9. A NEW HOWARD HUGHES:  
JOHN MEIER, ENTREPRENEURSHIP,  
AND THE INTERNATIONAL  
POLITICAL ECONOMY OF THE  
BANK OF THE SOUTH PACIFIC

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First of all, there is the dream and the will to found a private kingdom…the nearest approach to medieval lordship possible to modern man…Then there is the will to conquer, the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself... The financial result is a secondary consideration, or, at all events, mainly valued as a symptom of victory…Finally, there is the joy of creating, of getting things done, or simply of exercising one’s energy and ingenuity …Our type seeks out difficulties, changes in order to change, delights in ventures…

Joseph Schumpeter, *The Theory of Economic Development* (1934:93-4), Explaining the motives of the entrepreneur …The term entrepreneur engenders certain negative overtones. There is a connotation of manipulation, greed, avarice, and grasping acquisitiveness.


Both politically and economically, Hollywood has long performed the art of ‘false openings’ for its audiences. By presenting alternative histories (entire worlds) that by accident have never happened, and by promising an array of economic opportunities that have always been available only to a select few, Hollywood has, in effect, become the fantasy that makes all other fantasies possible.

There is considerable disagreement about what constitutes proper governance and security. These debates are situated in specific times and places and they advance the political and economic objectives of various actors, who differ in how they define situations. The focus in this paper will be on how John Meier claimed that his Bank of the South Pacific (BSP) venture represented the greatest hope for Tonga’s economic development (an embryonic and purified version of the empire of Howard Hughes) while the United States government viewed it as an enterprise promoted by a criminal with dangerous left-wing associates—indicating a crisis in governance in Tonga, which threatened regional security. Meier and his allies competed with the US government over the future of the BSP. The BSP was the solution for Meier, the problem for the US government. The outcome of this conflict over the BSP was more complicated than a simple victory for one side and a loss for the other. Both sides agreed that Meier was an entrepreneur—but the American government constructed an image of him as a villain (tax evader, fraudster, fugitive from justice) while he and his supporters presented him as a victim of dirty tricks by the CIA, the Nixon White House and the corrupted Howard Hughes organisation.

The entrepreneur is virtually absent from conventional economics,\(^1\) which emphasises impersonal market equilibrium and the ‘invisible hand’. Mainstream economics textbooks devote very little space devoted to entrepreneurs. Entrepreneurs deal with much of what really takes place in the economy, but the biographies of entrepreneurs are difficult to quantify and the formal neo-classical models of orthodox economics ignore the immeasurable. In contrast to orthodox economists, this analysis sees entrepreneurs as important in the cyclical development of capitalism—affecting innovation, relations between the core and periphery and the ethical qualities of international political economy.

This paper focuses on two entrepreneurs: John Herbert Meier and, to a lesser extent, his mentor Howard Robard Hughes Jr., in relation to Meier’s attempt to create a business empire in Tonga: the Bank of the South Pacific (BSP).\(^2\) This venture did not succeed, but its failure tells us a great deal, especially since the strong selection bias in studies of entrepreneurship emphasises success rather than failure. The extent of the BSP’s failure, however, should not be overstated, since many of Meier’s current entrepreneurial activities have their origins in his plans of the BSP, and the BSP foreshadowed some of Tonga’s offshore projects which were highly successful in financial terms. For the Pacific Islands generally, Meier has been one of the colourful foreign entrepreneurs who continue to shape their destinies—for good or ill.
There have been many foreign entrepreneurs in the Pacific Islands and their influence has been underestimated. To the degree that they have been successful, they have often shaped the law, forms of governance and foreign alignments of Pacific Island states.

Despite some coverage of Meier’s BSP venture in the Australasian and Pacific Islands media when it was announced in 1977 and brief mention of it in histories of Tonga, there is incomplete understanding of the BSP project and an inadequate sense of its underlying significance. The BSP scheme was an evolving process. Each of its proposed activities repeated and amplified a scheme of its predecessor in the empire of the billionaire Howard Hughes, who died the year before the BSP’s inception. Hughes’s death, in many ways, provided the basis for the claims for this Tongan enterprise. The BSP emerged in a geopolitical crisis, in which Tonga was perceived to be moving toward the Soviet Union and the ‘rogue state’ of Libya - thereby threatening Western interests in the Pacific Island region.

The BSP was the most ambitious project ever proposed for a Pacific Island offshore financial center (OFC), since it was conceived as being the base for a number of activities resembling the Hughes empire. The BSP was not a conventional bank (or even a ‘conventional’ offshore bank). Instead it was conceived as a monopoly franchise which would market a number of products and services under a single logo. It was designed to produce a Tonga-centred brand name synergy or ‘economies of scope’. This ‘high concept’ style of corporate organisation was pioneered by Hollywood in the late 1960s and early 1970s where the Hughes organisation was headquartered. Entrepreneurs extended this Hollywood-based style over the world.

The entrepreneur is a socially contradictory figure. Ruling elites in the modern world-system often see successful entrepreneurs as their heroes, representing the ideals of capitalism. Even aristocrats in the quasi-feudal Tongan monarchy consider (usually foreign) entrepreneurs as keys to their continuing ascendency. Yet entrepreneurs frequently have lowly origins, and even if they do not, they often challenge conventional powers and refuse to accept established ethics, laws or patterns of behaviour. Entrepreneurs are usually seen as extreme individualists, and in a way they are--but the entrepreneur is more fundamentally a social type who recurs over and over again, looking for new opportunities. This entrepreneurial type reappears throughout the whole history of the capitalist world-system--ranging from the core to the periphery.

Entrepreneurs are often on the move traversing the globe looking for new challenges and opportunities. Some (or all) of their ventures may fail, leading to great financial or personal adversity. But the
entrepreneurial type is persistent. He or she may be involved in a series of projects, but often there is one, such as Meier’s BSP in Tonga, which expresses the entrepreneur’s fullest vision and aspiration at some crucial point. This major endeavour gives shape to all the others.

Entrepreneurs plan, struggle, succeed or fail at specific historical moments in global geopolitics. Meier sees his enterprises in terms of his geopolitical struggles with his nemesis—the CIA and its allies in the US national security state. At a crucial time in the mid-1970s Tonga came into international prominence by making moves to delink from the US-dominated western security alliance. Tonga’s elite aligned its interests with Meier’s and allowed him to create the BSP, which, although it did not survive opposition from the US government, revealed the epic dimensions of Meier’s imagination, audacity and endurance. His tribulations brought his ventures to greater international prominence, not least in Australia, where only the production of his Tongan official passport (given to him by the King to promote the BSP around the world) allowed him to escape imprisonment and extradition to the US for crimes against the Hughes empire, which he says he did not commit (receiving large kickbacks for spending $7.9m of Hughes money on nearly worthless gold and silver mining claims in Nevada, California and Utah in 1968) and for tax evasion (funnelling the proceeds of his crime through the OFCs of the Bahamas, the Cayman Islands, Liechtenstein and Switzerland). Meier admitted that the mining claims partly involved money laundering and much of it vanished in offshore bank accounts, but he claimed that these were not his bank accounts but Hughes accounts, where the money was used to buy items such as the Hughes cryonics equipment.

