tony Barbaro, which he had described in such dramatic detail, never occurred. At Bazley’s trial, Tizzoni agreed that his first story was ‘a pack of lies’.³

Tizzoni’s second version was far less pleasing to the police. The Woodward royal commission had put Tony Sergi and Tony Barbaro in the frame, and Carl Mengler, who led the Stewart commission inquiry, put enormous pressure on Tizzoni to change his mind and support his first version. Tizzoni believed he had cut a deal with the police to give him immunity from prosecution by informing. Nonetheless, Mengler — who has never hidden his belief in the truthfulness of Tizzoni’s first statement — refused all deals and went ahead and prosecuted Tizzoni for conspiracy to murder Donald Mackay. Tizzoni was so outraged by what he regarded as a blatant act of betrayal that he plotted to kill Mengler. Despite Mengler’s pressure, Tizzoni steadfastly refused to change his story back.

There must be considerable skepticism about Tizzoni's story, simply because he told two. In my eyes, this makes Tizzoni — the Supergrass — a transparent fabricator. He was a man with every reason to lie. He was trying to get off very serious drug charges, and the Victorian police led him to believe he could achieve this by becoming an informer. He was trying desperately to give them what they wanted to gain immunity from prosecution without endangering himself too much. Mengler simply asked for far too much. Bazley was in prison, Trimbole had fled overseas, but the Sergis and the Barbaros were still numerous, powerful, and free. That is why the second version was the lie Tizzoni stuck by: it left only Trimbole and Bazley — people who could not harm him — in the frame. Tizzoni expected immunity for himself. That he didn't get it was entirely due to what Tizzoni saw as Mengler's betrayal. Mengler put enormous pressure on Tizzoni to change his story back. He had Tizzoni trapped so badly that Tizzoni plotted to kill him as a way out.

In his own eyes, Mengler was an honest cop simply trying to get the guilty Tony Sergi and Tony Barbaro in the frame: but there has to be doubts about his methods, because you could just as easily see Mengler as trying his hardest to frame Tony Sergi and Tony Barbaro, as well as James Bazley. If the witnesses are under such pressure from the police, how can their stories be trusted?

Inspector Mengler, who passionately believed in Tizzoni version one, nonetheless used Tizzoni version two to successfully prosecute James Bazley, George Joseph and Gianfranco Tizzoni for conspiracy to murder Donald Mackay.

James Frederick Bazley, the Maxwell Smart of bank robbers, denied he was the hit man, but he was a petty crim who looked good in the frame. Bazley was charged with the murder of Douglas and Isabel Wilson and with conspiracy to murder of Donald Mackay. (He could not be tried for the murder of Mackay which occurred outside Victoria.) Bazley was also charged with his role in a robbery at Greensborough that he did with Tizzoni's gang, which he attempted to deny along with the murder charges. While Bazley pleaded not guilty, Tizzoni and his gang all pleaded guilty, receiving indemnities and generous treatment for confessing to their part in 'the conspiracy to murder'.

Although he later confessed to his role in the Greensborough robbery, James Bazley always maintained that he didn't kill Mackay or the Wilsons. As a professional criminal, Bazley (who boasted that he made \$130,000 from the Greensborough robbery) was affronted by the meagre amount (\$10,000) he was supposed to have earned for each of the three 'hits': 'If it wasn't so serious, it would be laughable. Talk about a bargain-basement job!'

Bazley was also scornful of the evidence that he used the same gun, a .22 calibre, French-made Unique pistol, on three different criminal occasions: in the Greensborough robbery as well as to kill Donald Mackay and the Wilsons.

I was an armed robber. A professional. Picking up a new pistol was as easy as walking down the street. And I am supposed to have used the same one for more than two years, the one used in one of the hottest murders in recent Australian history! It would be farcical if it wasn't so serious for me. Even the greenest rookie policemen would know that the professional criminal uses 'clean' guns. They get rid of the 'dirty' one as soon as they have used it, in case they are caught the next time and it implicates them in previous crimes. Whoever killed Donald Mackay would have got rid of the gun immediately. Like the body, it will never be found. I wish it would be.⁴

So why then did Tizzoni frame him?

I was available. I was a criminal, a wanted man on the run; I stayed out of public places and stuck to my family and few friends. I wouldn't have any independent alibis, Tizzoni didn't like me, and vice-versa, and George Joseph was desperate to stay out of Jika.⁵

Bazley believed he knew who killed Donald Mackay:

Detective-Sergeant Fred Krahe of the Sydney police killed Donald Mackay. Next to Ray Kelly, Krahe was the most dangerous policeman in NSW — and that's saying something. He was in Griffith the night Donald Mackay disappeared and he was the one who first started the rumors about Mackay running off with a woman. He was tied up with the Griffith drug people, and others, and he was well known to be available for killings if you could afford the price. Allison Dine, Terence Clark's girlfriend, gave evidence on oath that he [Clark] was prepared to pay \$250,000 to have Douglas and Isabel Wilson killed. Who do you think 'the Family' would have employed, Krahe or me? Who do you think would have been safer from arrest by the NSW police and resulting embarrassment to his employers? Why do you think Superintendent Parrington was so confident I wasn't involved? Why do you think that there was such a high-level police and political cover-up of what had happened in Griffith? The dogs have been barking for years that a NSW policeman killed Donald Mackay. That policeman was Fred Krahe.⁶

It is hard to accept 'the Maxwell Smart of bank robbers' as the murderer of Donald Mackay. After all, Jimmy Bazley was not a hit man, and there are no allegations that he killed anyone before 1977; Jimmy Bazley jumped counters, and with not much success, either. Yet the murder of Donald Mackay was an almost perfect hit, the work of a master like Krahe, not some bumbling neophyte. Tizzoni, the Supergrass, was a witness with little credibility at all, an admitted liar, who had every reason to lie.

More importantly, Tizzoni's wealth and status were consistent with someone who was an Australian cannabis wholesaler, not an international drug trafficker; ie he was rich enough to be a big dealer in Melbourne, but the sixty tonnes of Coleambally was well beyond his ability. Yet he was Trimbole's major distributor. Trimbole may

well have been involved with the Coleambally plantation, but not as owner. It is the extraordinary size of Coleambally that is the biggest clue to the murderer of Donald Mackay and Tizzoni offers us no explanation for this. Size tells us that Coleambally was grown for the U.S. market, and that those who killed Mackay were major players in U.S. organised crime. In Tizzoni's version, there are no Americans.

However, the jury believed him.

In this highly dubious manner, the Mackay murder was 'solved' and Justice Woodward was proven right. This is the official version of the murder of Donald Mackay to be found in the newspaper articles and TV reports, and books like Bottom's *Shadow Of Shame* and Moor's *Crims in Grass Castles* (though Bottom's *The Godfather in Australia* suggests a scenario similar to mine).

I, of course, hold the heretical view that the murder of Donald Mackay was authorised by Frank Nugan and organised by Fred Krahe. Consistent with this alternative reading of the murder of Donald Mackay, Tizzoni's story seems invented, and Jimmy Bazley seems to be the victim of a classic miscarriage of justice; the sort of miscarriage of justice that occurs time and again due to 'snitch' provisions.

Tizzoni was sentenced to 8 years for his part in the conspiracy, but he served only fourteen months before his release in February 1986. The Tax Office was after him for \$935,000, but he bargained it down, paying only a portion of what was demanded. Allegedly hiding out from the Mafia, Tizzoni, the Supergrass, returned to Italy, where he died in 1987, not even bothering to change his name. Jimmy Bazley was released in January 2001.⁷

It was Justice Williams who recommended the use of indemnities to capture the Mr Bigs of the drug trade. In the trial for the conspiracy to murder Donald Mackay, Tizzoni, the Mr Big, got the indemnity and a few months jail, while Jimmy Bazley, the 'Mr Small' he framed, got fifteen years.

On Seeing The Sydney Connection

While the media in the seventies used the Woodward report to portray organised crime in Australia, particularly the drug trade, as being dominated by an Italian secret society, the story that the media avoided was of the Americanisation of organised crime and the drug trade in Australia which began in Sydney during the R and R years, and which culminated in the operations of Murray Riley and Nugan Hand.

Although this Americanisation of Sydney's crime scene in the sixties and seventies, its penetration by U.S. mobsters and the Mafia, went largely unnoticed by Australian authorities, it formed the subject of books like Bob Bottom's *The Godfather in Australia*, Athol Moffitt's *A Quarter to Midnight* and Alfred McCoy's *Drug Traffic*.

In *Drug Traffic*, McCoy questioned what lay behind this growing entanglement between U.S. and Australian crime. While the Sydney milieu had much to learn from the American Mafia, the reason for American syndicate interest in Australia were more mysterious. McCoy believed that the affluence of Sydney's gambling clubs has made Australia a prime target of opportunity for American organised crime. Justice Moffitt, on the other hand, suggested that a crackdown on organised crime in the U.S. led to this move overseas by U.S. organised crime. I suggest an additional motive: the idea pioneered by John Wesley Egan of re-routing the U.S. drug trade via Sydney, the idea of the Sydney Connection.

Because this is what happened.

In combination with the secret war in Laos, the impact of U.S. R and R tours to Sydney gave birth to a new alliance between U.S. and Australian organised crime which developed into a trans-Pacific drug smuggling network, similar to John Wesley Egan's operation, but on a far grander scale. Although several figures in this second Sydney Connection were jailed and convicted over individual crimes, the pieces of their inter-connecting conspiracies were never put together. Despite the millions spent on their royal commissions, neither Williams nor Stewart nor Woodward saw the Sydney Connection.

For Australian authorities in the seventies, the idea of Australian involvement in the export of drugs to the U.S. market proved an almost unthinkable thought. Before the Williams royal commission, several witnesses voiced suspicion that drugs, particularly cannabis, were illegally exported from Australia, regularly and in quantity. Others referred to the possibility of Australia being used for the transshipment of drugs whose traditional routes had been disrupted by drug law enforcement. Both Dr. B.A. Rexed, Executive Director of the United Nations Fund for Drug Abuse, and historian, Dr. Alfred McCoy, warned of the potential of Australia being used as a pipe-line for heroin to the U.S. following the recent disruption of traditional heroin routes.

These experts were contradicted by the leaders of the Narcotics Bureau, including Commander D. J. Mitchell, who stated that ‘the Bureau has come to accept, until the contrary is shown, that the exportation of narcotics, while no doubt occurring, is a matter of minor concern, and one which does not rate attention in its list of priorities’.¹ Commander Mitchell was backed in this assessment by Mr M.A. Besley, the secretary of the Department of Business and Consumer Affairs (with responsibility for the Narcotics Bureau) who argued that Australia’s geographical position did not lend itself to exportation because it was remote from the major illicit markets of Europe and the United States of America, but relatively close to drug source countries in South-East Asia. ‘It is therefore more practical for the international drug trafficker to obtain his supplies at the cheaper prices available in source countries and import them directly to the market place and only have to face the risk once of being detected’, secretary Besley declared.

According to the men in charge of the Narcotics Bureau, the idea of using Australia for the transshipment of illicit drugs was impractical. Yet Australia *was* used as a transshipment point, and the use of Australia for this purpose had clear advantages, as Besley admitted:

Australia has been used for the transit of illicit drugs destined for either New Zealand or the United States of America. The detected incidence of Australia being used for this purpose is low. However, because of its proximity to source countries within South-East Asia it does provide international traffickers with the opportunity to lose the origin of consignment.²

Hiding the origin of consignment was the first advantage a shipment of drugs from Asia gained by being transshipped through Sydney. The second advantage was that Sydney was an unlikely source for large shipments of heroin or cannabis, so a consignment from Sydney attracted far less attention than one from Asia. Far from being impractical, the Sydney Connection was a clever deception.

The idea that a surplus of Australian-produced cannabis was being exported to the U.S. was similarly rejected by the head of the Narcotics Bureau, Harvey Bates, and by secretary Besley who commented:

Most of these suggestions have been based on theories (local production is greater than local needs) rather than on reliable intelligence.³

The reluctance of the Australian authorities to give any credence to claims of drug export was the most important asset of all for the Sydney Connection, who probably benefited more from the incompetence of the Narcotics Bureau than they did from its corruption. In the Narcotic Bureau's view, the export of narcotics from Australia was a minor matter with no priority: 'It can't happen here!' was almost the motto of the Bureau, who failed to see the Sydney Connection, chiefly because they were too complacent to look.

Of course, as the fate of the Narcotic Bureau's investigation of the Nugan Hand Bank showed, it went deeper than this. There were powerful forces working to maintain the myth. Damaging investigations were closed down. Dangerous men like Donald Mackay mysteriously disappeared.

The export theory itself was the big secret. Williams' failure to see the Sydney Connection was partly the influence of the Narcotics Bureau, and partly his own inability to see that Australian cannabis production was well in excess of the Australian market.

Once the export theory was grasped, all else followed. So my 'Sydney Connection' resembled Bottom's 'San Francisco Connection'. Both were export theories based on the observation that cannabis production in Australia seemed greater than cannabis consumption. Both saw the obvious connections between Murray Riley and his U.S. friends.

Seeing the Sydney Connection provided answers to many unanswered questions about the Australian drug trade in the seventies:

Q: Who was responsible for the massive seizures of the era?

A: The second Sydney Connection: Murray Riley, Bela Csidei and Nugan Hand.

Q: Who provided the heroin for the heroin plague of 1976/77?

A: Chiefly Murray Riley and friends, along with the Mr Asia gang, who also used Nugan Hand to transfer money illegally. Indeed, if you look at a graph of opiate deaths for that era, you find that it measures the rise and fall of the Sydney Connection with considerable precision.

Q: Who was behind the criminal takeover of the drug scene in 1976?

A: Although Woodward argued the Calabrians were the largest growing and marketing operation in New South Wales, he was wrong about the marketing aspect. Woodward's *Further Report*, in which he investigated Murray Riley, demonstrated

how central Murray Riley was to Sydney's drug scene in the 1970s. It was the friends of Murray Riley who dominated the drug trade after the criminal takeover.

Q: Who (or what) caused the marijuana drought?

A: Whoever ordered the murder of Donald Mackay. Other factors contributed, such as the launch of the War on Drugs and the massive cannabis seizures, but it was the Mackay murder, and the subsequent police investigations and royal commissions, that created the drought.

Q: Who ordered the murder of Donald Mackay?

A: According to the revenge theory, the answer to this question lies in another question: whoever 'owned' Coleambally. From the evidence of the secret accounts, the size of Coleambally and Wainwright's first deposit with Nugan Hand, I suggest Coleambally belonged to the Riley/Wainwright/Nugan group.

If the man who knew too much theory is correct, this also suggests Frank Nugan. Why? The answer lies in the secret accounts that the auditors found at the Nugan Group. They would have connected Frank Nugan to Coleambally, if the code could be broken. The code was not elaborate: the accounts were called Trimboli, Sergi, and Rose. Although the names Sergi and Trimboli became widely identified with Griffith's marijuana trade after Justice Woodward's 1979 report, in 1977 they were not well known. However there is no doubt that the murdered man, Donald Mackay, was capable of understanding that code.

The crisis over the secret accounts began on the first day of July, 1977, two weeks before the murder, when the auditors refused to complete the Nugan Group accounts for the financial year. It was then that Frank Nugan hired Fred Krahe. Four days after the murder, four directors and the company secretary of the Nugan Group resigned amidst an atmosphere of intimidation that continued until the removal of the auditors at the notorious Nugan Group shareholders' meeting. It is highly likely that anyone suspecting the secret accounts might be for marijuana growing would approach Donald Mackay, who would then know Frank Nugan was the real Mr Big of Griffith. In knowing this, Donald Mackay would finally become 'the man who knew too much'.

Frank Nugan's decision to have Mackay murdered was no doubt influenced by his links with the U.S. spy community. In April, May and June 1977, the Australian media and Parliament were awash with allegations of CIA activities in Australia, caused by the allegations of Christopher Boyce and Gough Whitlam. In this climate, any exposure of Frank Nugan as a drug dealer threatened to reveal his company's use as a conduit for funds to the conservative parties in Australia, and this constituted an enormous threat to U.S. national security. For reasons of U.S.

National Security, it would be necessary to terminate Mackay, with extreme prejudice.

Q: Was there a plan to sell heroin by inducing a marijuana drought?

A: No. The Sydney Connection caused the heroin plague, but they sold pot as well as heroin. Certainly, the *Anoa's* cargo would have ended the Great Drought in 1978. Likewise it is difficult to see Euston, Coleambally and Bela Csidei's crop as attempts to create a marijuana drought. It is interesting to note that just before the Mackay murder the Sydney Connection sourced alternative supplies of cannabis via Thailand and Bela Csidei's Northern Territory plantation, indicating that they intended to move out of cannabis production in New South Wales, but not out of cannabis.

The Export Theory Reconsidered

The export theory explains many mysteries of the Australian illicit drug trade. Why have so many of the largest drug seizures in Australia had such a small impact on the supply of illicit drugs in this country? Coleambally, Australia's largest cannabis bust, did not cause a cannabis drought in 1975-76, despite its enormous size. The same is true of Australia's largest heroin haul, the 400 kilos of heroin seized at a beach south of Port Macquarie in October 1998, which was celebrated at the time with much boasting and gloating by the Minister for Justice and Customs, Senator Amanda Vanstone.