Meier claims that all of his legal problems started when he declined to hand over Hughes-related documents to the CIA and to remain silent about the relationships between the Agency and the Hughes organisation. Meier claimed to have first met Hughes in 1956 and worked for him in various roles from 1959 to 1970. Meier had started as a computer technician at Hughes Aircraft, but two years later Bill Gay hired Meier at Hughes Dynamics, a branch of the conglomerate which was supposed to become a major supplier of computer software but which had been formed without the knowledge of Hughes and was later disbanded after he had learned of it. Meier then advanced to lobbyist and ‘scientific adviser’, pressing politicians and bureaucrats to end nuclear tests in Nevada where Hughes lived and had considerable property interests. Hughes and he supported nuclear disarmament and Meier became a director of the ‘Fund for Survival’ anti-nuclear group, supported by Hughes, and where Meier got to know media stars. Finally, in March
1968 he became purchasing agent and consultant for mining interests at a time when gold and silver prices were rising rapidly, after the US Congress ended the gold standard in March 1968. Hughes saw this project in terms of tax minimisation, always a primary objective of his extensive use of OFCs. The ore was seen as appreciating in value as it was left in the ground (untaxed) until the influence of Hughes over the White House reduced federal income taxes and gained federal subsidies for reopening old mines. Meanwhile the mining properties generated losses and tax credits for Internal Revenue Service (IRS) purposes. Hughes apparently told Meier to liaise with President Nixon’s brother Donald to help to realise this goal. However, Richard Nixon had earlier trouble with relationships between Donald and the Hughes organisation. He blamed media exposure of Donald’s previous secret loans from Hughes for his narrow defeats in the 1960 Presidential election and in his 1962 campaign to become Governor of California. Government agents secretly photographed Donald’s meetings with Meier and placed a 24-hour wiretap on Meier’s home and office telephones.

Meier’s swift ascent and self-publicity as the primary conduit to the reclusive Hughes led to his knowing some of the most powerful people in the world. But it also resulted in a struggle with Robert A. Maheu, the principal executive of the Hughes empire, who had been a freelance CIA agent since the 1950s, including such operations as hiring Mafia chieftains for a covert CIA operation to assassinate the Cuban President Fidel Castro as part of the Bay of Pigs invasion. Robert A. Maheu and Associates (RMA) had employed Meier to distance him from the Hughes company, a leading military contractor, when Meier was working with anti-war and anti-nuclear groups in Nevada. This was a merely a nominal arrangement, however, since Meier was actually working for Hughes. Maheu constantly attempted to sack Meier, but Hughes would not permit it. President Nixon was frustrated as Hughes continued to reject Maheu’s attempts to dismiss Meier.

Meier began to realise that RMA was a CIA front (staffed by former CIA, FBI and IRS agents) and he accused Maheu of arranging for Hughes Aircraft to hire CIA operatives so that they could use the company as cover for their foreign operations and for interference in US domestic elections, where financial contributions were channelled toward the Agency’s ‘friends’ (including Gerald Ford, who replaced President Nixon after his 8 August 1974 resignation) and ‘dirty tricks’ performed by CIA agents against ‘enemies’ (including all the Kennedy clan). RMA was the prototype for the ‘Mission Impossible’ television series. It accepted CIA assignments, which were so sensitive that the Agency did not dare to perform them itself, such as contract kidnappings
and procuring prostitutes to service the sexual proclivities of foreign dignitaries. The Hughes organisation was the Agency’s largest single contractor—receiving an estimated $7b in espionage contracts from the CIA.6

Meier claims that in 1969 Hughes told him to arrange to oust Maheu, to help to reorganise his operations by merging them with those of the billionaire Daniel Ludwig, and to place all of his assets in the Howard Hughes Medical Institute, which Meier would head. Meier resigned from Maheu’s company on 31 October 1969, but he continued to work for Hughes (opposing nuclear testing in Nevada and liaising with Donald Nixon as a conduit between Hughes and President Nixon) until Hughes moved from the US to the Bahamas OFC in November 1970.

Meier contended that the CIA was behind the charges against him and that it had been victimising him for years since he learned of its growing influence over and within the Hughes organisation and he had formed alliances with left-wing anti-nuclear groups around the world in pursuit of Hughes’s goal of ending atomic testing in Nevada, where Hughes was living. Meier tried most of his adult life to stay out of courts and prison, and he has seen his enemies as the same people who confined the solitary Hughes to his luxury hotel rooms and controlled him through drugs, which Meier said the CIA supplied to Hughes, particularly after 1967. He claimed that he was one of five people to whom Hughes would speak in the last years of his life in his Las Vegas hotel room, before Hughes was taken to the Bahamas by his minders and their allies in the CIA. Meier contends that Hughes was kidnapped and under duress when he signed away control of his Nevada assets to the inner circle of Bill Gay, Chester Davis, and Raymond Holliday on 14 November 1970, the day after Holliday (who headed Hughes Tool) had signed an agreement with the CIA to build the Glomar Explorer.

Meier claims that the CIA was particularly antagonistic to him because he knew too much about the top-secret ‘Operation Jennifer Project’. Jennifer started on 13 November 1970, when the Agency began using the Hughes Tool Company as a front to build and operate the Glomar Explorer, supposedly for undersea mining but really for salvaging sunken submarines, particularly a Soviet submarine (with its secret codebooks and weapons) that had sunk 750 miles northwest of Hawaii in 1968 at a depth of 17,500 feet. Meier said that he had refused a CIA request to participate in the project, and warned Hughes against involvement, making him appear to the CIA to be a security risk. Meier fled to Canada a month after the 16 June 1972 failed Watergate burglary (into which he claimed to have led the Nixon camp). He claimed to know the secrets of Watergate, including connections between President
Nixon, the Hughes organisation and the CIA—all of which were allegedly taking their revenge against him. He said that on 9 March 1969 at the Airport Hotel in Miami he had witnessed a CIA-protected $1m payoff by the Hughes organisation (namely, Ken Wright, the head of the Howard Hughes Medical Institute) to bribe Republican President Nixon (the money being received by Nixon’s friend and banker Bebe Rebozo, who was apparently disturbed by the presence of the left-leaning Meier). Meier claimed that he later convinced Nixon’s brother Donald (who apparently regarded Meier as the best source for information about leading Democrats’ strategies) that he had passed information incriminating President Nixon (particularly about the $1m Miami payoff) to the Democratic National Committee and its office at the Watergate complex in Washington. Meier claimed that the Nixon White House (which had been waging a covert and overt campaign against him) panicked at the news and commissioned the Watergate burglars to find out what documents the Democrats had about the secret and illegal $1m payment, although the burglars were not told of the purpose of the Watergate break-in (since this would expose the president’s criminal corruption). Canada (where prominent politicians accepted Meier's allegations of a vast and vindictive CIA-led conspiracy against him) refused to extradite him to the US. Meier also contended that key leaders of the CIA, the Hughes organisation and other parts of the US military-industrial complex were furious about his obtaining vast quantities of Hughes secret papers which he had allegedly received from Mexican authorities who had taken them from the Hughes suite at the Acapulco Princess Hotel just after his death was announced.

When Meier said he was on the run from the CIA and proclaimed his left-wing credentials, he was likely to draw a great deal of sympathy from certain quarters. He claimed to be a friend of Marlon Brando, a close associate of Democratic Senator (presidential candidate and one-time Vice President) Hubert Humphrey, and a fund-raiser for former CIA officer Daniel Ellsberg just after the release of his *Pentagon Papers* expose. Particularly after claiming that the Hughes organisation and its allies in the Nixon White House and intelligence services scuttled his campaign in New Mexico for the Democratic nomination to the US Senate (where Meier finished tenth in the primary), he presented himself as a victim and a fighter against an organisation specialising in violating the sovereignty of other nations and breaking the rules of international law.

Meier’s accusations against the CIA were highly topical when he was forming the BSP in Tonga in 1977. In the aftermath of defeat in Vietnam in 1975 and the Watergate scandal (which drove Nixon from the
presidency in 1974 and where it was revealed that the principal burglars had CIA connections), the US Congress conducted highly publicised hearings into the CIA (including its plans to kill foreign leaders) in 1975 and 1976, which vilified the Agency and led to the formation of congressional oversight committees in 1976 and 1977. Meier’s credibility was increased by the fact that the US Senate Committee investigating Watergate granted him immunity and interviewed him in private. After Watergate there was a purge of the US intelligence community leading to budget cuts, sackings, demoralisation and anger among the Agency’s personnel—indignation which, Meier claims, was directed against him.

He received asylum in Canada a month after the Watergate burglary. He alleged that his telephones were bugged, he was constantly shadowed by strangers, kidnapping threats were made against him and his family, two unknown Americans tried to bundle him into a car in Vancouver, and someone threw a Molotov cocktail through the window of his Canadian home.

Influential politicians (including the Conservative MP John Reynolds and NDP members Tommy Douglas and Andy Brewin) successfully lobbied the minister of immigration on his behalf presenting him as a victim of a conspiracy by the CIA, the White House, the IRS, and the Justice Department. Meier released an affidavit, allegedly written by an ex-CIA agent named Virginio Gonzales, which stated that the CIA had followed Meier in the US, Canada and Europe and that Meier had foiled its plans to assassinate President Joaquin Balaguer of the Dominican Republic. Reynolds tabled Gonzales’s affidavit in Canada’s House of Commons, creating consternation there. Meier became a permanent resident of Canada in 1974. Meier’s flight from the US to Canada represents the ‘role deterioration’ which Collins and Moore argue is crucial to developing independent entrepreneurs.8

The period of role deterioration is a phase in the lives of these men when their world has become shattered. It is a time when the present is insecure, or when the future is unclear and confused, and the old lines of activity have been cut off. This is a period of self-analysis. It is also a period of examination of the environment. Out of it there are generated conceptions for new lines of action. The period of role deterioration may be viewed from the short-range view as a dangerous and trying situation. From the longer point of view, however, it is the moment of freedom from an essentially restrictive and threatening situation. It is a necessary stage in the career of the entrepreneur.

Meier received full Canadian citizenship on 2 November 1977 (as a reward for his help in uncovering CIA activities in Canada, Meier
claimed) and soon proceeded to Tonga with the plans for the BSP, which had been founded in Tonga on 21 June 1977. At the time he was under a $1m bond (one of the highest bonds in US history and the highest in any income tax case) if he ever returned to the United States. Meier, like Hughes, was constantly searching for an OFC base for his business operations, with a compliant government over which he would have a great deal of control, whether this be Tonga (in Meier’s case) or the Bahamas and other Caribbean tax havens (for Hughes). Like Meier, Hughes felt deeply that the IRS was victimizing him, and his flight from IRS process servers led him to the Bahamas, London, Vancouver, Managua and Acapulco. Meier’s BSP is consistent with the observations of Collins and Moore that: ‘A remarkably large proportion of entrepreneurs see their movement toward the moment when they created their own organizations as essentially a flight—an escape.’

On his way to Tonga, Meier met Tonga’s Honorary Consul in Tokyo, the gambling billionaire Ryoichi Sasakawa, who was very inquisitive about Hughes and expressed support for BSP’s project, before Meier departed for Tonga on 21 November 1977. Meier had been deeply involved in another authoritarian, tightly hierarchical, secretive, and ritualistic power structure - the quasi-feudal empire of the eccentric billionaire Howard Hughes. And he was in conflict with still another - the IRS. Meier’s relationship with the Tongan king may be seen as similar to the relationship between Hughes and American politicians.

Meier said that the idea of the BSP emerged in October 1976 from the King asking Meier’s friend Bill (William Stanley) Waterhouse, the bookmaker who serves as Tonga’s Honorary Consul in Sydney, about how to raise capital for Tonga’s development. At that time Waterhouse was believed to be the largest bookmaker in the world—when Australia was one of the few countries to allow bookmakers to operate legally. In 1971 Meier met Waterhouse for the first time in Sydney, presenting himself as the executive aide to Howard Hughes and a mutual friend of Morris Barney (Moe) Dalitz, the former head of organised crime in Cleveland who had become one of the most powerful men in Las Vegas and the first to sell an interest in a hotel-casino to Hughes. Dalitz was reputed to be an architect of ‘skimming’ in casinos and he was also one of the first to do extensive secret banking in the Bahamas OFC in the 1960s. Dalitz assured Waterhouse of Meier’s excellent reputation and integrity.