In her media release of October 14 1998, Vanstone stated that this massive heroin bust had 'a street value of over \$300 M and represents something in the order of 8 million "hits".' In a table accompanying the media release, the three largest heroin hauls of the past year were recorded both in weight and as an equivalent number of hits. According to the minister's estimates, these three busts amounted to over half a tonne of heroin or more than ten million heroin hits.⁴

In her next media release 'Heroin Busts Will Lower Supply', the minister thundered at critics who dared suggest that this record heroin seizure would have only a minimal impact on Australia's heroin market. 'It is almost laughable to suggest a haul of this magnitude will have only a limited impact on the quantity of heroin on our streets', Senator Vanstone declared.⁵

Yet the critics were right. Even though Senator Vanstone and her police and customs team calculated that they took ten million hits off the market, they had no effect on heroin supply. For these years of massive heroin hauls coincided with another heroin flood, with price low, purity high, and the number of opiate overdoses (a good indicator of heroin usage) at record levels — 737 in 1998 and 958 in 1999.

Why was the impact of this record haul so minimal?

The export theory can explain it very simply:

It was never intended for the Australian market.

The idea that this record haul might have been a transshipment to the larger US market was not considered by the Australian authorities. The prevailing wisdom remains that the export or transshipment of drugs via Australia is something that 'can't happen here', even though it does.

Senator Vanstone estimated the street value of this record heroin shipment at \$300 million. This shows the magnitude of profits to be made at the trans-Pacific level of the drug trade. Similarly if the 31 acres seized at Coleambally in 1975 was valued in 1998 dollars, you would get a street-level figure of \$600 million. Likewise, John Wesley Egan's 'Corset Gang' operation, estimated at US \$22 million in 1966, would not be too far below the \$300 million range at 1998 prices and Murray Riley's consignment of buddha sticks on the *Anoa* in 1978 would be worth about \$450 million in 1998 dollars. These figures give some idea of the size, duration and profitability of the drug export trade. After weapons, illicit drugs are the second biggest trade in the world and the USA is the major market. The annual trade in illicit drugs in the USA is worth hundreds of billions of dollars.

Although the role of illicit drug exporter to the U.S. has been performed by various individuals, its purpose has remained the same. While the USA has been involved in a succession of wars in Asia, from Laos to Afghanistan, involving secret drug armies, a number of Australians, generally ex-NSW detectives, have played the role of transshipment agents, linking the US Mafia and these secret armies. It was a 'patriotic' role helping fund U.S. wars, organised with the help of US spies, and Australia's own political police, in the person of ex-NSW Special Branch detective, John Wesley Egan, pioneered the role. For a succession of ex-NSW detectives from Egan to Riley, it proved a patriotic and very profitable proposition.

The origin of the Sydney Connection during the Vietnam War years explains this patriotic composition of the highest level of the Australian drug trade, described by John Wesley Egan as being composed of CIA spies and serving or ex-members of the NSW police. It was far more than a drug network; it was a covert arm of US power, an anti-Communist conspiracy which used Australia as a link between its Asian drug armies and the U.S. market, covertly funding US wars in Asia this way. Consequently, it enjoyed enormous protection in every country where it operated. Just as it got away with drug running, this network got away with murder: in particular, the murder of Donald Mackay.

In this work I have pieced together the story of one Sydney Connection, the story of Murray Riley and the Nugan Hand bank. My first inkling of this group came

when I noticed that there were a cluster of seizures in the 1970s that were TOO BIG for the Australian market. I also noticed that there was a similar cluster of massive seizures circa 1996. I have never investigated this latter cluster, but my suspicions are that it hides a more recent Sydney Connection. Though Mr Bigs come and go, the Sydney Connection remains — a covert product of US imperialism, Pacific geography and the sheer size of the US illicit drug market, which is one of the biggest (and the most profitable) trades in the world.

Despite this, the idea that Australians might want to be part of such a lucrative trade proved unthinkable to a succession of royal commissioners who investigated the drug trade in Australia, the murder of Donald Mackay and the Nugan Hand Bank, even though the Sydney Connection was central to all these.

Since the US is the country that has pushed for the worldwide institutionalisation of the War on Drugs, it is an amazing act of duplicity that its covert intelligence arms should be so heavily involved in the Pacific drug trade. However, duplicity is the trade of spooks; and for the spies, whatever serves the aims of US power is good. Morally, the spies justify their involvement in the drug trade, in Kwitny's phrase, as 'the crimes of patriots'. This is the duplicity that lies at the heart of the drug trade. It is 'the Joke' on a global scale: Like John Wesley Egan or Murray Riley, that noble, global drug cop, the USA, is bent.

The Evidential Gaps

There are still large gaps in the evidence concerning the trans-Pacific drug trafficking of Riley and Nugan Hand that I have been unable to fill.

A major cause of this evidential gap is the unpublished first volume of the Commonwealth New South Wales Police Joint Task Force report. The Joint Task Force report was the major official investigation into Nugan Hand, Harry Wainwright and Murray Riley, and the first volume of that report, which looked at Bela Csidei, Harry Wainwright and the Wollongorang Station seizure, was never released. Since Wainwright is alleged to be the go-between for the U.S. Mafia, the evidence about him is crucial for proof of the Sydney Connection.

Another major contributor to the evidential gap surrounding the Sydney Connection was the disappearance of the file on the trial of Ken Nugan. Whether this was snafu or conspiracy, I cannot say. The information in this file may well be more important than the Joint Task Force report. Not only would it provide evidence about Fred Krahe in Griffith, this file may lead to the secret accounts of the Nugan Group.

I spent many months negotiating with the NSW Supreme Court, the Attorney General's department and the Premier's department to gain access to the archival depositions relating to Ken Nugan's court case, always with the hope that these

records would lead me to the secret accounts. The secret accounts are, I suspect, a major clue: I believe Frank Nugan was prepared to murder to keep them hidden. Although I realise that the secret accounts may prove disappointing — nothing more than ledger cards with names and amounts of money I already know — I would have liked to examine them to find out whether they contained dross or gold. However the advice from the NSW Supreme Court was that the files relating to Ken Nugan's trial can not be located. I know of no other pathway to the secret accounts.

Michael Hand's destruction of the Nugan Hand records was another cause of the evidential gap. The disarray of the Nugan Hand files was certainly no snafu: it was a deliberate conspiracy to hide evidence of wrongdoing. Likewise, the lies told by Murray Riley and Michael Hand about the Nugan Hand/Riley relationship were deceptions whose purpose was to prevent the revelation of some undisclosed wrongdoing.

Midnight's Child

The Birth of the National Crimes Authority

In the decade that followed the pioneering report into organised crime by Justice Moffitt, organised crime, corruption and the drug trade were examined as never before in Australia. As well as Justice Moffitt, Justice Woodward, Justice Williams and Costigan QC led royal commissions, while Justice Stewart presided over three separate royal commissions (into the *Age* tapes, the Mr Asia gang and into Nugan Hand). Although their collective work was frequently flawed and fragmented, they at least revealed the size of the problem.

Writing in 1984, at the time when the debate about how to combat organised crime in Australia was reaching its climax, Bottom described the transformed face of organised crime in Australia as a 'two headed monster'.

In stark terms, organised crime in Australia has mushroomed into a two-headed monster an underworld and an upperworld. No longer is it old-time back-street racketeering. Instead, it now reaches out into all facets of society, with hardline criminals of the old underworld working hand in glove with politicians, lawyers, accountants, bankers and businessmen in the upperworld of high society.¹

For men like Moffitt, Costigan and Bottom, the important question was: Could this network of corruption that constituted this 'upperworld' of organised crime be attacked before it took over Australia? The future looked very bleak. Moffitt entitled his book on the debate about organised crime *A Quarter To Midnight*; while Costigan gave Australia only five years unless his measures were followed.

What Costigan wanted was a permanent investigative agency, an ongoing royal commission, to counter organised crime. 'My experience over the past three years has left me in no doubt that the problem of organised crime cannot be tackled unless you invest in the one body, with all suitable protections, the power to monitor the activities I have described', he argued in 1984.²

Costigan argued that organised crime was widespread in Australia. It was a major industry with turnover measured in the hundreds of millions and probably in billions of dollars. It was impossible to investigate its activities simply in one state or territory. As well, there were well-defined links with overseas organisations. The startling growth of organised crime represented a major threat to the civil liberties of Australians.

‘If criminal organisations are allowed to operate unhindered, the citizens of this country will suffer a major loss of freedom. The right to remain free of the impact of organised crime, and the right to have this infringement controlled, are just as legitimate civil liberties’, argued Costigan.³

While writers like Bottom and Moffitt championed Costigan’s plans for a permanent, nationwide Crimes Commission with royal commission style powers ‘for an all-out assault against organised crime’, Costigan had many powerful enemies.⁴ After the publication of his final report and the subsequent ‘Goanna’ scandal, these enemies included Prime Minister Bob Hawke and media magnate Kerry Packer. Costigan was accused of being a ‘gung-ho Royal Commissioner’ attacking the civil liberties of Australians. His campaign against organised crime was said to be a ‘new McCarthyism’; his proposed Crimes Commission characterised as a ‘Star Chamber’.

Amongst the controversial powers Costigan wanted for his Crimes Commission were the traditional powers of royal commissions: to force the productions of documents, to compel witnesses to answer questions (while being indemnified against prosecution), and to hold open hearings. Costigan wrote:

Certainly, if you give him [the organised crime figure] the right to decline to produce documents on a claim of self-incrimination, you will destroy the ability of the organisation to do its job. It is the existence of this right, enshrined as a constitutional right, which is the probable cause of the perceived failure of Crimes Commissions in the USA ... Likewise, the plea of legal professional privilege should not be allowed before such a body.⁵

Responding to the accusation of a new McCarthyism, Costigan wrote:

That fear has raised for legitimate discussion the extent to which hearings of a Commission such as mine or of a permanent Crimes Commission should be held in public, or whether reports emanating from such a body should remain secret or, if made public, should contain names ... That it is an undoubted public interest reflecting on the health of our community that people should not be defamed without evidence, should not be attacked publicly without an opportunity to defend themselves, and should not be convicted without being given a fair trial. But there is also a great and abiding principle that the public has a right to be informed as to what is happening in its society ... my own view is that the dominant consideration should be the public interest in knowing what is going on and secrecy should be the exception rather than the rule.⁶

Anticipating the fate of his proposed Crimes Commission, Costigan outlined measures he believed would sabotage his crime-fighting body:

There are two specific areas where the wrong decision could produce a second-rate organisation which would inevitably result in failure. The first area would be a failure to give it the proper powers which are needed to do the investigation properly. The second area would be if any attempt were made to allow Government control of the investigations If a State Government, or a Federal Government, has the right to forbid a particular line of investigation than the independence and integrity of the Commission is destroyed.⁷

It was precisely these shackles that the new National Crimes Authority was given by the Hawke government. It could not initiate investigations: such matters had to be referred to it by an Inter-Governmental Committee of the Federal and State Attorneys-General. It was subject to intense political control; before the Attorneys-General could refer matters to the NCA, it had to be shown that the offences could not be handled effectively by existing law enforcement agencies. Any of the State or Federal Attorneys-General could prevent an investigation. In addition the NCA was required to conduct its hearings in private if they were damaging to a person's reputation; and witnesses were protected against self-incrimination.⁸

The justification for this gutting of the proposed Crimes Commission was 'civil liberties'. Wendy Bacon commented:

The recent sallies of Packer, Hawke and Wran are the latest in a campaign which — in the name of civil liberties — seeks to limit the freedom of the press and the powers of official inquiries. This new concern for civil liberties involves a fundamental shift away from the conventional libertarian concerns about freedom of speech and expression, freedom of assembly, and a right of all to due process whatever their status, race or sex. Instead, a central plank of the platform of those now publicly waving the civil liberties banner has been a concern for a nebulous concept called "reputation" ... It is not surprising that this anxiety about damages to reputation comes at a time when powerful figures find themselves under suspicion.⁹

The parliamentary debates about the National Crimes Authority in 1984 were angry and spiteful affairs. Liberal leaders John Howard and Andrew Peacock charged Labor Prime Minister Bob Hawke with closing down the Costigan royal commission to protect the Mr Bigs of organised crime and said that he was setting up a deliberately weakened National Crimes Authority. In a marked departure from the usual parliamentary discourse, Peacock, the leader of the party of Sir Robert Askin, called Hawke 'a little crook', characterising him as 'a man who not only associates with criminals, but one who takes his directions from criminals.' Although Labor members challenged both Howard and Peacock to name the Mr Bigs whom, they claimed, Hawke was protecting, neither would. With continuing bad grace, Peacock withdrew 'the little crook' remark on the grounds that people might think he was talking about the Prime Minister's stature. The debate was full of partisan sound and fury, but what it signified was that the 'all-out assault against organised crime', that Bottom, Moffitt, Williams, Woodward and Costigan were demanding, would never come. As midnight approached, it was the 'reputations' of Bottom's underworld that would be protected.

The Drug Joke: Drugs and Police Corruption

One of the earliest mentions of police involvement in drug corruption in Australia came in August 1972, when Mr Selwyn Hausman of the University of New South Wales Law Faculty claimed that drug suppliers had told him that they were buying marijuana from police and Customs officers. ‘If the information of my research subjects is to be believed, the extent of police involvement is ominous’, Mr Hausman warned. Hausman’s warning provoked a denial from the Director General of Health Dr CJ Cummins, who said that he had never heard of marijuana suppliers getting their drug from customs or the police. ‘All the information I have would indicate that the reverse, that is that Customs and police officers are finding the drug and destroying it.’

While critics have warned about the involvement of crooked police in the drug trade for decades, allegations of police/narcotics agent involvement in drug trafficking were generally dismissed in this fashion as unbased rumours and fabrications aimed at destroying the credit of law enforcement agencies. Whenever the stench of corruption became too overwhelming, it was usually blamed on ‘a few bad apples’.

The pretence was that our police forces, like our politicians, were corruption-free. This pretence has never been greater than at those times when police corruption was most rampant, namely during the Askin years in New South Wales and the Bjelke-Petersen years in Queensland.

Corruption is inherent in police work, just as it is in politics, and for much the same reason: because an individual is invested with the powers of the state, which they may chose to misuse.

While corruption is an inherent problem in policing, bad laws magnify the problem enormously. Because the War on Drugs is electorally appealing, police are regularly confronted with law-and-order campaigns calling for an aggressive style of policing with little regard for due process, and which favour rough justice and the fabrication of evidence. This misuse of the police to solve drugs problems greatly encourages police corruption.

Because suppression of prohibited services or substances is effectively impossible, the police priority is to get the best control they can over the activity.

The police often adopt a policy of regulating activities such as gambling, vice and drugs by allowing a monopoly to fall into the hands of a chosen few in return for a percentage of the take, with the understanding that they will keep their activities within acceptable limits. The result is a de-facto regulation of these vice industries.

In recent decades a number of royal commissions, most notably the Fitzgerald Inquiry in Queensland and the Wood royal commission in New South Wales, have revealed the extent of police corruption. In Queensland, the rot was traced all the way to the top, to the police commissioner Sir Terence Lewis. In New South Wales, the Wood commission was told that an officer wishing to become a detective had to commit at least one corrupt act as a test to see if he was fit to be a detective. Those who refused were blackballed from that elite branch of the force because they were seen as being untrustworthy.

This entrenched network of police corruption had many names. In New South Wales the terms 'The Laugh' and 'The Giggle' were commonly used. In Queensland it was best known as 'The Joke'. The Joke flourished in Queensland in the sixties under the supervision of Police Commissioner Frank Bischof. His bagmen were said to be the Rat Pack of Terry Lewis, Tony Murphy and Glen Halloran. The Rat Pack and their friends were central to the corruption uncovered later by Fitzgerald, by which time Lewis was Commissioner. Bischof's Joke in the 1960s revolved around SP bookmakers and prostitution. This was the corruption that the Fitzgerald inquiry focused on, while giving only a tantalising glimpse of the Drug Joke. By the time of the Wood commission, almost a decade later, the Drug Joke had become central to police corruption. The Wood Commission reported:

It cannot be denied that the increase in drug-related crime during the past 20 years has had a significant effect on the incidence of corruption. The opportunities available to corrupt police from these activities has far exceeded anything that was ever available through selective policing and protection of SP betting, gaming, sly grogging, and vice. Furthermore, it has increased the number of police exposed to the temptations of easy money.¹

The expansion of the illicit drug trade since the 1960s has caused an enormous expansion in police corruption. The recent history of rampant corruption on the east coast led *Sydney Morning Herald* journalist Evan Whitton to remark a year before the Fitzgerald Inquiry began:

It has been said, and not entirely in jest, that Sydney is the most corrupt city in the western world, except of course for Newark, New Jersey and Brisbane, Queensland.²

Levels of Police Corruption

Police corruption takes many forms. In *Drug Traffic*, Alfred McCoy gave a five level model for grading police corruption from minor offences to the level where police corruption infects every organ of the body politic.³

1. Master Badge — Level One Corruption

The lowest level of police corruption, McCoy called Level One corruption or ‘honest graft’; this occurs when the police earn a bonus from the proper execution of their duties. McCoy’s example of this is the Sydney constables who accepted bounties from tow-truck operators for awarding them work. Level One corruption is widespread in all police forces. Indeed, in Miami the police slang for the police badge was “Master Badge” because of all the cash-free goods and favours it bestowed on its possessor.