Waterhouse did not see Meier again until 1976, when he was passing through Vancouver the year after Waterhouse had been made Consul-General for Tonga in Sydney by the King. They had been school friends at Newington College, a secondary school in New South Wales which
many Tongan aristocrats have attended, and classmates when they were completing their law degrees at the University of Sydney. Meier was very excited at seeing Waterhouse’s diplomatic passport, quickly requesting his assistance in establishing an OFC in Tonga.

Waterhouse became convinced of the feasibility of an OFC in Tonga after trips to London, New York, and Zurich. He returned to Vancouver with positive news for Meier and his partner in the BSP proposal, the actress Terry Moore (who claimed to be ‘Mrs. Howard Hughes’). Waterhouse concluded: ‘I can’t see any sense in letting money go to Switzerland if we can do something with it in the South Pacific.’

From Meier’s perspective, the BSP developed out of the conflict between his entrepreneurial plans and the CIA. According to him, his enemy was a vast and convoluted conspiracy, involving a number of agents, who had placed him under surveillance and nearly intolerable pressure since 1968, but ultimately failed to dim his entrepreneurial vision, which Tonga offered to protect and sustain. The Soviet Union needed OFCs to conduct its international financial transactions outside western (particularly American) surveillance and control. From the mid-1950s Cold War rivalries led to the initial creation of offshore US dollar deposit accounts for the USSR, eastern bloc countries and China—these countries’ moves to hide the funds from the American government (which might attempt to seize them) providing the initial context for the subsequent massive expansion of OFCs.

An important element of the BSP was the introduction to Tonga of Hughes-style corporate private security, or private policing, designed to configure safe places for the BSP’s and Meier’s ventures. The entrepreneurial BSP foreshadowed the contemporary trend toward neo-feudal ‘private government’ private policing whereby companies are empowered by the state to take over important spheres of governance over which the state does not exercise direct control. The BSP’s surveillance, detective and undercover plans were augmented by strong ties to Canadian intelligence. The BSP hired Eddie Hameluck to be its chief of security, providing private policing for its international banking and airport operations. Hameluck had been at the Soviet desk of the Royal Canadian Mounted Police before joining British Columbia’s Coordinated Law Enforcement Unit (CLEU), which was investigating organised crime in the province. He was Meier’s contact at the CLEU, which had employed Meier as a consultant on gambling from 1975 to 1978, since he was reportedly celebrated in Vancouver’s underworld because of his Las Vegas Hughes connections. Over the years (even after the BSP’s failure) Hameluck continually used his informal contacts in police and intelligence circles around the world to attempt to protect
Meier from apprehension by US authorities, not always very successfully, with the alleged assistance of British and Cuban intelligence agencies. The BSP’s private security operations had the potential to pass information on to foreign governments that were favourably disposed toward Meier and to the Tongan monarchy—and Meier concentrated on forming a strong relationship with Tonga’s Police Chief George Aakau’ola. In such operations public and private policing are generally interwoven. Meier’s attempts to privatise law enforcement and make it serve his interests followed Hughes’s example when he created his own private detective surveillance and security organisation in the 1940s and 1950s in response to the FBI’s spying on him from 1943.

The prospectus for the BSP promised to continue the entrepreneurial legacy of Hughes about a year after his reported death on 5 April 1976, and the BSP’s proposed activities were strikingly similar to core operations of the Hughes empire. ‘Entrepreneurs rarely, if ever, create companies from whole cloth. Rather they build on organizational models in the larger social environment.’ Meier modeled himself on Hughes and the BSP’s Terry Moore contends that after the young Howard Hughes visited William Randolph Hearst at San Simeon, his palatial California estate, Hearst became his model.

The development of aviation, a national airline and a $100m airport (along with a slipway for cruise ships and other vessels) would bring tourists and investors (especially Hollywood film stars) to build and stay at Tonga’s new luxury hotels (including a new 550-bedroom luxury hotel and a $25m 250-apartment condominium). The BSP’s monopoly on Tonga’s OFC would facilitate tax minimisation and financial secrecy for the wealthy. The kingdom developed laws giving the BSP, among other things, a 99-year monopoly on Tonga’s OFC. Tonga would develop satellite, electronics and computer industries to facilitate global financial transactions as well as its offshore oil and seabed mining prospects. Eventually new industries would be created in canning, sugar milling, pharmaceutical processing and packaging, boat building, assembly of amphibious aircraft, and coconut processing.

The King had already announced plans for the Bank of Tonga (which had been founded in 1974 and was not related to the nineteenth century Bank of Tonga that this paper considers later) to provide special numbered accounts for foreigners, not unlike those offered by Swiss banks. But these facilities had not been introduced and the king offered the opportunity to the 43 year-old Meier who claimed to represent Swiss and Middle Eastern interests at a time when each year tens of billions of petrodollars were being deposited in OFCs such as Switzerland by OPEC
countries trying to recycle vast new oil revenues to the West through secretive and tax-free intermediaries. Local entrepreneurs were encouraged to favour this OFC development in the hope that it would allow them to bypass the Bank of Tonga. Despite its youth, the Bank of Tonga had already alienated some of them by maintaining rigid and frustrating lending conventions. The Bank of Tonga has been like a number of other Pacific Islands’ banks in placing an extraordinarily large proportion of deposits in overseas accounts of its parents, which were then Australia’s Bank of New South Wales, the Bank of Hawaii, and the Bank of New Zealand.

One of the BSP’s first activities was attempting to coordinate the new Tongan OFC with the Vancouver Stock Exchange (VSE). Unfortunately, Vancouver was sometimes considered to be a haven for share market swindlers, assorted confidence men, money launderers, arms merchants, narcotics traffickers, terrorists, and even Howard Hughes (from March to August 1972). Activity on the VSE was characterised as ‘institutionalised fraud’. Its close involvement with entrepreneurial ventures highlights an often made point that it is not uncommon for entrepreneurs to receive financing from ‘shady’ or underworld sources.

The negotiations to make Tonga into an OFC had been initiated by a VSE promoter, David Smeaton, and another Meier associate, Vancouver lawyer Gordon A. Hazelwood. One of Meier’s most powerful defenders, John Reynolds, the Tory politician, had been a VSE stock promoter.

The VSE was notorious for a standard manoeuvre, which has a family resemblance to the swindles frequently practiced on the Salt Lake City Stock Exchange. The Toledo Mining Company was listed on the Salt Lake City Stock Exchange when it sold many nearly worthless mining claims to the Hughes organisation represented at the time by Meier.

A common VSE strategy involved finding a lightly traded listed company with few assets and no operations, selling for pennies a share. The shares or assets of a new company were then exchanged for the assets of this company, so that the new company’s name replaced the old name. Frequently mining companies become high technology entrepreneurs and vice versa. New industries and technologies were emphasised since, as Schumpeter observed, these are often the focus of speculative stock market manias, as investors overestimate the profits and underestimate the consequences that flows of new capital will have in lowering returns, even for the most legitimate entrepreneurial projects. Foreign operations could then become subsidiaries of the new Canadian company, which might even have a foreign-sounding name. The new company could then begin trading on the VSE very quickly without
tiresome prospectuses, investigation, regulation, or delay from corporate watchdogs. The next stage was locating a promoter to generate interest among sharebrokers. Profits were made as shares were sold into a rising market, generated by purchases especially in the United States and Europe (and including pension funds, where managers might be bribed). The stock was then sold short by the promoters and it plummeted. The company neglected to file proper financial statements with regulators. Trading was halted and the stock was delisted. Investors were furious, but they did not maintain their rage forever. Sometimes they might be placated temporarily, as when the directors of a suspended company which had not submitted statements promised salvation from a Pacific Islands OFC. Months later the company could be reorganised and re-listed, and the whole process could start again. Inflating and then selling nearly worthless shares became a big business in Vancouver, big enough to intimidate even the left-leaning New Democrats, whose defeat in 1976 was often largely attributed to VSE insiders.

All this being said, one of the first moves of the new Tongan OFC promoters at the BSP was to announce that Satellite Industries Limited of Tonga was bidding for Charlestown Resources, a company listed on the VSE. The key to Meier’s conception of the development of the Tongan OFC and the growth of the BSP into a mini-conglomerate was its satellite enterprise as the newest, most instantaneous, and least expensive form of long-distance telecommunication for the Tongan tax haven. This clearly relates to his experience in the Hughes organisation, where the name Hughes is still pre-eminent in the satellite industry.

Meier presented the BSP as a new dawn for Tonga, which the CIA (and its alleged local agents in the American Peace Corps, which Meier accused of using Tonga as a way-station for its international drug trafficking operations) would try to scuttle. The CIA sought to maintain Tonga’s underdevelopment and its abject dependency on the US and its allies with its economy overly reliant on foreign aid and remittances from migrants in western countries such as New Zealand, Australia, and the United States.

Meier contended that litigation against him was the primary weapon of the CIA. His entrepreneurial career was characterized by serious and long-lasting legal disputes, which threatened him with long periods of imprisonment. New enterprises, even those without Meier’s debilities, usually suffer disproportionately from the burdens of litigation, since they have comparatively few resources for legal expenses, whether or not they lose the courtroom battles. Among other things, Meier had to locate the BSP and himself in a legal environment which he believed would allow him to escape the attempts of the US government to extradite him and seize
his assets. The Vancouver lawyer and close Meier associate Gordon A. Hazelwood had been important in negotiating the legal terms for the establishment of the BSP and its monopoly on Tonga’s OFC. The favourable legal atmosphere of Tonga (where Meier had direct access to the King, who has enormous power to create and shape the country’s laws) provided an unparalleled environment of legitimacy where Meier could operate and the BSP could be constituted. One of the Hughes empire’s core activities which was not immediately included in the BSP’s range of proposed activities was gambling, as this would induce considerable opposition from powerful church groups in Tonga—and endanger the legitimacy and government endorsement, which were so important to Meier’s goals.

Since Tongan sovereignty is invested in the King, no popular consultation was thought necessary to create the BSP. On 21 June 1977 King Tupou IV (who has life-long absolute immunity from the rule of law) and the rest of the members of the Privy Council (all appointed by him) granted the new bank a 99-year OFC monopoly. This included exemption from all taxes and from all national laws and currency controls. It also provided a diplomatic passport for Meier.

All entrepreneurs face the liability of newness and ‘founders of new ventures appear to be fools’;  but Howard Hughes had been a radical pioneer and the BSP’s credibility was based, in large part, on its similarity to the Hughes empire. Its most prominent promoters were Meier, a former leading figure in the Hughes organization, and Terry Moore, an actress, former Hollywood star, and Oscar nominee who claimed to be ‘Mrs. Howard Hughes’. Moore was linked to the BSP’s aviation projects in Tonga—proclaiming that she shared Hughes’s love of flying and that she was his first student pilot to receive a license, but her most important role in the BSP was to link it firmly to Hollywood. The glamour of Hollywood helped Meier to produce as well as to direct the ‘great theater’,  which has almost always been necessary to give new high-risk ventures an opportunity to succeed.

Meier and Moore used their Hollywood connections in attempts to extend their vision of Hughes through films, books, and the BSP—re-creating the legend of the dead Howard Hughes according to their own self-images. The BSP was their first serious commercial project to accomplish this. The power of Hollywood comes from organising public fantasies and creating imaginary worlds which coordinate desires. In the contemporary post-Fordist period beginning in the late 1960s and early 1970s film has increasingly become a by-product of (frequently offshore) financial transactions and exotic locations, both of which the BSP involved. In terms of the ‘New Hollywood’ which emerged at this
time, the BSP was a ‘high concept’ enterprise, marketing a simple
custom (A New Howard Hughes in Tonga) which merchandised
glamour, lifestyle, postmodern aesthetics and somewhat stereotyped
celebrities in mutually interlocking ventures under a single identifiable
BSP logo. The Hughes-based roles of Meier and Moore would last a
lifetime and be closely linked to their entrepreneurial projects.

Terry Moore was primarily responsible for convincing her Hollywood
friends to patronise the bank and its proposed condominium and hotel
developments in Tonga. She included among her friends former co-stars
such as Cary Grant, Burt Lancaster, Robert Wagner, Victor Mature and Ben
Johnson as well as John Wayne, Debbie Reynolds, Bob Hope, Tony Curtis,
Kirk Douglas, Joan Collins and the powerful Hollywood lawyer Greg
Bautzer and her persona was connected with Oceania in terms of her role in
the stage production of South Pacific. Moore had been a film starlet with
Paramount in the 1950s and she had been nominated for an Academy
Award for her role in Come Back, Little Sheba in 1952.