2. The Whippy - Level Two Corruption

Level Two corruption involves much more serious offences, but the transgression remains individual, not part of a corrupt conspiracy. At a more innocent level, this would include an officer who accepted a bribe from a motorist who committed a traffic violation. At a more serious level, it would involve a detective who released a thief in exchange for a share of the booty. Level Two drug corruption is widespread in all police forces, and is so commonplace in drug raids it is often not seen as corruption. As the Wood commission report noted:

Features of the corruption included the regular theft from civilians in the course of the execution of search warrants, a practice in respect of which an alarming level of confidence existed, the view being taken that any complaint depending on the word of an offender against an officer was bound to fail. The preferred object was cash, the Commission being informed of ‘an old Police rule: if you can’t bend it, fold it, or stack it, don’t take it’.

One Detective Sergeant gave evidence of a remarkable double standard when suggesting that a senior officer had told him that he was opposed to anyone accepting retainers of the kind epitomised by “the Laugh”, but had added “if you went somewhere, searched a place and there was a whippy, it was all right — that’s a free-for-all.”⁴

For those struggling with the terminology, the report conveniently provides us with a glossary that informs us that a ‘whippy’, derived from whip-around, is ‘money found during the execution of a warrant which is retained and divided among police’. Because of the staggering amounts of drug money washing around and the ease with which it could be picked off, Wood noted that the practice was widespread and that the ‘whippy’ was rarely regarded as corrupt. It was stealing from the ‘bad guys’.

A recent example of ‘the whippy’ came from the Police Integrity Commission hearings in New South Wales in 2001. Two detectives searched the house of a drug dealer and found a few ounces of pot and \$40,000 in cash. Instead of treating the

money as the proceeds of a crime and charging the dealer, the detectives divided the money: each of them got \$10,000, another senior officer got another \$10,000, and the dealer was given the remaining \$10,000 back. He was rewarded as well with the disappearance of a major charge.

Stealing or recycling drugs is almost as common as ‘the whippy’, while charging an offender for a lesser quantity of drugs than what was seized is also frequent, the thinking being that the offender will not protest about the lesser amount, leaving the difference to be recycled. These are the most common area of police corruption, engaged in, not just by the Black Knights, but by many ‘honest’ police who have yet to cross the line into a partnership with organised crime.

3. The Black Pawn - Level Three Corruption

At the third stage of corruption an individual officer accepts a regular retainer from a vice entrepreneur not to investigate violations of the liquor licensing, gaming, prostitution or drug laws. This is the ground level of ‘the Joke’ or ‘the Laugh’. A literary example of this is the opening scene of Frank Hardy’s *Power Without Glory* where the young John West tosses a gold sovereign to Constable Brogan to dissuade him from searching the Carrinbush Tote. In the night-life centres of Australia, in places like King’s Cross, St. Kilda or the Valley, John West’s sovereign still has the power of corrupting the police. Examples of the favours done for vice entrepreneurs by police involved in Level Three corruption include: the release of confidential information; the warning of pending police activity; the ‘gutting or pulling of prosecutions; and providing favours in respect of bail or sentencing. The police person, at this stage, is a black pawn. At Level Four, they progress to become the Black Knights.

4. The Black Knight — Level Four Corruption

The fourth stage of corruption involves police officers using their position and authority to become criminal entrepreneurs. This normally involves senior officers in specialist squads like the vice, drug or armed hold-ups squad.

Examples of Level Four corruption are many: Barry Moyse, the former head of the SA Drug Squad who was once the national front man for Operation Noah, has recently been released on parole after years in jail for his part in organising a marijuana plantation, and reselling heroin and speed that had been seized by police.

Interviewed in prison by journalist Chris Masters, Moyse said that when he took over the job as head of the South Australian Drug Squad, he took over a pattern of behaviour that everybody before him had engaged in. They were so cynical about drug law enforcement that they operated a system of franchising, whereby, they would recruit dealers or often the dealers would recruit them. The dealers would be

given a kind of immunity in order to maintain their business and pass on information that would enable the police to do their job which, effectively, meant just keeping down the competition. Moyses thought that this was a practice that was honoured right across the land by every drug squad in Australia. The recent corruption uncovered in the Victorian Drug Squad supports this claim. Moyses regarded it as a matter of freakish bad luck that he was caught and that the jury believed the prosecution. Generally speaking, corrupt police like Moyses believe if they do get into trouble, they will get into a witness box and the juries will believe them over the people who were making the allegations who tend to be convicted drug traffickers.⁵

5. The Joke — Level Five Corruption

The fifth and final stage of police corruption involves a syndication of all organised crime activity by a tightly-structured group of senior police. At this stage, a coalition of Black Knights run the police force. They have powerful allies in the media, in politics and in the legal system. Unlike the individual variety of police criminality that occurs at Level Four, Level Five corruption is highly formalised and often involves a strict system of profit-sharing according to rank. For this final level to be reached, the police commissioner must be ‘bent’, along with much of the political system. This was the level of corruption that prevailed in the New South Wales Police force in the 1970s and in Queensland in the 1980s.

The pattern of a vice trade flourishing blatantly amidst official denial is the hallmark of level five corruption. While ABC journalist Chris Masters described how Fortitude Valley had taken on ‘the brazenness of King Cross’, the corrupt Queensland government denied there were brothels in Brisbane.⁶ A similar pattern existed in Sydney in the 1970s with the illegal casinos, which the police claimed they were unable to find. In reality, Premier Askin and his police commissioners, Norm Allen and Fred Hanson, had an arrangement with organised crime to protect the illegal casinos. In both these examples, Level Five corruption was associated with a political partnership between a state leader and a corrupt police commissioner which allowed the Black Knights to run the police force.

Unlike Sir Robert Askin, Bjelke-Petersen does not seem to have been intimately involved in vice corruption. The close relationship which existed between Bjelke-Petersen and Commissioner Lewis was based on an unwritten understanding that the drug laws would be used corruptly against the opponents of Bjelke-Petersen by the corrupt police. What Bjelke-Petersen got from the deal was a police force which would act as a private army against his political opponents; what Commissioner Lewis got was the Joke.

Although there was considerable evidence that Queensland became the centre of the drug trade during the Lewis years, ‘the Joke’ that Commissioner Fitzgerald uncovered was largely concerned with prostitution and SP booking, while the Drug Joke in Queensland largely escaped investigation. Chris Masters has speculated that the Fitzgerald Commission found the investigation of the drug side of police corruption too difficult. He believed it was impossible to get the police to make admissions about their involvement in the drug trade. Although the police thought it was OK to admit to their families and their friends that they were covering up illegal gambling or prostitution, they didn’t feel that they could admit that they were also involved in covering up drug trafficking. The success of the inquiry depended on getting people to speak openly and they were often indemnified to do so, but Masters believes there were some things the police did not speak openly about. One was their involvement in the drug trade, and another was their involvement in murder. As Masters commented, you don’t get indemnities for murder.⁷

The story of Murray Riley and his Drug Joke in New South Wales shows how the drug trade was incorporated into a network of organised crime which pre-dated it, which had grown up around S.P. bookmaking, gambling and prostitution. The sophistication of the Riley/Nugan Hand conspiracy reflected not just its American influences, but also this well-established tradition of corruption in New South Wales. The blooming drug trade of the 1970s was treated in a similar way to gambling and the other vice trades, with the police seeking to regulate the trade and ensure that it was run by old friends like Murray Riley. No doubt a similar situation prevailed in Queensland.

Although the history of the Drug Joke in Queensland remains largely unknown, it seems that, in the aftermath of the Mackay murder and the Woodward and Williams royal commissions, the centre of the drug trade in Australia shifted to north Queensland. There were many suggestions that, in the 1980s, Mareeba replaced Griffith as the pot capital of Australia. I have touched on the evidence for this Queensland Drug Joke in the section on the North Queensland operation: the Slade Report, the Fast Buck\$’ allegations, the murder of the Clarkes, the posting of Tony Murphy to the role of Assistant Commissioner for the Far North region, as well as the movement of other principals of the Fitzgerald Inquiry to Cairns in 1980 — all hint at some deeper conspiracy. Likewise the rumours about "God", the corrupt police man said to control the drug trade in Queensland, suggest that, as in NSW, corrupt police and ex-detectives played a key role in establishing this Queensland Drug Joke. Perhaps if the murder of the Clarkes had been treated as seriously as the murder of Donald Mackay, more might have been revealed.

Currently, there is much interest in the role of the Victorian Drug Squad in the drug trade, indicating that drug corruption in the police forces in Australia may again have changed its locus. Again, we may note that it is in a state that pretends it is corruption-free where the corrupt operate.

Regime of Corruption and the Regime of Prohibition

Drugs prohibition was sold to the Australian public as a supply side solution to ‘the drug problem’. Criminalising drug use was supposed to destroy supply and make drugs unavailable. Yet, as we have seen, this happened only once, for a short time in the aftermath of the Mackay murder, during the time of the Woodward and Williams royal commissions. And even an act as extreme as the murder of Donald Mackay did not permanently close down the drug trade; in the long-term it simply provoked a northward migration of the Drug Joke to Queensland.

Why?

Although drug law reformers like Michael Moore have claimed that “Prohibition doesn’t work” the truth is that prohibition does work, but in a counter-productive way, by corrupting the gate-keepers and by breeding corruption. As I have argued, the regime of corruption increases with the regime of prohibition.

The criminalisation of the drug trade that prohibition brings about ensures that the entrepreneurs of the illicit trade can only survive with the aid of police protection. Consequently, those who had already established corrupt relations with the police through prostitution and S.P. rackets were in an ideal situation to takeover the market when the regime of prohibition increased.

The Australian illicit drug market began as an amateur network, dominated by people who were drug enthusiasts themselves. When the regime of prohibition increased with the launch of the war on drugs in 1976, this old hippie network was taken over by a criminal group, centred on an ex-detective, Murray Riley, and his friends. It was a takeover of the drug trade by the Black Knights of the police force. The Drug Joke became the largest discernible structure in Australia’s illicit drug trade.

As our economic analysis shows, the amount of money available for corruption increased with the regime of prohibition, increasing the possibilities for Level Two and Level Three corruption, and reinforcing patterns of corrupt behaviour within Australian police forces. It also added to the possibilities for Level Four corruption, increasing the pool of Black Knights available for a Level Five coup. Not only did the quantity of corrupt offences increase with the regime of prohibition, but the chance of a *qualitative* change in police corruption, from Level Four corruption to Level Five corruption, also increased.

Chapter 32:

25 Years of the ‘War on Drugs’ in Australia

Each year, the Government spends more on enforcing drug laws than it did the year before; each year, more people have gone to jail for drug offences, yet, each year, there have been more drugs on the street.

Whitman Knapp, Senior US Judge for the Southern District of New York

In the years since 1964, cannabis use has expanded enormously in Australia. In 1964 marijuana was practically unknown; by 1998, 39% of the population over 14 had used cannabis at least once in their life. With the aging of the Baby Boomers, marijuana use in Australia is now considerable in older age groups as well as the young. The 1998 National Drug Strategy household survey showed that recent use amongst the 20-29 age group stood at 37%; recent use among the 30-39 age group was 20%; and among the 40-49 age group recent use was 11%. By 1998, 2,700,000 Australians, 18% of the population aged 14 and over, were recent cannabis users; compared to 500,000 Australians in 1973. This massive increase has occurred despite the spending of billions of dollars by governments to repress cannabis use and cannabis users.

The thirty-six-year period between 1964 and 2000 has been characterised by two differing regimes of prohibition. The first period — from 1964 to the overthrow of the Whitlam government in the constitutional coup of 11 November 1975 — was characterised by an increasingly benign view of cannabis, and a search for an independent Australian drugs policy. During this period, marijuana smoking became the cultural symbol of the Baby Boomers generation and spread widely among the under 30s. Heroin use was kept at bay by the old hippie dealer network who refused to deal heroin. During the Whitlam years, only a handful of young Australians died each year from heroin overdoses.

The crusade to criminalise drug use intensified dramatically after 1975 when conservative parties in Australia adopted a War on Drugs electoral strategy. This right-wing crusade was largely based on hatred of the pot-smoking Baby Boomers because of their anti-Vietnam War and pro-Whitlam attitudes.

This second regime of prohibition began with paramilitary attacks on hippie communes at Cedar Bay in Queensland and Tunttable Falls in New South Wales in 1976. It was a time of increasing US-style prohibition characterised by tough-on-drugs rhetoric, police crackdowns, numerous murders, and a marijuana drought,

followed quickly by a heroin plague. Organised crime replaced the old hippie dealer network; and the price of pot skyrocketed, reaching \$450 an ounce in 1988.

Just as in the US, the War on Drugs developed in Australia not for health reasons but for reasons of social control — as a domestic counter-revolution against the Whitlamite Baby Boomer' generation by older Nixonite Drug War warriors like Queensland Premier, Bjelke-Petersen. Indeed, this second 'regime of prohibition' could be characterised as part of the 'Nixonisation' of Australia brought about by the victory in 1975 of a Nixon-inspired US/Australian right-wing alliance over the social forces which elected the Whitlam government.

The Cedar Bay alliance, between Bjelke-Petersen and the corrupt policeman Terry Lewis, typified this new conservative coalition. It was an alliance between Mr Big and Mr Bigot. The essence of the Cedar Bay alliance was the agreement (unspoken) that the drug laws would be used corruptly by the corrupt police against the opponents of the right-wing politicians — the young, the left and the alternative. In this way, the War on Drugs served as a mask for a right-wing attack on their opponents. The purpose of the War on Drugs was never to minimise drugs problems; it was, above all, about social control.

Although Bjelke-Petersen was not personally involved in drug corruption, his counterpart in New South Wales, Sir Robert Askin, was far more approximate, sharing offices at 55 Macquarie Street with the Nugan Hand Bank, the financial centre of the South Pacific drug trade.

As Mr Big saw the alliance, it was about making money, large amounts of untaxed black money; not just in Australia, but in the USA as well. What I have demonstrated in 'History By Numbers' is that it is the regime of prohibition which drives price and is the engine of the black market. Each dollar spent on drug law enforcement is a multiplier for the illicit drug market.

The Americanisation of drugs policy in Australia was accompanied by an Americanisation of organised crime. Australia's transition from the 'disorganised crime' of the old hippie dealing network to the criminal sophistication of the Nugan Hand Bank/Riley operation occurred within a year of Whitlam's fall and the launch of the War on Drugs.

Which came first? The Americanisation of drugs policy in Australia or the Americanisation of Australian organised crime? After the most rigorous examination I am inclined to call it a tie: they happened together. Consider, for example, that frantic month of August 1976: on 15 August the NSW police raided the Tunttable Falls commune at Nimbin; on 23 August the Nugan Hand Bank was registered; Cedar Bay was raided on August 29. Meanwhile, Murray Riley was completing his third shipment of heroin; and Riley was organising the criminal takeover of the old

hippie dealing network. However, the defining event that led to the Americanisation of Australia's drug laws was the murder of Donald Mackay — via the Woodward and Williams Royal Commissions — and this was due to the Americanisation of the Australian illicit drug trade. In this sense, it could be said that the gangsters led.

During the War on Drugs years, the character of the Australian state changed from a Whitlam-style social welfare state to a Nixon-style security state. Spending on police and prisons rose. In the last fifteen years of the twentieth century, the harsh new drug laws recommended by Williams produced an unrivalled boom in prison populations and prison building in Australia. For the prison industry, the War on Drugs created a once-in-a-century boom.

As well as expanding prison populations, the right-wing hijacking of drugs policy saddled Australia with US-style organised crime. The murder of Donald Mackay was simply one of hundreds of drug-related murders that occurred. Many were killed, like Mackay, because they knew too much: others died in fights to control the illegal trade.

The application of right-wing drugs policy greatly worsened drug problems. In the twenty five years since the launch of the War on Drugs in Australia, deaths from heroin use increased by 10,000 per cent. As the graph, *Cost of the 'War on Drugs' in Australia. 1973 - 1998* shows, before the War on Drugs, Australia had only a handful of opiate overdoses. By producing a marijuana drought, the War on Drugs generated a heroin plague, and opioid overdose deaths climbed steeply after 1975, reaching one hundred and fifty by 1977. Opioid overdose deaths amongst the young continued to increase, peaking in 1999 under the 'Tough on Drugs' policies of John Howard at 958. That year over 1100 young Australians died as a result of illicit drug overdoses.