She claimed that she had been secretly married to Hughes at the age of 18
in a civil ceremony aboard a yacht at sea in 1949, the records of which, she
said, had been lost. Apparently the ‘marriage’ to Hughes was in
international waters, where no state has legal authority. She had
subsequently married four men (without divorcing Hughes). Most of her
husbands (like her) were entrepreneurs. She admits that two of her
husbands (Gene McGrath and Stuart Warren Cramer III) were in the CIA.
She had been introduced to Gene McGrath by John Wayne at the Lanai
Room of the Beverly Hills Hotel in 1955. She saw McGrath as an
entrepreneur, a younger and more handsome version of Hughes—and with
something of the same sort of powers over Pan Am World Airways that
Hughes had over TWA, the airline in which Hughes owned a controlling
interest. McGrath also had ties to the oil industry—with the only petroleum
concession ever granted to a private person in Venezuela. On the night
before their marriage on New Year’s Day 1956 Moore said that Hughes
warned her that McGrath was part of a group that wanted to take over his
empire. The Panama Insurance Company, the operation in the Panama OFC
which McGrath owned, resembled the proposed BSP—a financial
institution holding a variety of operating divisions, including a flour mill, a
coffee plantation, shrimp boats, and more. Moore says that her three years
of marriage to McGrath were the most exciting of her life—travelling over
365,000 air miles in a life rich in possessions: houses in Beverly Hills and
Panama, penthouse apartments in Venezuela and New York, racehorses, a
yacht, jewels, furs, clothes and fancy cars. Moore admits that she served the
CIA while she was married to McGrath and in 1956 she became the god-
daughter to his friend Bebe Rebozo (the banker and friend of the future
President Richard Nixon and an enemy of Meier). She says of her marriage to McGrath: ‘I…can’t help but wonder whether I wasn’t the front for some worldwide operation he was conducting. Wherever we went I was the attraction and object of attention, giving him the perfect faithful-proud-husband-of-star excuse to travel.’

She attributes their divorce in 1958 to McGrath’s increasing absences from her on his ‘secret-agent’ and ‘cloak-and-dagger’ operations. Although she appears to have felt somewhat used by the CIA, a few years later, on 28 June 1959, Moore married Stuart Warren Cramer III, another business entrepreneur and CIA operative (in Korea and Istanbul) who had divorced the actress Jean Peters a short time before she married Hughes on 12 January 1957. Moore and Cramer divorced in 1971.

As Moore’s Hollywood career faded, she increasingly played the role of ‘Mrs. Howard Hughes’—still acting (mostly for television) but moving beyond the film industry to other aspects of life, such as consumerism, fashion, and life-style, including cosmetics, health coaching and the Howard Hughes Collection of jewellery (replicating some of the jewellery Hughes gave to Moore). Moore asserted that since she and Hughes were never divorced, their subsequent marriages were illegal, making her the lawful widow and the sole beneficiary of his estate. Meier was quite interested in this issue and managed to obtain a tape recording where a representative of the Texas Attorney-General’s office enquiring into the Hughes estate interviewed Peter Hurkos, an acquaintance of Hughes and a self-proclaimed psychic whom the Hughes organisation had hired to find his missing will. Judge Pat Gregory ruled against Moore on 27 June 1981, but her persistence (leading to appeals in Texas, California, and Nevada) finally led to a settlement with the Hughes family on 24 May 1983. She apparently received $390,000 of ‘go-away-money’ (with the payments structured to be tax-free), along with considerable media publicity. The BSP was another element in Moore’s career which, like most careers in Hollywood, has been subject to constant redefinition in the quest to succeed in a buyers’ market where competition is intense and relentless and where the very few (like Moore) who become stars rarely remain in the firmament for very long.

Meier also confronted a complicated and tumultuous social atmosphere and asked for Tongan help to stave off uncertainty so that he could free himself of burdensome liabilities and pursue his strategic goals. Although the BSP had an initial subscribed capital of only $1,000,000, by authorizing the sale of Tongan government bonds to finance the BSP, the King and the Privy Council (which the monarch controlled) substituted the reputation of Tonga for the reputation of Meier and the BSP. This expedited what might otherwise have been an impossible or
unfeasible venture which might have had great difficulty obtaining commercial loans.

In BSP, Tonga took on financial risks and entrepreneurial uncertainties which other countries generally avoid, and it displayed a striking willingness to absorb the BSP’s risks into the government. Tonga thereby expressed confidence in the BSP, giving the country a very important stake in the BSP’s fortunes. This may come close to the limits of proper governance and the country’s obligations to enforce international law. Tonga interpreted these obligations less narrowly than other countries, particularly in relation to the US, which the King blamed for reneging on its promise to extend the airport and to help Tonga build its tourism industry after he had rejected the Soviet offer to do so. In the BSP Tonga and Meier were developing solutions that other countries (more closely bound to the American sphere of influence) would not countenance. Tonga was producing a law of its own. The partnership between Meier and Tonga (represented by the BSP) linked him to Tonga’s global network of honorary consuls whom he approached to promote the BSP and to sell the Tongan government bonds that were to finance it. If this had succeeded, the BSP would likely have dominated the kingdom’s business community and established its norms, as well as exerting considerable influence over the laws by which the kingdom’s commercial activities would be regulated.

There is a relatively small amount of formal, written law in Tonga and the King has immense power in creating it. Meier, like another entrepreneur one hundred years earlier, saw an opportunity to create and shape laws in collaboration with the King. The Tupou dynasty which rules Tonga today was originally allied with another entrepreneur (Shirley Waldemar Baker in the nineteenth century) who (like Meier) was in opposition to the hegemonic power of the time, which was also his country of birth (Great Britain for Baker, the United States for Meier). The hegemon of the era defined Baker (and later Meier) as a dangerous swindler and ultimately engineered the termination of the entrepreneur’s political-economic activities in Tonga.

Baker arrived in Tonga in 1860 about five years after George Tupou had emerged as a victorious King from internal wars in Tonga. Despite being a missionary, Baker was extremely interested in money and power. Over the next thirty years Baker collaborated with King George Tupou I in transforming chiefs who were loyal to the King into a landed nobility (demoting rebellious chiefs to commoner status). Baker helped to engineer the victory of the loyal aristocracy over the peasantry and the victory of the King over this nobility, who formed the upper stratum of society and retained considerable landed wealth and privileges. Baker
prepared new legal codes in 1861 and 1872 and launched numerous successful projects (including the imposition of tax-rents on commoners) to monetarise Tonga and vastly increase its (coconut-based) exports.

In 1875 Baker created the Bank of Tonga, an institution somewhat similar to Meier’s plans for the BSP a century later. Baker’s Bank of Tonga became the financial centre for the booming Tongan economy. The capital was provided by Baker and the Tonga government. Baker virtually managed the Bank of Tonga and became very powerful and prosperous—even using appointments to the Bank as a way of winning over opposition. The Bank was very important in giving Baker virtual control over the finances of the Tongan government by 1879.

The 4 November 1875 Constitution, which Baker drafted (and which is still in effect) was and is a concise articulation of Tupou ruling class ideology—expressing the Tupous’ specific interest as the general Tongan national interest and (with supplementary laws) providing the authorisation for the institutions (such as the royalist churches, schools, newspapers, courts and police) that produced ethical justifications for the Tupou monarchy and acquiescence to it among the general Tongan population. Baker’s entrepreneurship satisfied a number of the King’s needs in the realms of—

- religion, legitimating the new Tupou dynasty in transcendent terms
- medicine, being the King’s physician and introducing western medical practices and concepts promising greater physical well-being
- politics and law, establishing the Tupou dynasty’s supremacy and western sovereign institutions, such as a constitution, flag, royal palace, and national anthem justifying Tonga’s independent statehood.

A century later, when Meier arrived in Tonga to collaborate with King Taufa’ahau Tupou IV on the BSP, economics was by far the most significant concern to the Tupou dynasty, and all the other areas of Baker’s nineteenth century entrepreneurship had receded in importance. Tonga had the same persistent economic problems of many Pacific Island countries: limited access to capital, geographic isolation and inadequate transportation, all contributing to the failures of many indigenous enterprises. The country’s economic problems in late 1976 and early 1976 were particularly critical. King Tupou IV, whose investiture occurred in 1965, began to see the solutions to these problems in terms of bold schemes and relatively large projects enjoying royal patronage. In conventional accounts, King Tupou IV’s unflagging interest in promoting commercial projects has been attributed to his great
(and somewhat quaint) desire to modernize his kingdom and to raise the
incomes and standards of living of his subjects.\textsuperscript{26} It seems at least as
likely that the King’s interest in entrepreneurs such as Meier can best be
understood in relation to his desire (which is not absent simply because
he does not state it boldly) to perpetuate the Tupou dynasty. His enlisting
entrepreneurs such as Meier may have more to do with strengthening his
aristocratic dynasty than his articulated goal of seeing the benefits flow
to the mass of commoners.\textsuperscript{27}

King Tupou IV cannot be unaware that he is one of the last of the
nearly absolute monarchs on earth and that time appears to be his family
dynasty’s arch-enemy. The Tupou dynasty for the first three generations
had depended on its control over Tongan land and subjects—a power
which still remains, but is threatened by the rising tide of democracy. For
the Tupou dynasty to succeed in the long run it must have capital and
this must be acquired and maintained under very flexible rules. For this
to be achieved, many opportunities must be canvassed and the family
capital must be built and maintained whether the Tupous’ political power
in Tonga remains secure or not. In the contemporary period King Tupou
IV is still effectively able to make the laws of the country (including
those encouraging entrepreneurial ventures promising large profits).
This has the potential to allow the Tupou dynasty to accumulate
considerable wealth (onshore or offshore) to insure itself against an
uncertain future.

The Tupou family, like Meier, has responded to historical
circumstances. Today’s post-Fordist and post-modern period of ‘flexible
accumulation’ which began as early as the ending of the US dollar gold
standard in 1968 (and assumed definite form with the oil shocks of 1973-
1974) has presented many opportunities for stateless capitalism and its
entrepreneurs. Meier’s BSP project was the first (the prototype) of a
series of stateless capitalist enterprises that the Tongan aristocracy
endorsed. After the BSP venture failed, members of the Tupou dynasty
have proven to be adept at profiting from entrepreneurial projects which
their control over the Tongan state facilitated (such as selling passports
or orbital slots for satellites, a venture that Meier and the BSP
foreshadowed. The royal family has not been as successful in investing
the proceeds prudently—suffering substantial losses of principal as a
result of failures of their financial advisors’ honesty or judgment.

Meier, like Tupou and unlike Hughes, has strong family consciousness
and a tendency toward dynasticism. Meier used his family as a prop as a
sign of his respectability, integrity and normality as well as a focus of
pity and he has often presented his enemies as attacking not so much him
as his family. In contrast, Hughes (who left no heirs) intended, according
to Meier, to enjoy his wealth at some future time after being resuscitated from his cryogenic slumber, so that he could once again access riches that he had placed in the tax advantaged Howard Hughes Medical Institute, a charitable trust that took a bloodless dynastic form. However, there were great similarities between the very low levels of charitable disbursements of the Tonga Trust Fund (which has received proceeds from passport sales and satellite slot rents) and the Hughes Medical Institute when Hughes was alive—with the first being essentially an offshore savings fund controlled by the royal family and the latter being a tax minimizing foundation which allowed Hughes (and his close associates) to retain control over his empire with minimal charitable disbursements.  

During the periods when Baker and Meier were advisors to the monarchy, the power of global hegemonic states (Britain and the US, respectively) was already in decline and Tonga entered into relations with countries that were assertively challenging hegemonic power: Germany (for King Tupou I), and the Soviet Union and the ‘rogue state’ of Libya (for King Tupou IV). Baker and King George Tupou I were close to local German commercial interests and Germany was the first country to recognize Tonga in November 1876. This pressured the reluctant British to do the same in November 1879. At about the same time Sir Arthur Gordon, the British Governor of Fiji, succeeded in pressuring the Wesley Mission to remove Baker from Tonga, despite protests from King George Tupou I. But Baker (from his forced exile in Sydney) soon resigned from the mission and returned to Tonga on a German warship—being appointed Prime Minister, Minister for External Affairs and Minister of Lands by the King in July 1880, thoroughly thwarting British strategies. Baker accused British officials of being the instigators of the 13 January 1887 assassination attempt against him. Baker then blamed the British for using the subsequent public disorders as a pretext for Sir Charles Mitchell, the British High Commissioner for the Western Pacific, to come to Tonga uninvited in April 1887 on a warship which anchored in the lagoon. This allowed British officials to grill the King and Baker while they made numerous unwelcome inquiries into Tongan affairs. Baker became even more antagonistic when a British warship arrived in September 1887 and remained for five months. Almost one hundred years later Tonga was following a similar anti-hegemonic agenda. From 1976 to 1978 the US and its allies in Australia and New Zealand were alarmed at Tonga’s new relations with the Soviet Union, Libya and John Meier. In 1976 Soviet oil companies expressed interest in conducting surveys in Tonga and there were negotiations between Tonga and the Soviet Union about a loan to develop Tonga’s
airport, making it military-size by extending the runway to 11,000 feet. In March 1978 King Tupou IV visited Libya to talk with President Moammar Gaddafi about a loan for Tonga’s airport project. Meier stated that on 20 June 1978 he was approached in Wellington by Z.P. Benyukh, First Secretary of the USSR Embassy in New Zealand—who offered Soviet assistance in financing the BSP’s airport project, where construction had started on 15 May, two days before an American warrant was issued for Meier’s arrest for obstructing justice. On the airplane back to Tonga, in the midst of intensified surveillance and threats against his family back in Vancouver, Meier claimed that a fellow passenger, a Captain Semple of the US Navy, warned him that America would block the BSP’s airport development. Meier formed close alliances with the prominent Tongan noble Baron Vaea and the Police Chief Aakau’ola—who, by his account, gave him inside information about the strategies employed by the US government to crush his BSP project.