The number of fatal overdoses has since fallen to about 400 per year in 2002 (accompanied by much boasting by the government) because of the heroin drought, which started in January 2001, which seems to have been accompanied by a methamphetamine plague. The heroin drought/methamphetamine plague of 2001 provokes comparisons with the marijuana drought/heroin plague of 1977, the most obvious being that drought conditions in one drug created the ideal conditions for a new drug plague.

In the twenty-five years since the War on Drugs was launched in Australia (circa November 1975), over 9000 young Australians died due to drug overdoses, more than died at Gallipoli. In the same twenty-five year period, there were approximately one-and-a-half million drug offences prosecuted (mainly for cannabis), at an approximate cost to the community of eleven billion dollars. Hundreds of thousands of Australians were raided in their homes, often at gunpoint; many had their homes

‘redecorated’ by the police; and, at Cedar Bay, homes were literally burnt to the ground. When even this level of repression proved ineffective, laws were passed which made the simple possession of the smallest amount of cannabis a worse offence than rape, official corruption or grievous bodily harm. The result? Cannabis use went up by 400% between 1975 and 2000! ie prohibition proved counter-productive.

As the gangsters seemed to have understood, prohibition actually promoted illicit drug use amongst the young. The curious alchemy of youthful rebellion and reverse psychology transformed demonisation into glamorisation. And when the police cracked down, the price went up, and so did profits too ie price varied with the regime of prohibition. This explains the curiously parallel relationship between the cost of drug law enforcement and the value of the marijuana market over the past 25 years demonstrated in Table 12 of ‘History By Numbers’. As a flow-on effect, every dollar spent on drug law enforcement added about \$5 to the cannabis black market. As marijuana activists have long argued, the Drug Squad was the Price Maintenance Squad for organised crime. They also served as an informal Licensing Branch for the drug trade too, protecting their informants while keeping down the opposition. Like the police, the gangsters got ‘the Joke’.

Although the policy of stopping drug use through criminalising drug users failed year after year, prohibition was fanatically defended by right-wing politicians, for whom it proved electorally popular, and by the gangsters, who wanted control of the lucrative black market, with whom the right wing politicians were increasingly in alliance. As the Cedar Bay mediated alliance of Premier Bjelke-Petersen and corrupt police commissioner Terry Lewis illustrated: the regime of corruption increased with the regime of prohibition.

Behind Mr Bigot stands Mr Big. As we have seen, it makes economic sense for the criminals, the Mr Bigs and the Mr Big-Enoughs, to back the bigots because money spent on drug law enforcement acts as a multiplier for the cannabis black market. So although prohibition failed year after year, it found consistent support from politicians and the media. Indeed, the Australian media played a dubious, double role; simultaneously acting as the cheer leaders for the War on Drugs, while being the major ‘drug pushers’ with their tabloid formula of titillation, arousal and condemnation.

The duplicity of prohibition was seen most clearly in the successful career of a succession of Mr Big-Enoughs, who eluded capture, despite the efforts of a myriad of law enforcement agencies including the Criminal Justice Commission, the Independent Commission Against Corruption, the Joint Task Force, the Narcotics Bureau, and the National Crimes Authority. The illicit trade hid behind a cloak of

perfect respectability. It was ‘the Joke’, ‘the Laugh’, ‘the Giggle’; a network of corruption that reached to the highest in the land, and which, consequently, could rarely be challenged. In this way, prohibition corrupted the Australian political system as thoroughly as it corrupted the police and the legal system. The period of prohibition proved to be a time of murder, an era of greed, an age of gangsters.

The most surprising discovery of my investigation of the marijuana market was the existence of an export trade in illicit drugs. While the Australian illicit drug market is worth approximately \$10 billion per year, the US market is worth hundreds of billions of dollars each year. Like many other countries, Australia finds itself involved in this huge international trade. John Wesley Egan’s famous aphorism about senior police officers and organised crime figures being the same people, needs to be understood in this context. ‘The Joke’ is that it is the same Americans who run the War on Drugs who also run the illicit drug trade. McCoy writes about ‘CIA complicity’ in the global drug trade; it could also be described as ‘US duplicity’.

The CIA, which seems to ‘greenlight’ the US drug trade, license the drug trade to a global, anti-Communist network, and prominent members of the political police, such as John Wesley Egan, are recruited as their local agents. This is the great secret that lies behind the drug trade, and Donald Mackay was murdered because his investigations threatened Frank Nugan whose career lay at the heart of this secret. Like that other ‘high-minded’ moral crusade of the US Right, the War on Communism, the War on Drugs serves the twin purposes of anti-communism and US imperialism. In this way, the War on Drugs reflects the central values of its creator, Richard Nixon.

Significantly, the Australian champions of the War on Drugs — Rupert Murdoch, Bob Askin, John Howard and Bjelke-Petersen — were all aligned with Nixon against Whitlam in 1974. All share these core ‘Nixonite’ values.

With Bjelke-Petersen gone, John Howard has assumed the mantle of Australia’s foremost Nixonite Drug War warrior. Howard was the minister in charge of the Narcotics Bureau at the time of the Cedar Bay and Tunttable Falls raids in 1976. A very junior minister, he played ‘silent partner’ to Bjelke-Petersen during the Cedar Bay affair, refusing to answer questions in the Commonwealth Parliament about the raid. Howard took on the role of leading advocate of US-style drugs policy in Australia in 1997, when he stopped the proposed heroin trial in the ACT. The only parliamentarian left who was elected during Nixon’s presidency, he is now the main defender of Nixon-style drugs policy. As the Tampa incident showed, Howard knew well the role of bigot; demonising the ‘queue jumpers’, and garnering support for his ‘tough’ stand. In the same way, the ‘War on Drugs’ functions as a form of wedge

politics in drugs policy, turning families and generations against each other. It is a misuse of drugs policy for right-wing political purposes.

For the right-wing, for men like John Howard, the War on Drugs has become Holy Writ — an ideology never to be scientifically examined — not because prohibition is good drugs policy, but because it has proven good politically for them; in its social effects, and as drugs policy, prohibition has proven a disastrous failure. However, for the right-wing, criticism of prohibition has become the ultimately unthinkable thought: this is the sin known as ‘sending the wrong message’.

You can not have a War on Drugs: you can only have a war on people; and the people the War on Drugs targets are the young, the left, the alternative. For this reason, the War on Drugs has been the best idea that the right-wing has come up with since fascism; it has allowed them to attack their enemies — the young and the Left — by criminalising the drugs they use. At the same time, right-wing parties (and the right-wing of the ALP) have received the fillip of an alliance with US and Australian organised crime, and with the crooked spies and police who license the drug trade.

On January 16 1919, an amendment to the U.S. Constitution banning all drinks containing more than half of one per cent of alcohol became law. Overnight, bootlegging, the name given to illicit alcohol manufacture, emerged as a huge black market. In the decade and a half of alcohol prohibition, organised crime established itself in America. It was an era justifiably associated with gangsters like Dillinger and Al Capone. Thousands were killed in shoot-outs like the St Valentine’s Day Massacre as rival gangs fought for control of the bootleg trade. It was an era of unparalleled corruption: Al Capone was known to boast that he had half the Chicago police force on his payroll. The new laws criminalised large sections of the population: in 1932 alone, approximately 45,000 persons received jail sentences for alcohol offences, and 50% of all cases heard in the US federal courts were for violation of the liquor laws.

The ‘noble experiment’ of alcohol prohibition lasted 14 years, before the failure of the attempt to stamp out the use of alcohol by prohibition became inescapably clear. However, the spirit of prohibition lingered on in the US. What failed nationally in that country as a strategy against the abuse of alcohol became the strategy imposed internationally against other drugs. Just as alcohol prohibition created an enormous black market, assisted in the rise of organised crime, and created widespread corruption in the USA in the 1920s, so the ‘noble experiment’ of the War on Drugs has created in Australia a similar era of gangsters and murder and unbridled corruption.

Conclusion:

On Methodology and the Outcomes of this Research

What has been Achieved by the Thesis?

In this history of the world of Australian cannabis users, I have used two unusual lenses, the lens of popular culture and the lens of an economic history, to explore an underground world. I was fortunate because my lenses turned out to be bifocals, capable of seeing the cannabis trade at both the top and the bottom. The bifocal action of these lenses gives this history its range.

The lens of popular culture revealed the world of ordinary cannabis users, coded, in a postmodern sense, in the form of comics, posters and songs. In the chapters on Queensland, ‘An Australian Richard Nixon’ and ‘Regime of Corruption’, this popular culture approach was used to explore the development of ‘Australia’s police state’, Bjelke-Petersen’s Queensland, and its cannabis laws from ‘the other side of the frontier’. This popular culture approach was also used to tell the story of the growth of the counter-culture in chapters like ‘I’d Love To Turn You On’.

While the lens of popular culture works on the lowest level of the cannabis trade, the level of the individual cannabis user, the lens of economic history proved best for exploring the highest levels of the drug trade where it penetrated the underworld of international drug trafficking like a bright light, revealing a conspiracy, a massive international drug smuggling conspiracy, which was built around the Nugan Hand Bank, which aimed to supply the U.S. market from Australia. The discovery of an export dimension to the Australian drug trade was an enormous revelation to me. Likewise, the idea that drug law enforcement acted as a multiplier for the black market (because price varies with the regime of prohibition) was an important discovery.

Economic History and the Scientific Method

Although history is a notoriously inexact science, the economic historian can aspire to an approximation of science. Markets lend themselves well to measuring, quantifying and mathematical analysis. There were times during my research, like when I charted the relationship between the price of pot and the regime of prohibition, or when I first saw the Sydney Connection, when I felt that my scientific methodology was vindicated.

Like some Newton of drugs policy, I have proposed and tested three laws of the illicit cannabis market:

- 1: Price varies with the regime of prohibition;
- 2: The percentage of the market seized varies with the regime of prohibition;
- 3: The regime of corruption increases with the regime of prohibition.

Although these laws are neither as universal nor as important as Newton's three laws of motion, they are nonetheless reasonable propositions that can be explored in a similar quantitative manner. It is the scientific method of making and testing hypotheses against the evidence which is important. It was the *failure* to prove the second law that led me to the idea of the Sydney Connection and the export theory.

Newton likened his discoveries to those of a boy playing on the shore, picking up a few pretty shells, while the vast ocean of truth lay undiscovered all around him. The 'pretty shells' I have collected are these:

- In the course of my research I have developed two independent, yet harmonious models for estimating the size of the cannabis market from the polls on the cannabis-using population: The Green Mean method and the Modified Cleeland method. These models provided a 'sense of scale' which allowed me to see the Sydney Connection.

- I have talked about doing 'History By Numbers' and the discovery of the Sydney Connection is the best example of this. The great value of the lens of economic history is that it is so highly reductive that it reveals only the largest features of an observed world. The Sydney Connection appeared to me first as a group of seizures which seemed too large for the Australian market which I put in a table labelled 'for export'. It was only as I investigated this group, using more traditional research techniques that the greater pattern emerged. The Sydney Connection was a 'found' piece, discovered through the technique described: firstly, the lens of economic history was employed; then the major features revealed by this lens were explored using traditional research methods, so that the economic history drove the research.

The method I have used to analyse the cannabis market in Australia could be applied just as easily to drug markets in Mexico or Canada or England: estimate the size of the market from population estimates; determine the regime of prohibition; look at the seizure figures. Is export indicated? Does the percentage seized vary with the regime of prohibition? Are there any anomolous seizures? If so, investigate these traffickers. The results would be intriguing.

- One of my central ideas was that there were regimes of prohibition which was an extension of the idea of the regime of prohibition, which was the quantitative way I developed for measuring prohibition.

- Regime of prohibition proved a very fruitful idea. It led me to my three laws of the illicit cannabis market, the propositions that price, corruption and the percentage seized vary with the regime of prohibition. Stripped of their jargon, these propositions are the common sense observations that when the police crack down, seizures, price and the value of the black market increase proportionally. By adapting a 'scientific' framework and by measuring and testing these propositions quantitatively, I was led to the unexpected discovery of the Sydney Connection, my *terra incognita*, my great, unknown land.

- The notion of the Sydney Connection and of its connection with the murder of Donald Mackay, likewise proved fruitful, as the previous chapter argues.

Of course, it is somewhat ironic that such a determinedly scientific approach as mine should end up producing as its major insight a conspiracy theory, but that is the nature of the top level of the international drug trade. It is a massive, illicit industry, organised through conspiracies. Nugan Hand was a well-known conspiracy before me. McCoy, Moffitt and Bottom had written about the connections between U.S. and Australian organised crime before me. I have simply suggested a functional reason to explain a known conspiracy between U.S. and Australian organised crime, the Sydney Connection, and examined two examples of this drug-smuggling route. If this is ironic, it is because irony is almost the building block of this illicit world. To truly appreciate 'the Joke', 'the Laugh' or 'the Giggle', requires a very bleak sense of irony indeed.

What May Have Gone Wrong in the Research?

One of the problems with a quantitative approach to history is that many of the figures are rubbery. The social world can not be measured with the same certainty as aspects of the physical world, such as height, width and weight. This raises doubts about the accuracy of a quantitative approach. The more I got to know the official figures, the more I realised how rubbery they were. Even the number of drug offences for a particular year (which I expected to be a stable figure) would vary by a few hundred according to the source I consulted. The reason for this (as I discovered) was that as cases were appealed, and as the appeals were won and lost, the number of successful drug offences for that year would also rise and fall. Fortunately, these rises and falls were small (less than 1%), and had little effect on my calculations. These imprecision in our measures should not dissuade us from adopting the scientific approach of making and testing numerical hypotheses.

Surprisingly, the figures which proved the most rubbery were the estimates of the size of Australia's cannabis using population, even though these were conducted by professional polling organisations. There are obviously great difficulties for

companies trying to poll cannabis users, because cannabis use is illegal and respondents are being asked to disclose criminal behaviour. At times the polls can vary wildly. Nothing shows the rubberiness of the polls as much as the difference between the estimates of the population of cannabis users in Australia in 1988, as measured by the Morgan poll and the National Campaign Against Drug Abuse (NCADA) poll. Morgan's estimates were half that of the NCADA poll.

Since these polls are used to determine the size of the market, surely this has dire consequences for any attempts to measure the cannabis market from them? Firstly, the polls are not usually this unreliable. Of the twelve polls I know of, I mention the disparity between NCADA 1988 and Morgan 1988 because this is the greatest difference between polls; over a 25 year period, this is the worst case. There are other instances (see my analysis of Clements and Daryal's method) where the polls have surprised me with their consistency. As a mitigating circumstance, this great difference occurred in polls conducted by differing organisations, NCADA and Morgan. Because sensitive information is being asked for, the way the question is asked is important. From the polls I have looked at, Morgan historically guesses low, and I avoid using Morgan where possible.

Because the cannabis market is illicit, we have no idea of the size, whether it is 20 tonnes, 200 tonnes or 2000 tonnes. However, the population figures can be used (in two differing ways) to give us a reasonable ball park estimate. By using other figures, such as the seizure figures, it is possible to check this estimate. As I emphasise, the model has to be 'harmonious' and the percentage of the market seized has to be a believable percentage of the estimated market size.

What Could Be Done Differently?

The main question I leave unanswered is the political role of the Nugan Hand Bank in a clandestine campaign of destabilisation of the Whitlam government. This area lies remarkably adjacent to my excavations, but I think it belongs to a history of the Whitlam government, rather than my history of cannabis. I address the question of a CIA 'dirty tricks' campaign against the Whitlam government in Appendix 2, but this is an area that deserves further exploration.

There was an enormous amount of research in my work; but there was much more I could have done. Early on in my project, I spent a month in Canberra researching material in the National Archives of Australia; I have used the Sackville royal commission archives in Adelaide, and the Fitzgerald archives when in Brisbane. But my strategy was to focus on alternative archives, rather than official archives, and I did not research the archives of Williams, Costigan, Moffitt, Stewart, Woodward and Wood, relying on their reports and other secondary sources such as

writers like Manderson, McCoy, Whitton, Bottom and others. This was always going to be the result of my considered research strategy: to downplay the official archives and search informal and alternative archives.

There were a number of alternative archives I did not use. Tim Anderson (who was secretary of the NSW Civil Liberties Council) was keen to have me as researcher examine the NSW Civil Liberties Council's archives. I was never able to take up his offer, because I could not afford to spend time in Sydney. However, it would provide an excellent archive for some researcher. Likewise, I was unable to track down the Australian Union of Students (AUS) archives, another alternative archive, which I suspect would prove most valuable.

It could be said that I have treated certain writers (Hickie, Manderson, McCoy, and Whitton) fairly uncritically; and it is true that the technique I adopted with McCoy and Manderson was to stand upon their shoulders, rather than to examine their foundations. As I saw it, my role was to do original research, not follow in their trail. I extend McCoy with the idea of the Sydney Connection, and I complement Manderson by using alternative archives, but it was never my intention to critically re-examine their work. However, the example of Bottom shows that I am prepared to criticise the tribe of scribes, and not just judges. Although I use Bottom as a secondary source as much as I use Hickie, Manderson, McCoy and Whitton, I criticise his views of the origin of organised crime in Australia, even though I value his work. The lack of criticism of the other writers indicates that I found no substantial differences between them and myself.

Appendix 1

The White Knight—Sir Peter Abeles and his circle

Transport supremo, Emil Herbert Peter Abeles, (1924 -1999) was one of the most influential business figures in Australian history, a man with considerable political clout, whoever was in power. Knighted by NSW Liberal Premier Askin in 1972, it was under Labor Prime Minister Bob Hawke in the eighties that ‘the White Knight’ moved to the centre of power. In the ‘Era of Mates’, Sir Peter Abeles was First Mate.

Abeles’ obituaries in 1999 repeated versions of the ‘rags to riches’ story, while hinting at a darker side. The ABC’s Elizabeth Jackson informed her audience he was ‘a penniless Hungarian migrant who arrived in Australia in 1949 and achieved more financial success in Australian and international business than anyone but his friend and business partner, Rupert Murdoch.’ Like other reporters, she saved the sting for the tail where investigative reporter Wendy Bacon guardedly commented on ‘some corrupt activities that he was involved in in Australia involving the Transport Workers’ Union and also his connections with the US Mafia’.¹

Born in the Austrian capital of Vienna in 1924 of Hungarian Jewish parents, Peter Abeles arrived in Australia in 1949, fleeing the communist advance in Hungary. In 1950 he started up a trucking company, Alltrans, with two second hand trucks. By 1967, when it merged with Thomas National Transport (TNT), Alltrans had 500 trucks. From these humble beginnings, Abeles transport empire expanded world-wide, moving into shipping and aviation as well as trucks. By the late 1980s, TNT was one of the two largest listed transport groups in the world. Joining forces with Rupert Murdoch, the pair took over Ansett Transport Industries in 1979, and, from 1980 to 1992, Sir Peter was Ansett’s joint managing director and chief executive. Besides Murdoch, Abeles established business ventures with other members of the super-rich including John Singleton and John Elliott. Abeles was Australia’s post-war immigration success story.

The billionaire businessman had friends on both sides of politics. His first great political ally was the Liberal Premier of New South Wales, Sir Robert Askin (1965-1975), though Abeles is more widely remembered as the capitalist who befriended the nation’s longest serving Labor Prime Minister Bob Hawke.

The election of Hawke as Labor Prime Minister in 1983 ushered in a new era in ALP politics — the era of the Accord, of consensus between government, unions and business. The Economic Summit of 1983 was the first time many saw the Hawke/Abeles friendship on display. In the following years, the friendship took on a very public profile as Abeles was appointed to the Reserve Bank Board, the

Commission for the Future, and given other prominent public positions. In November 1988, Bob Hawke asked him to witness the now infamous Kirribilli Agreement — the plan which outlined how Bob Hawke was meant to hand the reins of power to his deputy, Paul Keating. Despite this prominence in business and public affairs and his unrivalled closeness to the government, Abeles somehow managed to avoid the glare of publicity, keeping himself very much in the shadows. He was a man who enjoyed, in Frank Hardy's famous phrase, power without glory.

Hawke, who cried at Abeles' funeral, described Abeles as his closest friend. He said Abeles had taught him that 'there were people in business who were decent and generous'. This generosity did not extend to labour unions. When his partner, Rupert Murdoch, decided to take on the militant, left-wing printers at Wapping in East London in 1986 after sacking thousands of printers, Abeles stood with him shoulder to shoulder, using TNT trucks to break through picket-lines to deliver Murdoch's newspapers throughout Britain. TNT's contract with Murdoch's News Limited was worth \$100 million, and it helped transform TNT into one of the leading transport companies in Britain. Wapping coincided with a deepening relationship between Abeles and Murdoch.²

The Pilots' Dispute of 1989 saw the two billionaires, the joint owners of Ansett Airlines, align to crush another union, the Pilots Federation, which was campaigning for a wage rise. Prime Minister Bob Hawke, a former trade union leader, sided with the billionaire owners, publicly declaring 'war' on the Pilots Federation. The Hawke Government provided a subsidy to fund the airline companies during the dispute, and provided Ansett with military aircraft and pilots to break the strike.³

The recession of 1989, to which he was slow to respond, brought Abeles undone. Abeles spent enormous amounts purchasing seventy-seven new aircraft to transform Ansett into a world class airline. He built Australia's most formidable transport empire, but he lost it under a mountain of debt. By the time he stepped down as managing director in 1992, TNT had subsidiaries in 80 countries throughout the world but debts worth \$1.3 billion, plus another \$4 billion tied up in Ansett Airlines, which it owned with Mr Murdoch's News Ltd. The recession caught out Abeles' ally Murdoch as well, who barely survived his own debt crisis. By the late nineties, Abeles' personal wealth was estimated at a mere \$68 million.⁴

In its obituary for Abeles, *The Australian* (owned by Abeles' friend and long-time business partner, Rupert Murdoch) dismissed the 'conspiracy theorists' who suggested Sir Peter Abeles was the Mr Big of organised crime in Australia with this interesting piece of spin:

A large and beefy man, who was always affected by a slight lisp and who retained a strong Hungarian accent, Sir Peter could project a rather sinister image. This, in turn, led to vague but insistent rumours that he was some sort

of Mr Big in the Australian crime scene. There was never any foundation to the rumours but when it was revealed that TNT had paid - quite openly, with Reserve Bank permission - a consultancy fee to a US firm with links to the Mafia, the conspiracy theorists had a field day. Sir Peter shrugged off the allegations as "a real joke".⁵

The Murdoch media largely avoided the Abeles/Mafia story, as did the Packer media. As Wendy Bacon noted it was only the ABC and the *National Times*, under Brian Toohy, who pursued this story, even though it was an important story with significant political questions to be asked given the relationship between Sir Peter Abeles and the leaders of the Labor Party. But, as Wendy Bacon commented 'if nobody else is asking those questions, it can look like obsession, it can be called obsession, and it was'. Bob Bottom's treatment of the Abeles/Mafia deal in *The Godfather in Australia* is indicative of how restrained the Australian media were: Bottom, Australia's top crime reporter, who wrote 'without fear or favour' mentioned the deal but dared not even name Abeles, referring to Abeles in code as 'the knighted industrialist'.⁶

From the beginning of the investigation of organised crime in Australia, suspicion was raised about Abeles and TNT. Australia's first royal commission into organised crime, Moffitt's royal commission into NSW clubs, was told by Commonwealth Police Inspector Dixon that, from his information, TNTt were backed by money from American syndicated crime.⁷

Further details about deals between Abeles and the U.S. mafia came out during the trial of Jimmy Fratianno, the boss of the U.S. West Coast Mafia, who was the San Francisco Connection for Riley and Csidei and the source of Csidei's 'Mafia superweed'. Strengthening the Sydney Connection ties, the Abeles/Mafia deal was brokered by Bela Csidei and involved Rudy Tham, the head of the West Coast Teamsters with whom Csidei was photographed in San Francisco in 1976. It seems Abeles wanted to expand into the U.S. but was having industrial trouble which Tham was asked to fix. Tham in turn introduced Abeles and Csidei to some colorful friends, 'wiseguys' as the Americans call them, whose nick-names were 'Little Ralph' and 'Benny Eggs' who were said to be associates of the Vito Genovese crime family from New York. Abeles agreed to buy a trucking business that his new friends owned for \$700,000, and he gave them a 20% stake in his U.S. operations as part of the deal. With this Teamster brokered deal, San Francisco became the gateway for TNT's expansion into America. The best account of this murky and under-reported episode can be found in *The Crimes of Patriots*. Kwitny details the close relationship between Abeles' circle and Bernie Houghton and Michael Hand, and records how Bela Csidei was taken under Abeles' wing as a boy 'almost as a son'.⁸

Sir Robert Askin — Premier of NSW, 1965-1975

Born in 1909, Bob Askin was elected to the NSW Legislative Assembly in 1950 and became Liberal Leader in 1959. An unusual Liberal leader with a ‘larrikin’ reputation, Askin became NSW Premier in 1965 after running Australia’s first law-and-order campaign, setting the model that men like Bjelke-Petersen would follow. Staunchly anti-communist and pro-American, he altered the NSW drug laws in line with the Single Convention on Narcotic Drugs, which was sponsored by the USA. His reaction to anti-Vietnam demonstrators who were blocking the presidential motorcade during President Johnson’s Australian tour in 1966 is legendary: ‘Run over the bastards!’ Askin is reputed to have said.

Askin was Australia’s original ‘Nixonite’. Although he campaigned on law-and-order, Askin’s decade of power was an era of unparalleled corruption, and both he and his Police Commissioner Fred Hanson were said to be involved.

During the Askin years, Sydney’s crime lords and corrupt police prospered. Thanks to the impetus of the R and R tours, Sydney’s already flourishing vice trade became world class. Thanks to the war in Laos, Sydney was a player in the global drug trade via the Corset Gang.

David Hickie, who traced the history of modern organised crime in Sydney through to its institutionalisation during the Askin era in *The Prince and the Premier*, characterised the decade of Askin’s rule as NSW Premier as a period of unparalleled political and police corruption when organised crime boomed. With the impetus of the R and R tours, Sydney’s vice trade prospered as never before. In four years, the six baccarat schools ringing Kings Cross were converted into a city-wide network of 14 luxury casinos like the Forbes Club, the Telford Club and the Double Bay Bridge Club, which operated seven nights a week. Although these clubs were illegal, they were never raided by the police who claimed to be unable to find them. The public and the media had no such problems. The Forbes Club, which nestled directly opposite the ABC Williams Street studio, was regularly photographed on prime-time TV shows like *This Day Tonight*, and was known to every taxi driver in Sydney.⁹

David Hickie described Askin as ‘more than a politician receiving pay-offs’. According to Hickie, Askin was ‘intimately involved’, one of those ‘running the show’:

Put simply, during Askin’s 1965-75 record term as Premier and Treasurer, he and Police Commissioners Allen and Hanson established an arrangement under which thousands of dollars weekly in bribes and pay-offs were handed over by the gambling clubs.¹⁰

This view was shared by anti-corruption campaigner, John Hatton MLA, (South Coast, NSW), who stated in the NSW Parliament that:

Under the Askin government ... the real penetration of Australian crime by overseas mobsters, gangsters and the mafia took place. The shopfront gambling and rackets came of age ... I have no doubt that Askin and Police Commissioner Hanson knew of and may have encouraged those activities. One is prompted to ask, were they involved, and to what extent?¹¹

Throughout his decade long premiership, Askin faced allegations about his involvement with a group of anti-communist businessmen who were called 'the Hungarian Mafia' and who were also known as 'Askin's Knights' (because Askin recommended them all for knighthoods). Prominent among these businessmen were Sir Paul Strasser and Sir Peter Abeles. Askin also had a close relationship to businessmen involved in the controversial Woolloomooloo development in the early 70s, leading up to the sensational Juanita Nielsen murder. He regularly dined in a discreet back room at Bernie Houghton's Bourbon 'n Beefsteak Bar in Kings Cross with one of these businessmen. On his retirement, Askin was given an office at 55 Macquarie Street, overlooking Circular Quay, where his neighbours were the Nugan Hand Bank. In January 1978, Mike Hand announced that Sir Robert Askin might be joining Nugan Hand as chairman, though nothing seems to have come of this.¹²

A few months after Askin's retirement as premier, fifty of Sydney's leading citizens attended a farewell dinner in his honour at the Vacluse mansion of Sir Peter Abeles in May 1975. Askin joined Sir Peter Abeles, Sir Arthur George and Sir Ian Potter on the board of TNT. By 1978 he had 110,000 shares in TNT. Abeles, Strasser and Askin were regular poker players at Abeles' Vacluse mansion where the other players included Kerry Packer and Rupert Murdoch.¹³

In July 1979, Askin was named during the Barton committal hearings. Bela Csidei told the court that crooked financier, Alexander Barton had told him they should get help from Premier Askin to stop a Corporate Affairs Commission investigation. Csidei claimed that Barton said: 'You had better talk to Sir Peter Abeles. Sir Peter can in turn talk to Bob Askin. It is their duty to help. Otherwise I will take them all down with me.'¹⁴

Merv Wood, NSW Police Commissioner (1976 -1979)

Mervyn Thomas Wood was born April 30 1917 in Redfern where his father was a well-known police sergeant. With uncles and an older brother who were also members of the NSW police, it came as no surprise when Mervyn Thomas Wood joined NSW's finest as a cadet in 1935.

A big, powerful man, Murray Riley's future sculling partner was one of the greats of the sport. Wood represented Australia at every Olympic from Berlin in 1936 to Melbourne in 1956. Despite spending his best years serving as a pilot with the RAAF, Wood won one Olympic gold medal in Oslo in 1948, two silver medals, and

the bronze medal for double sculls he shared with Murray Riley in Melbourne in 1956 when Wood was already thirty-nine years old.

Wood's police career was relatively uneventful until he was appointed NSW police commissioner in December 1976. However, his thirty month reign as police commissioner was one the most turbulent periods in the history of the NSW force. It was a time of numerous murders, including the murder of Donald Mackay, and others like the *menage a trois* murders in Bronte, to which Wood found himself linked. Accusations abounded about the corruption in the NSW force. There were allegations about the payment of protection money to police and politicians; allegations that Wood was refusing to close down the illegal casinos; allegations that Wood associated with organised crime figures like Abe Saffron and George Freeman. The Murray Riley/*Anoa* affair in 1978 and Riley's successful evasion of the NSW police did nothing for the battered reputation of the force nor for its besieged commissioner.

The allegations reached a peak in mid 1979 when an internal police Criminal Intelligence Unit report was leaked which contained damaging allegations relating to US and Australian organised crime figures as well as the heavy involvement of NSW police in armed hold-ups, robberies, gambling, and drugs. Wood called the accusations 'scurrilous lies', but he resigned in June 1979 'to protect the reputation and standing of the NSW police force'.¹⁵

The most damaging allegation, the one that followed him into retirement, was that Commissioner Wood had conspired with Murray Farquhar, Chief Stipendiary Magistrate, and solicitor Mr Morgan Ryan to pervert the course of justice in relation to the sentencing of two drug offenders, Roy Cessna and Timothy Milner. The two men had been charged with possession of 137kg of cannabis. Despite the large quantity of cannabis involved, both were dealt with summarily, allegedly by agreement between the parties. As a consequence, Cessna received only a small fine. After several lengthy investigations, Commissioner Wood was charged with perversion of the course of justice in 1987, but an order was made for a permanent stay of proceedings in 1991.¹⁶

Appendix 2:

Gough Whitlam on CIA activities in Australia

The main question I leave unanswered is the extent of the Riley/Nugan Hand conspiracy. Did it include police commissioner Merv Wood, or ex-premier Sir Robert Askin, or transport mogul Sir Peter Abeles? Each was close to a Sydney Connection principal, but simply knowing Murray Riley, or Bela Csidei, or Frank Nugan was not itself a crime.

Nugan Hand was a multi-purpose conspiracy; it was obviously far more than a drug trafficking operation, but it was this aspect of Nugan Hand which was my concern. The Nugan Hand principals also played a political role in the destabilisation of the Whitlam government. The allegations were that Michael Hand helped forge documents during the Loans Affair and the Cairns Affair, while Frank Nugan was the conduit for CIA money to the Liberal Party via Sir Robert Askin.

I include this extract from the a speech that Gough Whitlam made in Parliament on 24 May 1977 calling for a royal commission into CIA activities in Australia for two reasons: to address the question of a CIA inspired ‘dirty tricks’ campaign in 1975; and to provide another motive for the murder.

At the time of the murder of Donald Mackay the US-Australian alliance was in crisis over the events of 11 November 1975 and the revelations of Christopher Boyce. Boyce was employed by TRW, an aerospace firm in the U.S. which monitored Pine Gap, the US spy base in central Australia at the heart of the ‘security crisis’. Boyce was in charge of the top secret code room at TRW, in a position to monitor and decode messages from the CIA and Task Force 157 in Australia. Christopher Boyce said: “If you think Chile’s bad, you should see what the CIA is doing in Australia.”

One of Whitlam’s key allegations was that the CIA was funding the conservative parties. Frank Nugan was the banker for the CIA in Australia, and he was sharing offices with Sir Robert Askin, a ‘bagman’ for the Liberal Party. He had every reason to be worried about the royal commission into CIA activities in Australia Gough Whitlam was seeking in this speech made seven weeks before Mackay’s murder:¹

Mr E. G. WHITLAM: Concern about the recent allegations is not confined to my Party. It is shared by the principal figures in this debate—not least by the Americans themselves. Yesterday, the new United States Ambassador in his first Press conference here declared that he was very much concerned at the allegations he had seen in the Press. Two weeks ago, the United States Senate Committee on Intelligence under the chairmanship of Senator Inouye of Hawaii asked the Central Intelligence Agency for a report of its activities in Australia. On the basis of that report, the Committee will decide whether to pursue its inquiries. That report has not even been presented to the Senate Committee, yet the Prime Minister has prejudged the result of it. If it is good enough for the Americans, our allies, to show a prompt and proper concern about these matters, why should not the Australian Government do likewise? Alliances are not strengthened by covert operations or by condoning and covering up such covert operations.

The people who have made the allegations are not fanatics, crackpots or headline seekers. Some of them are former officers of the CIA itself. Many of them have worked inside the organisation and become disenchanted with some of its methods. So, too, have American senators, congressmen, cabinet ministers and American Presidents now become disillusioned with the operations of the CIA in past years. One does not have to admire personally the people who have made these allegations to accept the fact that they know what they are talking about. Mr Victor Marchetti worked for the CIA for 14 years finally becoming executive assistant to the deputy director. He is the co-author of a book *The CIA and the Cult of Intelligence* which was so authoritative, so well-informed and so accurate in its disclosure of facts that the U.S. Administration took protracted legal action to have it banned. At the insistence of the CIA, it was finally censored and 168 passages were deleted by court order. The legal battle was a tribute to Mr Marchetti's honesty and accuracy—to his credibility. His facts have never been challenged by the United States Government or the intelligence community. He is a free man.

Other allegations have been made by Mr Phillip Agee who was employed by the CIA for 12 years. On his own admission, he was engaged on destabilising political parties and governments in Latin America. As I mentioned 3 weeks ago, Australia had some small part as a proxy for the CIA in such operations in Chile until 4 years ago. Mr Agee recounted his experiences in another disturbing book, *Inside the Company—CIA Diary*. Again, his facts have never been challenged. Mr Speaker, whatever you may think of his motives or ethics, the only point at issue here is whether he is credible. The Foreign Minister (Mr Peacock) enhanced Mr Agee's credibility last week when he confirmed that people named by him were indeed CIA officers. The Prime Minister has made a feeble attempt to exonerate his Foreign Minister for his indiscretion. But there is no doubt that the Minister has given substance to Mr Agee's allegation. Mr Agee has aroused the anger of the British Government and he is being deported for unspecified activities harmful to the security of the United Kingdom. What is important in this context is that the United States Government which employed him as a spy for 12 years is taking no legal action against him. He is free to return to the United States if he wishes to do so. He is being deported from Great Britain. He is not being extradited.

The Prime Minister has poured scorn on Christopher Boyce, whose initial allegations were debated in this House 3 weeks ago. Boyce was employed by TRW, an aerospace firm which has links with secret American facilities in

Australia. He is presently appealing against his conviction for espionage. Whether or not his motive was as he said-that he was disgusted at the way the CIA was deceiving the Australian Government-there is only one relevant question to be asked about Boyce: Was he in a position to learn the information that he has disclosed? The New York Times in a 7-page article 2 days ago revealed that indeed he was. Boyce was in charge of the top secret code room at TRW where he was apparently in a position to monitor and decode CIA messages to and from its facilities in Australia. His allegations, profoundly disturbing cannot be dismissed. Sure, he is a convict. He was, as the radio program AM described him this morning, a college dropout of 24 years of age. It is extraordinary that a man of that record and that experience should be in such a confidential position. He was in a position to know facts. No one knows whether he gave those facts. Maybe the U.S. Senate Committee will ascertain that. Maybe if he was in this country, a royal commissioner could ascertain that.

Another source of allegation is Mr K. Barton Osborn, a former CIA officer in Vietnam who became disgusted with his work and left the agency. Another is an Australian computer programmer, Mr P. L. Kealy, who worked at the joint defence space research facility near Alice Springs for 5 years. Respected Australian trade union officials have alleged CIA interference in union activities. I gave the instances 3 weeks ago. The legal adviser to the Central Land Office in Alice Springs, Mr Geoffrey Eames has claimed that the CIA has intervened on behalf of American mining communities in the NT. More recently, the Attorney-General of South Australia, Mr Peter Duncan, has said that he has no reason to disbelieve that the CIA has been financing groups seeking to destroy the Australian Union of Students. My colleague, the honourable member for Hindmarsh (Mr Clyde Cameron), has spelt out in this place how the CIA engaged in McCarthy-like operations against loyal and trusted members of the Australian Labor Party. . . .

I have named a few of the people who have disclosed information or have expressed their disquiet about the nature of the CIA activities in Australia. Surely the right honourable gentleman would not say that the CIA can act in an unconstitutional way, contrary to international relationship or in an improper way if a Labor Government is in power but that its actions are OK under a Liberal Government. At no stage has the Opposition endorsed his allegations or those of the others whom I have quoted. Our position was stated in a resolution passed by the national executive of the Australian Labor Party 2 days ago. Mr Speaker, I ask leave to have that resolution incorporated in the Hansard record.

Mr SPEAKER-Is leave granted? There being no objection, leave is granted. The document read as follows-

The National Executive of the Australian Labor Party:

Noting allegations made during the past month that the United States Central Intelligence Agency has engaged in improper activities in Australia, including deception of the Australian Government, especially in relation to the operations of the joint defence space research facility; manipulation of political events in Australia in 1975; channelling of funds to Australian political parties and interference in trade union activities in Australia;

Further noting that these allegations emanate from a variety of sources in the United States, the United Kingdom and Australia;

Recognising that such activities would be inconsistent with the integrity and mutual respect on which relations between Australia and the United States should be based;

Believing that any improper activities in Australia by foreign intelligence services should be a cause of the deepest concern to any Australian Government, and endorsing in this context the statement made by Mr Justice Hope in his Third Report on Intelligence and Security that 'Australia's intelligence interests do not and cannot coincide with those of any other country';

Noting with appreciation that the Carter Administration has pledged to end abuses by United States intelligence authorities of the sovereignty of other countries;

Further noting with appreciation that the United States has called for a report from the CIA on its activities in Australia;

1. Invites the United States Administration and Congress to investigate fully the activities of the CIA in Australia and to report publicly on any improprieties which may have occurred; and

2. Expresses the hope that such investigations will include full examination of the allegations already made and the receipt of personal testimony from persons who have made such allegations.

Mr E. G. WHITLAM-The allegations to which I have referred are too grave and too disquieting to be brushed aside by the Prime Minister. Their enormity demands that they be fully investigated in Australia as they are now being investigated in the United States. They are not isolated charges. Their frequency, their detail and their very similarity give grounds for urgent concern. Let me recount the more serious of them. Mr Boyce said at his trial that his daily duties included continued deception against Australia. He referred to an alleged project at one of the joint United States-Australian facilities by which Australia would be cut out of certain information being acquired through that facility-and he was working in TRW under my Government and under the present Government. There have been claims that telephone and telex calls in Australia could be monitored by one of the joint facilities, a suggestion which provoked the Australian Financial Review-not one of our most rabid or radical - journals-to comment in an editorial on 5 May:

Access by the Americans to our international communications effectively means that American business might have the potential day by day to track the progress of negotiations by its Australian competitors. That allegations of such intrusion into Australia's national sovereignty should go unanswered is entirely unsatisfactory.

They have gone unanswered today. A former Australian employee at the Joint Defence Space Research Facility told the Canberra Times that he doubted whether Australian politicians were told all about the functions of the Facility.

Mr Marchetti told the Sydney Sun:

Boyce has proof that the CIA manipulated political events in Australia in 1975 which led to the downfall of the Whitlam Government.

Mr Boyce himself remarked:

If you think Chile's bad, you should see what the CIA is doing in Australia.

Mr Agee told the Australian Broadcasting Commission that he had no doubt that an Australian social democratic government 'which shows a certain independence' would be undermined by the CIA. Mr Agee should know. That is what he was doing in South America.

A former CIA officer told the National Times that the National Country Party was a recipient of CIA funds. The way this information emerged is particularly significant. He was being interviewed by another former agent, Mr Osborn,

and the interview was reported in the National Times on 16 May. Mr Marchetti, quoting Mr Richard Lee Stallings, has said that financing of conservative parties in Australia had to his knowledge gone on since 1967. That is well before the time of my Government. The allegations of interference in union activities are too numerous to list here, but they have been widely reported by responsible newspapers and the Australian broadcasting Commission. The most glaring example of CIA interference in Australia affairs was the telex message sent from Washington on 10 November 1975 to the Acting Director of ASIO, the text of which was published in the Australian Financial Review of 29 April. That message, which appears in Hansard at page 1520, was a clear example of the attempted deception of the Australian Government by the American intelligence community. It sought to make use of Australia's counter-intelligence organisation in order to deceive the elected Government. The message was offensive in tone, deceitful in intent and sinister in its implications.

It is utterly unsatisfactory for the Prime Minister to say that Mr Justice Hope has investigated the activities of the foreign intelligence services in Australia and that therefore no Further inquiry is needed. The point is that these allegations had not been made before Mr Justice Hope concluded his investigation. They are new charges based on new allegations which were not available to Mr Justice Hope. They should be placed before him not in a public inquiry, as the Prime Minister implies, but in the manner in which previous evidence was presented to him and assessed by him. We all know, as a result of Mr Justice Hope's inquiry, how necessary and how prudent it was to have an inquiry into our intelligence and security services. These later allegations surely should be assessed with no less urgency and with no less care.

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List of Abbreviations

AGPS - Australian Government Publishing Service

AIHW - Australian Institute of Health and Welfare

HEMP - Help End Marijuana Prohibition

NAA - National Archives of Australia

NORML - National Organisation to Reform Marijuana Laws

NSW - New South Wales

QLD - Queensland

1. INFORMAL ARCHIVES

Help End Marijuana Prohibition (HEMP) ARCHIVES

This history relies on a number of underground, often illegal, magazines I have been connected with or collected over several decades, including the period I was editor of HEMP (1994-1997). They provide a remarkable time capsule, stretching back to May 1977 and *The Australasian Weed*. Part of my research was to catalogue and date these publications where necessary, as a preparation for storage in some suitable archive, which would protect them, despite their (frequent) illegal status. This does not pretend to be a complete bibliography of cannabis law reform publications in Australia. For example, Nimbin HEMP Embassy publications are numerous and are poorly represented in this collection. It is, however, a start. Note that the *Cane Toad Times* was not a cannabis law reform publication, but an underground magazine in the *OZ* tradition from Brisbane, and that the *Fast Buck\$ newsletter* dealt with corruption.

A. *THE CANE TOAD TIMES* (First Collective)

There were two Cane Toad Collectives 1977 -1979 and 1981 - 1989. The second collective started renumbering from issue 1. The first collective did not bother with such details, and early editions of *The Cane Toad Times* were not adequately dated or numbered, something I hope to correct now. When the first Cane Toad hopped off the presses in May 1977, no one had any idea it would last twelve years. It says a lot that the death of *The Cane Toad Times* followed quickly after the end of Joh Bjelke-Petersen's premiership, which had been the butt of so much of its satire.

Number 1 The Royal Cane Toad cover (May 1977)

Number 2 The Cane Toad goes to Mullumbimby cover (c July 1977)

Number 3 Giant Mutant Cane Toad cover (c Sept/Oct 1977)

Number 4 The Incredible Peanut cover (December 1977)

Number 5 The Phantoad cover (April 1978)

Number 6 From Behind the Peanut Curtain: Joh, Howard the Duck and Cane Toad cover (c June 1978)

Number 7 Juvenile Delinquency Cover (c June 1979)

There is also an incomplete set of the second Cane Toad Times Collective, which I don't use in this history. However, the Clifford Clawback series in the second collective is very interesting indeed, and makes me regret the lack of a complete second collective collection to follow this interesting series on corruption in Queensland, with the names (in the *Power without Glory* tradition) only slightly changed.

B. WEED/SEED/NEED SERIES

A similar nonchalance towards dating and numbering issues prevailed in The Cane Toad's contemporary from Melbourne, *The Australasian Weed/Seed/Need* series which is likewise often inadequately dated. The case of *Weed/Need/Seed* was further complicated because they kept getting banned and consequently they had to keep changing the name, so the few early volumes which are numbered are invariably all numbered Vol. 1 No. 1. Since I use the *Weed/Seed/Need* series and the first *Cane Toad Times* series so much, I have spent some time establishing their relative time lines, and I take this opportunity to add this information (in parenthesis) where I can.

The Australasian Weed (May 1977)

The Australasian Seed (July 1977)

The Australasian Need (September 1977)

The Australasian Greed (December 1977)

The Australasian Eed (April-May1978)

The Australasian Eed (? 1978 - the one edition missing from the HEMP collection)

The Australasian Plead (October 1978)

The Noxious Weed (Nov 1978)

The Noxious Weed (Dec/Jan 1979)

Capital marijuana leaf, small marijuana leaf, small marijuana leaf, small marijuana leaf (Spring 1979). This iconic name was a final joke on the censor.

C. HEMP PUBLICATIONS (Help End Marijuana Prohibition)

HEMP newspaper: an 8 page tabloid newspaper, published six issues from 1994 to 1995. It was succeeded by;

HEMP magazine: a quarterfold, published three issues in 1995 and 1996);

The Book of Bud: A best of HEMP magazine plus grow guide. Brisbane 1997

D. OTHER MARIJUANA LAW REFORM MAGAZINES IN HEMP ARCHIVES

Norml News. Published in Sydney, this began as a broadsheet in 1981 but became a magazine-style format in October 1981. It ran to 1987. There are four issues in the HEMP archives.

Broadsheet # 1 (dated 1981)

Issue #2 (dated October 1981)

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Issue (dated 1985)

Cannabis News. (A photocopied fanzine style publication produced by Steve Dimitriou from Kuranda 1993-1997).

#14 Jan 20 1996.

Weed World. (A magazine published by Almost Normal from Bathurst).

2 (October 1993).

Nimbin's Mardigrass 1997 Programme, Nimbin May 1997, Nimbin HEMP Embassy

The Nimbin Good Times, Nimbin May 2000, Nimbin HEMP Embassy

E. FAST BUCK\$ NEWSLETTERS

Fast Buck\$ Newsletters #3,

Fast Buck\$ Newsletters #6

Fast Buck\$ Newsletters#7

F. POSTERS

What is A Criminal?

Pig City

Would you like to see this nice young policeman blown away?

Your Children: Jailed For Life

2. ALTERNATIVE ARCHIVES

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Anonymous (1) (friend of murder victim, Paul Clarke)

Anonymous (2) (an upper Hunter valley farmer who worked in the Upper Hunter Historical Society)

Greg George (Political activist framed on drug charges)

Ian Kerr (Political activist framed on drug charges)

Damien Ledwich ('Speak, Earthperson' cartoonist)

Matt Mawson (*Cane Toad Times* cartoonist)

Keith Moor (Author of *Crims In Grass Castles*)

Fats Parameter (Writer of *Pig City*)

Neil Pike (Writer of *Bush Bust Ballard*)

Jimmy Prentice (Political activist)

Mitch Thompson (Political activist framed on drug charges)

Chris Masters (ABC journalist responsible for 'The Moonlight State')

List of Correspondence

Lillian Bazley (Wife of James Bazley)
Barbara Mackay (Wife of Donald Mackay)
Ian Salmon (Friend of Donald Mackay)
Ian McCausland (Cartoonist)

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- ⁶ McCoy, Alfred W. *Drug traffic : narcotics and organized crime in Australia* [Sydney : Harper & Row, 1980]
- ⁷ Manderson, Desmond. *From Mr Sin to Mr Big : a history of Australian drug laws* [Melbourne : Oxford University Press, 1993]
- ⁸ Hickie, David. *The Prince and the Premier* [Sydney: Angus and Robertson]
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- ¹¹ Kruger, Henrik. *The Great Heroin Coup: Drugs, Intelligence and International Fascism* [Boston, MA: South End Press, 1980]
- ¹² Kwitny, Jonathon. *The Crimes of Patriots: a true tale of dope, dirty money and the CIA* [New York: W.W. Norton, 1987]
- ¹³ Toohey, Brian and Wilkinson, Marian. *The Book of Leaks* [North Ryde, NSW: Angus and Robertson, 1987]
- ¹⁴ Pilger, John. *A secret country* [London, England: Cape, 1989]
- ¹⁵ Corn, Daniel. *Blond Ghost: Ted Shackley and the CIA's crusades* [London: Simon & Schuster, 1994]
- ¹⁶ Joint Commonwealth-State Police Task Force Report into Nugan Hand,
- ¹⁷ Queensland. Commission of Inquiry into Possible Illegal Activity and Associated Police Misconduct. *Report of a Commission of Inquiry pursuant to Orders in Council* [Brisbane: Govt Printer, 1989]. Hereafter referred to as the Fitzgerald Report.
- ¹⁸ Dickie, Phil. *The Road to Fitzgerald and Beyond* [St Lucia: UQP, 1989]
- ¹⁹ Dempster, Quentin. *Honest Cops* [Sydney: ABC Enterprises, 1992]
- ²⁰ Whitton, Evan. *The Hillbilly Dictator: Australia's Police State* [Crows Nest NSW: ABC Enterprises, 1993]
- ²¹ Whitton, Evan. *Can of Worms I* [Broadway, NSW: Fairfax library, 1986]
- ²² Whitton, Evan. *Can of Worms II* [Broadway, NSW: Fairfax library, 1987]
- ²² Whitton, Evan. *The Cartel: Lawyers and Their Nine Magic Tricks* [Glebe, NSW: Herwick, 1998]
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- ²⁴ Moor, Keith. *Criminals in Grass Castles* [Apollo Bay: Pascoe Publishing, 1989]
- ²⁵ Bottom, Bob. *Shadow of Shame: How the mafia got away with the murder of Donald Mackay* [South Melbourne: Sun Books, 1988]
- ²⁶ Bottom, Bob. *The Godfather in Australia* [Sydney: Reed Books, 1979]
- ²⁸ Bottom, Bob. *Without Fear of Favour* [South Melbourne: Sun Books, 1984]
- ²⁹ Bottom, Bob. *Connections, crime rackets and networks of influence down-under* [South Melbourne: Sun Books, 1985]
- ³⁰ Bottom, Bob. *Connections II : crime rackets and networks of influence in Australia* [South Melbourne : Sun Books, 1987]
- ³² Lonie, John. *A Social History of Drug Control in Australia* [Adelaide: Royal Commission into the Non-Medical Use of Drugs South Australia Research Paper, 1978]
- ³³ South Australia. Royal Commission into the Non-Medical Use of Drugs. *Final Report* [Adelaide: Royal Commission into the Non-Medical Use of Drugs in South Australia, 1979]
- ³⁴ Connaughton, Seamus (ed.). *The Australian Marijuana's Growers Guide* [Redfern: Otter Publications, 1996]
- ³⁵ Freemarijuana, John (ed). *The Book of Bud* [Brisbane: HEMP, 1997]

Chapter 1: **The Reefer Madness Campaign of 1938**

¹ 'New drug that maddens victim', *Smiths Weekly*; week ending 23 April 1938, p1

² *ibid*

³ *ibid*

⁴ Gilbert, D.J. Prime Minister's Department, memo to Dr J.H.L. Cumpston, National Australian Archives, Dept of Health series A192811, Item 290/36 Drugs and Medicines: Marihuana

⁵ Cumpston, J.H.L. Director General of Health to Gilbert 31/5/1938, National Australian Archives, Department of Health series A192811, Item 290/36 Drugs and Medicines: Marihuana

Chapter 2: **Marijuana or Indian Hemp?**

¹ Parssinen, Terry M. *Secret Passions, Secret Remedies: Narcotic Drugs in British Society 1820-1930*, [Philadelphia: Institute for the Study of Human Issues, 1983], pp 191-195. The addicts route is from the Rolleston Commission report, *Report of the Departmental Committee on morphine and heroin addiction*, [His Majesty's Stationery Office, London 1926] p9

² Grigg and Elliot, *The Dispensary of the United States of America*, Fifth Edition Philadelphia: (1843); downloaded from the Fitz Hugh Ludlow Library on-line, <http://www.nepenthes.com>

³ Grinspoon, Lester and Bakalar, James B. *Marihuana: The Forbidden Medicine* [New Haven & London: Yale University Press, 1993], pp 4-7

⁴ *Victorian Parliamentary Debates*, 28 Sept 1904, p 1890.

⁵ Lonie, *A Social History of Drug Control in Australia*, p 28

⁶ J.H. L. Cumpston, Director General of Health Memo 5/5/39, 'Manufacture of Cigarettes containing Indian Hemp', Australian Government Archives, Department of Health series A192811, Item 290/36 Drugs and Medicines: Marihuana

⁷ *Faulding's General Price List 1947*, Mortlock Library BRG 147/4

⁸ Cartwright, Lorna 'Marihuana' *Current Affairs Bulletin*, March 1983, pp 19-31

Chapter 3: **The Second Smith's Weekly Article**

¹ 'First doped packets sneaked in' *Smith's Weekly*, week ending June 11 1938, p1

² *ibid*

³ Letter to Qld Government Botanist C.T. White from Mr R.Short, Under Secretary 27/6/38, also the Under Secretary's letter 30/6/1938 to Mr N.E. Goodchild, Acting Director Bureau of Tropical Agriculture South Johnstone and Goodchild's reply 18/7/1939, Queensland Government Archives, Dept of Agriculture and Stock, 42/21324

⁴ *Queensland Government Gazette*, 22 October 1938, p 1706. Quoted in Queensland Government Archives, Dept of Agriculture and Stock file 42/21324 AGS/J1650

⁵ Letter from US consul Albert M Doyle, 26 October 1937, National Australian Archives, Series A981/1, Item League OPI 13

⁶ Letter from Qld Government Botanist to Under-Secretary Department of Agriculture 19/10/1939, Queensland Government Archives, Department of Agriculture and Stock file 42/21324 AGS/J1650

Chapter 4 : **The Hunter Valley Crop**

¹ 'Wall of silence on H. River Marihuana' *Maitland Mercury* , 16 November 1964, p 1

² 'Wall of silence on H. River Marihuana' *Maitland Mercury* , 16 November 1964, p 1

³ Material donated by an anonymous source re marijuana in the Hunter Valley in the 1960's (memoirs of an American Surfer), Rainbow Archives, Mitchell Library ML MSS 5057 Add-On 1919 Box 26 (60)

⁴ Interview conducted with an Upper Hunter farmer who worked in the Upper Hunter Historical Society, November 1994

⁵ Campbell, Dr Francis *A Treatise on the Culture of Flax and Hemp*, Second edition Sydney 1855, p 80

⁶ Herer, Jack and Jiggins, John. *op.cit*; pp 1 -24

⁷ Hist Rec, v , p449; cited in Maiden, J.H. *Sir Joseph Banks, the "father of Australia"* [Sydney: Government Printer, 1909], p192.

⁸ 'Eradication of plant no problem', *Maitland Mercury*, 16 November 1964, p3

Chapter 5: **I'd Love To Turn You On**

¹ Hawley, Janet 'Needle maniacs now try Vegemite and cough mixture', *The Australian*, 26/8/71, p 1; Al McCoy, *Drug Traffic : Narcotics and Organised Crime in Australia*, Harper & Row Sydney 1980, p261

² 'Youth biggest users of pot', *The Australian* 23/10/72, p3

³ 'Drugs - a new menace in Affluent Sydney', *Sydney Morning Herald*, 18/3/67, p9

⁴ Sharp, Martin 'The Addict', *OZ*, Sydney, July 1966

⁵ Talbot, Colin 'The Drug Squad Exhibition' *Australasian Need* September/October 1977, p 21. The Ian McCausland comic 'Showday', was published in *The Digger*, no 4 1972; the Colin Talbot article *The Drug Squad Exhibition* is from the *Australasian Need* which is undated but came out September/October 1977, p 21

⁶ 'The Brisbane Devotee', *The Cane Toad Times* #7 (first collective, Juvenile Delinquency cover), p7
NB: *The Cane Toad Times* had two collectives - the first lasted from 1977 to 1979, and a second collective was formed in 1981 and ran to circa 1989. Confusingly, the second collective began renumbering from Number 1, even though there were seven issues previously. All Cane Toad's referenced in this work are from the first collective period 1977-79.

⁷ McRoach, J.J. 'Editorial', *The Australasian Greed* (undated but circa Summer 1977/78), p3

⁸ Manderson, *From Mr Sin to Mr Big*, p162.

⁹ *ibid*, pp 161-162.

Chapter Six: Teenage Heaven: Sex, Dope and Gough Whitlam

¹ Jiggins, John. *Rehearsals for the Apocalypse* [Brisbane: John Jiggins, 1983]. The drug riot is Chapter 8 *The Bust*, pp 38-41

² 'Chopper Stoppers Block Helicopter Cops', *Hemp magazine* #3, 1996, p6.

³ England. *Cannabis: Report by the Advisory Committee on Drug Dependence* (England, 1968), pp 6-7

⁴ Australia. *Report from the Senate Standing Committee on Drug Trafficking and Drug Abuse* [Canberra: AGPS, 1971]

⁵ *Sydney Morning Herald*, November 1972

⁶ 'But is cannabis a drug?', *Nation Review*, 9 May 1974

⁷ *Parliamentary Debates House of Representatives*, 17 April 1975, p 1760

⁸ *Parliamentary Debates House of Representatives*, 29 April 1976, p1763

⁹ Kelly, Paul 'Govt will over-rule States on drug law', *The Australian*, 13 August 1975, p1

¹⁰ 'New penalty on cannabis after decision reversed', *Canberra Times*, 20 August 1975

¹¹ *Parliamentary Debates Representatives*, 18 November 1976, p 2893

¹² 'New Penalty on cannabis after decision reversed', *Canberra Times*, 20 August 1975

¹³ Jobson, Sandra 'Pot certainly will be legalised: How 16 year olds see tomorrow', *The Australian*, 28 Sept. 1976, p9

Chapter 7: Richard Nixon and the War on Drugs in Australia

¹ Baum, *Smoke and Mirrors*, p 10

² *ibid*, pp 7-8

³ *ibid*, pp7-12

⁴ Singer, Robert 'Dope Wars' in *The Australasian Seed* (Volume 1 Number 1 1977), p18. The Mitchell Library in Sydney has a collection of the rare The Weed/Seed/Need etc series.

⁵ McCoy, Alfred W and Read, Kathleen B 'The CIA and the Heroin Trade' [extracted from *The Politics of Heroin in Southeast Asia*] *The Bulletin*, 23 September 1972

⁶ Singer, 'Dope Wars', *The Australasian Seed*, 1977, pp18-23

⁷ McCoy, *Drug Traffic*, p310

⁸ Davidson, Hugh 'The Canberra Connection' *The Australasian Seed*, (July) 1977, p 9

⁹ 'I Cover the Dope Front', *The Cane Toad Times*, May 1977, p 8. Author unattributed but known to be the Brisbane Devotee. (Issue 1 first collective, Royal Cane Toad cover)

¹⁰ Yska, Redmer. *New Zealand Green* [Auckland: David Batemean, 1990], p114

¹¹ McCoy, *Drug Traffic*, pp 298-307

¹² *ibid*, p309

¹³ *ibid*, p311

¹⁴ Williams, Graham 'Overdoses up as addicts turn to barbituates', *Sydney Morning Herald*, 20/1/79, p3. This article is also the source for the quotes from Bill Crews and Patricia Healey.

¹⁵ Baum, *Smoke and Mirrors*, pp 15-20

Chapter 8: The Murder of Donald Mackay

¹ Justice Woodward, Report of the Royal Commission into Drug Trafficking, pp 192-193

² *ibid*

³ 'Ashamed Italians Harvested Drug Crop', *Area News*, May 14 1982, p1

⁴ Bottom, *Shadow of Shame*, 20-21

⁵ *ibid*, p 18

6 Woodward, *Royal Commission into Drug Trafficking Report*

Chapter 9: **The Woodward Royal Commission**

- 1 Simper, Errol 'Mr Wran has been nifty on the marihuana issue', *Canberra Times*, 10 May 1977, p2
- 2 Manderson, *From Mr Sin to Mr Big*, p184
- 3 Fowler, Andrew 'Inquiry pulls out all stops to crack Griffith', *The Australian*, 5-6 November 1977, p1
- 4 'Digging up the facts on drugs', *Sydney Morning Herald*, 27 October 1977
- 5 Fowler, Andrew 'Inquiry pulls out all stops to crack Griffith', *The Australian*, 5-6 November 1977, p1; for the ethnic tensions in Griffith see McCoy, *Drug Traffic*, pp 295-297
- 6 McRoach, 'Editorial', *The Australasian Greed*; undated but probably Summer 1977/78, p3

Chapter 10: **An Australian Richard Nixon**

- 1 Queensland. Royal Commission of Inquiry into Possible Illegal Activities and Associate Police Misconduct. *Report. (The Fitzgerald Report)*, p 45
- 2 Jiggins, John 'The Politics of Special Branch', *Planet (QUT student newspaper)*, March 1990, p10
- 3 *ibid*
- 4 *ibid*
- 5 *ibid*
- 6 Manderson, *From Mr Sin to Mr Big*., p167.
- 7 McRoach, *A Dozen Dopey Yarns*, p119 - 123

Chapter 11: **The Cedar Bay Alliance**

- 1 'Statement by G.E. Smith', *Parliamentary Debates Senate*, 7 Sept 1976 pp437-438. These statements were read into Hansard by Senator Keefe and reported in the Courier Mail in the article 'Police burnt our huts and clothes', *The Courier Mail*, Saturday Sept 11, 1976, p4
- 2 Statement by G.E. Smith; Statement by Peter Dimitriou; *Parliamentary Debates Senate*, 7 Sept 1976, pp435-438
- 3 'Statement by G.E. Smith' also 'Statement by Michael Lennon', *Parliamentary Debates Senate*, 7 Sept 1976, pp437-439
- 4 Lunn, Hugh. (1978). *Joh: The life and political adventures of Johannes Bjelke-Petersen*, [St. Lucia: University of Queensland Press], pp236-254
- 5 'Statement by G.E. Smith', *Parliamentary Debates Senate*, 7 Sept 1976, pp437-438;
- 6 'Tough on drugs' - police minister', *The Courier Mail*, Sept 1 1976, p14
- 7 Margaret Brisdon Cribb, 'An out-of-town tryout: the Lockyer by-election' in *Politics in Queensland: 1977 and Beyond* edited by Margaret Brisdon Cribb and P. J. Boyce, UQP Brisbane 1980
- 8 'Editorial', *The Courier Mail*, 8 September 1976, p4
- 9 'Tough on drugs' - police minister', *The Courier Mail*, Sept 1 1976, p14
- 10 *ibid*
- 11 *ibid*
- 12 Wright, Keith *Queensland Parliamentary Debates*, Vol 271, 8 Sept 1976, pp305 -306
- 13 *ibid*
- 14 Lunn, *Joh*, pp 236 - 254
- 15 Newbery, Hon T.G. 'Ministerial Statement', *Queensland Parliamentary Debates*, Vol 271, 8 Sept 1976, pp296-7
- 16 Newbery, 'Ministerial Statement', *Queensland Parliamentary Debates*, Vol 271, 8 Sept 1976, pp296-7
- 17 Trundle, Peter 'Stamp duty, land tax look: Joh', *The Courier Mail*, 18 Sept 1976, p4
- 18 *Report of the Commission of Inquiry into Possible Illegal Activities and Associated Police Misconduct* (hereafter referred to as *The Fitzgerald Report*), p 32 for the 'bag-men' quote and pp 30 - 33 for the early history of 'the Joke'.
- 19 Whitton, *The Hillbilly Dictator*, p38
- 20 *Commission of Inquiry into Possible Illegal Activities and Associate Police Misconduct* (The Fitzgerald Report), p 45
- 21 *ibid*, p45
- 22 *ibid*, p45
- 23 'Editorial', *The The Courier Mail*, 16/11/76, p4. To cover the damage done by Whitrod's resignation Bjelke-Petersen announced an inquiry into the Police Force. However, Mr. Bjelke-Petersen said that the inquiry would not be into allegations of "malpractice and corruption" only into

police procedures because Mr. Bjelke-Petersen said he knew of no corruption in the Queensland police force.

²⁴ ‘Lewis police chief from next Monday’, *The Courier Mail*, 23 November 1976, p1

²⁵ ‘Whitrod Claims: Government briefed on Cedar Bay’, *The Courier Mail*, 30/11/1976, p1

²⁶ ‘Bjelke drug attack on eve of court case’, *The Australian*, Sept 25 1976, p10

²⁷ Lunn, *Joh*; pp 236 - 254

²⁸ *ibid*

²⁹ *The Fitzgerald Report*) pp 50-51

³⁰ Interview with Ian Kerr, December 1999

³¹ Interview with Fats Paremeter, July 1999

³² Sturgess, Gary ‘Drug Squad terror tactics cause alarm’, *The Bulletin* 29/7/1978, p 28

³³ *ibid*

³⁴ *ibid*

³⁵ Forsyth, Christopher, ‘Police dont tolerate this raid Mr Wran’ *Nation Review*, Sept 15-21, 1978, p2

Chapter 12: Regime of Corruption

¹ Masters, Chris. (1992). *Inside Story* [Pymble N.S.W.: Angus & Robertson], p52

² Private interview with Clarke’s friend

³ *Fitzgerald Report*, p75

⁴ Beer is mentioned in the list of police officers at the end of the Fitzgerald Report, though he does not appear in the list of witnesses who appeared before the commission. ‘Appendix 22’, The Fitzgerald Report, p A241

⁵ Fast Buck\$, ‘TENNI & CROOKED COPS!’, *Fast Buck\$ Report No 7*, HEMP Archives.

⁶ *ibid*

⁷ *ibid*

⁸ *Radio Timewarp: ten years of independent radio in Brisbane*, 4ZZZ, Brisbane, p3

⁹ Knight, Alan ‘Won’t get fooled again’, *Radio Timewarp*, pp6-10

¹⁰ “It is essential that as many people as possible have access to the media, and as radio is the cheapest and the easiest way for people and groups to be heard, then it stands to reason that any new outlets should be able to perform a social function that commercial broadcasters cannot and do not want to perform. Fairness in broadcasting is not achieved by all stations seeking the lowest common denominator in programming, but by diversity.” ZZZ manifesto

¹¹ ‘The Jesus Factor’, *Radio Timewarp*, p5

¹² Gray, Steve ‘Cedar Bay Drug Horror Rampage’, *Radio Timewarp*, p12

¹³ *ibid*, p 13

¹⁴ *ibid*, p 13

¹⁵ *ibid*, p23; also history of zzz(<http://www.4zzzfm.org.au>)

¹⁶ The Parameters, *Pig City*, A Records Brisbane, 1983

¹⁷ Ross, David ‘Police chief calls for war on drug vermin’, *Sunday Mail*, 10 November 1985; p 1

¹⁸ Morley, Peter ‘State may set up tribunal to aid drug fight’, *The Courier Mail*, 13 November 1985

¹⁹ Editorial, *Sunday Mail*, 3 November 1985

²⁰ ‘Drug offences in Qld second highest on list’, *The Courier Mail*, 12/11/85

²¹ Morley, Peter ‘Drug traders face jail for natural life’, *The Courier Mail*, 29 November 1985

²² Morley, Peter ‘Drugs law re-think on ‘dob-in’ parents’, *The Courier Mail*, 6 February 1986, p1

²³ Hansen, Peter ‘Police could misuse powers: Law Society’, *The Courier Mail*, 27 April 1986. Also editorial, ‘This Bill needs more changes’, *The Courier Mail*, 8 February 1986, p4

²⁴ ‘Law Society hammers the Drugs Misuse Bill’, *The Courier Mail*, 8 February 1985, p2

²⁵ ‘No major changes to Drugs Bill: Gunn’, *The Courier Mail*, 8 February 1986

²⁶ PIG CITY: Poster

²⁷ What Is A Criminal: Poster

²⁸ Dempster, *Honest Cops*, pp 149-152

²⁹ Masters, *Inside Story*, p47

³⁰ *ibid*, p49

³¹ *ibid*, p68

³² Dempster, *Honest Cops*, pp 149-152

Chapter 13: Justice Williams and the Americanisation of drugs policy in Australia

¹ Manderson, *From Mr Sin to Mr Big*, p 172

² Leader-Elliott, Ian *Model Criminal Code, Chapter 6 Serious Drug Offences Report*, p1

³ Manderson, *From Mr Sin to Mr Big*, p 175

⁴ *Australian Royal Commission Into Drugs*, pp 279 - 280

⁵ *ibid.*, C233, C155 OT 8208 OT 8215

⁶ *ibid.*, C232 OT 19374

⁷ *ibid.*, C154 OT 19375

⁸ *ibid.*, C258 OT2470

⁹ *ibid.*, D10

¹⁰ *ibid.*, D12

¹¹ *ibid.*, D14

¹² Manderson: *From Mr Sin to Mr Big*, p175

¹³ *Australian Royal Commission Into Drugs*, D10

¹⁴ Manderson: *From Mr Sin to Mr Big*, p184

¹⁵ *Australian Royal Commission Into Drugs*, D27

¹⁶ *ibid.*, D9

¹⁷ *ibid.*, F2

Chapter 14: History By Numbers

¹ Australia (Dept of Customs and Excise). *Report of the Government of Australia in the calendar year 1971 on the traffic in opium and other dangerous drugs* [Canberra: AGPS, 1971]. In the original the percentage figure for 1966 is blank. I have recalculated it. Apart from this, the table is as labelled in the Annual Report.

‘Detection’ is an ambiguous term and could mean either offences or offenders, though which is unclear. Because some drug offenders are charged for more than one offence, the number of drug offenders is always smaller than the number of drug offences. Official figures on both are kept. As to which figure, offences or offenders, is meant by detection I am unsure, and either could apply.

In even earlier copies of the Annual Report series (during the early sixties) these detections (cannabis prosecutions) were classed as ‘cannabis addicts’! Quite seriously! Successive issues of the Annual Report inform us that there were 2 cannabis addicts in Australia in 1960, which declined to 1 cannabis addict in 1961 ‘because of swift police action’. Australia had 3 cannabis addicts in 1964, which expanded to 17 addicts in 1965 (15 in NSW and 2 in the rest of Australia) and 57 cannabis addicts in NSW 1966 and 4 in the rest of the country. The phrase ‘cannabis detection’ obviously succeeded use of the term ‘cannabis addict’ in the years covered by this table. The usage changed again to the more exact drug offences and cannabis offences in the seventies.

² Table 2 is assembled from the 1972 and 1973 issues of the annual report on narcotic drugs published by the Dept of Customs and Excise with the series title *Report of the Government of Australia in the calendar year XXXX on the traffic in opium and other dangerous drugs*.

³ Clements and Daryal, *The Economics of Marijuana Consumption*., p4

⁴ *ibid.*, p11

⁵ *Marijuana prices in Australia in the 1990s* also by Clements and Daryal, was published in 2001. It is an interesting work, but I find it hard to accept the prices for pot they were given by the Australian Bureau of Criminal Investigation. For example, Table 2 Marijuana Prices: Heads (Clements and Daryal, 2001, p7) informs me that the price of heads in SA was \$400 per ounce in 1997, \$340 per ounce in 1998 and \$400 and ounce in 1999. I lived in SA and bought ounces of heads in those years, and the top price I paid was \$250 an ounce, with \$200 per ounce being the norm. This dissonance between my own experience and the prices recorded by Clements and Daryal makes me uneasy about the figures they use, and, although their analysis of this data looks interesting, I can’t get excited with this work because I can’t accept their basic prices.

⁶ Marks, Robert E. ‘Costs of the Prohibitions’ in *Drugs Policy: Fact, Fiction and the Future*, edited by Russell Fox and Ian Matthews, pp 121 - 128

⁷ SA Archives Sackville Royal Commission, *Cannabis Research Foundation Submission*; CRC 114/1/82

⁸ Table 8 is a combination of Marks (1990) and Collins, David J and Lapsley, Helen M. 1991. *Estimating the economic costs of drug abuse in Australia*, Monograph Series No. 15, AGPS, Canberra

⁹ Like many of my tables, this table has been assembled from a number of sources to give a more long-term perspective. Figures from 1990 - 2000 come from *Prisoners in Australia*, Australian Bureau of Statistics, 4517.0. Figures for 1986, 1988, 1989 come from the Law & Order section of *Australian Year Book 1989, 1990, 1991*. Figures for 1982, 1983 from John Walker and David Bell, *Australian Prisoner*, Australian Institute of Criminology

¹⁰ Age editorial ‘Crime and prisons: a complex equation’, June 14, 2001, p18

¹¹ Year Book Australia 2001, p451

¹² This table has been assembled from information in a number of *Year Book Australia*, namely 1975, 1980, 1985, 1990. 1995, 2000

¹³ *Year Book Australia 2001*, p 490

¹⁴ This table has been assembled by combining statistics from successive volumes of *Year Book Australia 1977, 1981, 1983, 1986*

¹⁵ Dransfield, Michael. 'Shit', *Drug Poems* (Melbourne: Sun Books, 1972) p39

¹⁶ Australia (Dept of Customs and Excise). *Report of the Government of Australia in the calendar year 1970 on the traffic in opium and other dangerous drugs* [Canberra: AGPS, 1970]

¹⁷ Australia (Dept of Customs and Excise). *Report of the Government of Australia in the calendar year 1971 on the traffic in opium and other dangerous drugs* [Canberra: AGPS, 1971]

¹⁸ 'World Wide Market Prices', *The Australasian Weed*, May 1977 p 24

¹⁹ 'Australian Market Prices', *The Australasian Seed*, July 1977, p28

²⁰ *The Noxious Weed*, p10. (As usual in the *Need/Greed/ Weed* series *The Noxious Weed* is undated but contents suggest early 1979.)

²¹ 'The Stock and Produce report', *NORML NEWS*, 1984

²² The figures for the CPI index are from taken from *Australian Economic Indicators February 1999*, Australian Bureau of Statistics

²³ Another table assembled from several sources: chiefly, the 'Recorded drug offences rate per State per 100,000 population', Table 66 in *Statistics on Drug Abuse in Australia in 1989*, Dept. of Health Canberra, AGPS, 1989, p 56; but also incorporating later figures from *Statistics on Drug Abuse in Australia in 1994*, Dept. of Health Canberra, AGPS, 1994 with earlier figures from *Statistics on Drug Abuse in Australia in 1987*, Dept. of Health Canberra, AGPS, 1987

Chapter 15: The Massive Drug Seizures of 1975-1978 and the Sydney Connection

¹ As I complained in my section on Williams, the official figures on cannabis seizures for this period in Williams' report are full of the most appalling errors: I pointed to three obvious mistakes in one paragraph, and I could have pointed out many more in this section. Maddingly, some of Williams' other figures look correct.

How do you make sense of Williams?

This was one of the most difficult challenges that I faced. It was an infuriating process, but all you can do is treat Williams as a crazy mirror; by checking him against himself and other sources, you can weed out the good figures from the bad. It would have been so much better if I had the raw seizure figures. Sadly, I didn't. I only had the seizure figures as reflected through Williams' crazy mirror. As it turned out, Williams did me an enormous favour. For it was in the heroic task of deciphering Williams that I immersed myself in the seizure figures and developed my sense of scale. In this way, Williams helped me see 'the Sydney Connection'. Indeed, after making sense of Williams, solving the murder of Donald Mackay was child's play!

² 'FOUR TONNE HASH SHIPMENT FLOODS LOCAL MARKET', *NORML NEWS*, October 1981

³ Bottom, *The Godfather in Australia*, p85

Chapter 16: John Wesley Egan and the CIA's Secret War

McCoy, *Drug Traffic*, pp 261 - 264

² 'Confessions of a crooked cop', *the Bulletin*, April 18 1978, pp 20 - 24

³ Hickie, *The Prince and the Premier*, p 306

⁴ McCoy, *The Politics of Heroin*, Preface pp ix-xx

⁵ *ibid*, p 15

Chapter 17: Bernie Houghton and the R and R years

¹ 'Stars and Stripes at the Cross', *SMH*, August 26 1968, p6

² Toohey, Brian and Wilkinson, Mary. 'Nugan Hand: Spies guns drugs fall into place', *National Times*, 21 Feb. 1982, p12

³ For the spy allegations see *Joint Task Force Report*, pp 407-410 and pp 440-442

⁴ 'Thomas Clines Visits Australia', *Joint Task Force Report* 36.10, p747. Much of the detail for this profile is from 'Houghton, Maurice Bernard', *Joint Task Force Report* 31.9, pp 670 - 671.

⁵ Hickie, *The Prince and the Premier*, p58

Chapter 18: The second Sydney Connection

¹ *The Bulletin*, August 6 1977

Chapter 19: Michael Hand: The Hero with the Heroin

¹ 'Michael Hand and Nugan Hand pre 1975', *Joint Task Force Report*, Section 32, pp 689-692

2 Nathan, James A 'Dateline Australia: America's Foreign Watergate', *Foreign Policy*, no. 49, Winter 1982, pp 170 - 185 is the source for the quote about the Chiang Mai office; it is also a very good summary of Nugan Hand's role in destabilising the Whitlam government.

³ McCoy, *Drug Traffic*, pp 356-357

Chapter 20: **Murray Riley: The Prince of Scams**

1 Justice Moffitt, *Organised Crime in Clubs*, p74

2 *ibid*, p74

3 *ibid*, p78

4 McCoy, *Drug Traffic*, p 242

5 Justice Moffitt, *Organised Crime in Clubs, Report*, pp 42-43

6 Bottom, *The Godfather in Australia*, p 77

7 Smith, *Neddy*, p 246 [Kerr: Sydney] 1993

8 *ibid*

9 Justice Woodward, *Further Report of Royal Commission into Drug Trafficking*, p228-229

10 *ibid*, p235

11 *ibid*, p235

12 *ibid*, p238

13 *ibid*, p226-227

14 Jarratt, 'The Life and Crimes of Murray Riley', *Penthouse*, August 1991, pp 50-54. Probably the best profile of Riley. It says a lot about 'the Age of Gangsters' that the truth about them is hidden away in the pages of 'soft-porn' magazines.

Chapter 21: **Bela Csidei and Harry Wainwright**

1 Bottom, *The Godfather in Australia*, p 73

2 Justice Woodward, *Further Report of Royal Commission into Drug Trafficking*, p237

Chapter 22: **The Trojan Horse Bank**

1 Kwitny, *The Crimes of Patriots*, p173; also p223

2 *Royal Commission of Inquiry into the activities of the Nugan Hand Group*, pp 857-891

3 *ibid*, pp857-891

4 *Joint Task Force Report*, pp332-333

Chapter 23: **The Nugan Hand board and the secret war in Laos**

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2 *ibid*, pp 41-42

3 *ibid*, pp 34-35; also *Joint Task Force Report*, 31.14 Manor, Leroy Joseph, pp673-674

4 *ibid*, p41; also *Joint Task Force Report*, 31.6 Cocke, Earl, p 668

⁵ *ibid*, p22. Not only was Colby's business card in Nugan's wallet but there was also another piece of paper found in Nugan's bible with Colby's name on it.

Chapter 24: **The CIA Bank?**

1 *Joint Task Force Report*, 31.17 'Shackley, Theodore George', p675; for more details see Corn's *Blond Ghost*, the definitive Shackley biography.

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3 McCoy and Read, 'The CIA and the Heroin Trade' *the Bulletin*, 23 September 1972

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7 'US keeps clues to Dismissal locked up', *The Australian*, 19 February 1999, p4

8 Corn, *Blond Ghost*, p295-306

9 *ibid*, pp 317 -320

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- 2 'Statement by Mr Kenneth Nugan', *The Australian*, November 12 1977, p15
- 3 Bacon, Wendy 'The Nugan Connection', *National Times*, 8-14 July 1983, p 41
- 4 Hickie, *The Prince and the Premier*, p283
- 5 *ibid*, pp280 - 284
- 6 *NSW House of Assembly Parliamentary Debates*, 23 August 1977, p7470
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- 15 Justice Stewart, *Royal Commission of Inquiry into the activities of the Nugan Hand Group*, p51
- 17 *ibid*
- 18 *ibid*, p 542

Chapter 26: **The Secret Accounts**

- 1 'Nugan Group not linked with Banker', *Area News*, 29/4/80, p1
- 2 Stewart, *Royal Commission of Inquiry into Nugan Hand Group*, p 838
- 3 Woodward, *Royal Commission into Drug Trafficking Report*, p193

Chapter 27: **The Stewart Royal Commission**

- 1 *Commonwealth - New South Wales Joint Task Force on Drug Trafficking Report (Joint Task Force Report) Vol 2, Nugan Hand (part 1)*, June 1982, pp 440 - 445
- 2 Wilkinson, Marian 'The Case of the Missing chapter', *National Times*, 8 - 14 April 1983 p3
- 3 Wilkinson, Marian 'Nugan Hand - the missing links', *National Times*, 6-12 December 1985, pp18-20
- 4 Kwitny, *The Crimes of Patriots*, pp 362-363.
NB: In Vietnam, Colby's real job was CIA Station Chief, overseeing the mass assassination program 'Operation Phoenix'. A career CIA bureaucrat, he later became Director of the CIA.
- 5 Justice Stewart, *Royal Commission of Inquiry into the Activities of the Nugan Hand Group Interim Report No. 1*, October 1983, pp 88-94
- 6 *ibid*, p28-29;
- 7 *ibid*, pp 113-114
- 8 Wilkinson, 'Nugan Hand - the missing links', *National Times*, 6-12 December 1985, pp18-20
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- 11 Toohey, Brian 'The Stewart brand of logic', *National Times*, 6-12 December 1985, p19

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- 4 www.melbournecrime.bizhosting.com. A website devoted to a history of crime in Melbourne. All the Bazley quotes are from this Bazley bio.
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- 6 *ibid*
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³ Costigan "Organised Crime and a Free Society", p14

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² Whitton, *The Hillbilly Dictator*, p3

³ McCoy, *Drug Traffic*, pp 32-33

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⁵ Interview with Chris Masters

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⁷ Interview with Chris Masters

Chapter 33: **Conclusion**

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² *Australian Royal Commission Into Drugs*, p A238

³ *Australian Royal Commission Into Drugs*, pA238

Appendix 1: ***Abeles, Askin, Wood***

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² Strong, Geoff 'Sir Peter Abeles: embodiment of Australia's post-war immigration success story', *Sydney Morning Herald*, Saturday 26 June 1999

³ Paterson, Alex "A Pilot's Perspective of the Australian Pilots' Dispute of 1989" at www.vision.net.au/~apaterson/aviation/pd89_document.htm

⁴ 'Australia's Rich 200', *Australia's Business Review Weekly*, 25 May, 1998.

⁵ *The Australian*, Saturday 26 June 1999

⁶ Bottom, *The Godfather in Australia*, p93

⁷ NSW Parliament, *Organised Crime in Clubs*, Report, pp 45-6, Transcripts 1610-11

⁸ Kwitny, *The Crimes of Patriots*, p237-242

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¹⁰ *ibid*, pp 58-59

¹¹ *ibid*, p58

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¹³ *ibid*, pp 86-87;

¹⁴ Hickie, *The Prince and the Premier*, p 81

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