The hegemonic powers saw the partnerships between Tupou I and Baker (for Great Britain) and Tupou IV and Meier (for the US) as frustrating their projects in Tonga and destabilising the country and the region. They accused these entrepreneurs of being swindlers. The entrepreneur role carries a strong underlying element of cleverness and unorthodoxy or nonconformity, which is also compatible with the swindler image.

Baker’s Bank of Tonga was attacked as a venture of dubious propriety, making excessive profits. Baker’s protests that the Bank was a philanthropic enterprise were greeted with great scepticism and observations that the Bank was foreclosing on properties while he was receiving a 10% dividend on his Bank shares, although (beyond this) the British investigation of the matter was inconclusive. Sir Arthur Gordon commissioned the investigation of the Bank of Tonga and in 1878 characterised Baker as Richelieu to King George Tupou I’s Louis XIII. Baker’s British enemies requested his deportation from Tonga and sought to humiliate and discredit him by sending critical reports to newspapers in Fiji, Australia and New Zealand. Even Bellett’s sympathetic biography of Meier concedes: ‘His detractors…are legion…[H]e has been written off as a criminal, a fraud, an historical nonentity who somehow—like the stranger who appears in the wedding photographs—has pushed his way in where he wasn’t invited...Meier…displayed a flair for deviousness which Hughes—a master of that himself—put to good use.’ Meier admitted that during the time that he was propounding left-wing anti-war, anti-nuclear, pro-union and anti-racism agendas in public and before he ran for the US
Senate in the New Mexico Democratic primary election, he was a registered Republican in Nevada.

In 1971, IRS agents raided the Los Angeles film production company in which Meier was a partner, searching for information that might indicate tax evasion; Meier contended that this was the beginning of an overt campaign against him by the vengeful Nixon White House, which (according to Meier) regularly read secret IRS reports on Meier and other ‘enemies’ and repeatedly offered to settle his IRS problems in return for his using his influence with powerful Democrats to advance the President’s interests. On 9 August 1973 IRS agents arrested Meier for tax evasion (failing to report $2.3m of income received between 1968 and 1970—most of Meier’s alleged share of money paid out by Hughes for mining properties) after he crossed the border from Canada to the US. The IRS handed him over to the Secret Service, which Meier considered to be ‘Richard Nixon’s Praetorian Guard’ who, Meier alleged, offered to release him if he turned over to them all the documents that he held or that were in the possession of his lawyer, Robert Wyshak, concerning Hughes, Nixon and the activities of US federal agencies, especially the CIA—so that Meier would not give information to the US Congressional Watergate Committee.³¹

Meier refused the Secret Service offer, but posted $100,000 bail in Seattle and hastened back home to Canada. Meier failed to appear for his tax evasion trial in Reno on 2 December 1974 and Judge George Boldt (whom Meier accused of being a close Nixon ally) declared him to be a fugitive from justice on 3 January 1975. According to Meier, the IRS was crucial to the campaign to destroy him through financial exhaustion and the destruction of his credibility. Meier contended that the CIA, the White House and the Hughes organisation were manipulating the IRS, which was destroying his credibility with the Senate Watergate Committee in 1974 so that it concentrated on a Hughes payment to Nixon of $100,000 and disregarded Meier’s evidence of a payment ten times as large.

On 27 July 1978 Meier was arrested in Sydney on an extradition warrant from the United States, being accused of failing to appear at a trial in December 1974, forging documents, allegedly from Hughes, which were submitted to the same Salt Lake City Federal Court which had ordered him in March 1978 to pay $7.9m to the Hughes organisation. He paid nothing. Furthermore he was wanted by the IRS for the evasion of several millions of dollars of taxes, but he continued to claim that he had funnelled millions into accounts in OFCs on the personal instructions of Howard Hughes.

Fortunately for him, he had Tongan diplomatic papers which had been
endorsed by the Australian High Commissioner in Suva, Fiji. Australia’s Minister of Foreign Affairs, Andrew Peacock, was afraid of alienating Tonga at a time when the Soviets were attempting to establish favourable trade and economic relations with the kingdom, which had recently recognised the USSR. Meier was released the next day in accordance with a law prohibiting service on a foreign minister.

Three American officials immediately arrived in Nuku’alofa, Tonga’s capital, to persuade the King to invalidate Meier’s diplomatic passport. King Tupou IV had known of Meier’s background before the BSP was created (Eustis 1997:191) and he only acted against Meier and the BSP when the stigma and pressure from the US became insupportable, cancelling Meier’s diplomatic passport and threatening to arrest him if he ever returned to Tonga. Meier disappeared into Asia eluding his American pursuers there for two and a half months by travelling incognito.  

Meier’s BSP collapsed a little over a year after it was created. Before his return to Canada on 27 September 1978, the BSP’s ordinance had been terminated on a technicality. Tonga’s Supreme Court Justice Henry Hill, after the Legislative Assembly had requested his opinion, decided that it was not proper that the Privy Council had licensed the BSP when Parliament was in session. Judge Hill concluded that the Parliament could not confirm the bank ordinance, since the Privy Council had no legitimate power to make the ordinance in the first place. While some legislative powers are held by the Tongan Privy Council, these are only valid between meetings of the Legislative Assembly, which has the right to confirm, amend, or rescind them at its next meeting. On 17 July 1978 a bill to approve the BSP was withdrawn from the Legislative Assembly by the Prime Minister, the King’s brother HRH Prince Fatafehi Tu’ipelehake. On 1 September 1978 Meier officially resigned as the bank’s governor, but his successor, the British-born Australian John Lester, promised to use his banking connections in Southeast Asia and to provide $20m in share capital if the bank were rechartered. There was little or no support for this in the Tongan parliament. The King was embarrassed by the whole fiasco.

There was another parallel between Meier and Baker. In 1890 the new British High Commissioner for the Western Pacific Sir John Thurston arrived in Tonga to end Baker’s activities in the kingdom—forcing Baker to leave Tonga unless he wanted to face two years in jail. On 17 July 1890, Baker sailed into an affluent exile in Auckland. Thurston replaced Baker with Basil Thomson, who devoted considerable efforts to destroying Baker’s reputation and moving Tonga back into the British sphere of interest. Baker’s successful Bank of Tonga was closed. Meier
applied for landed immigrant status in Australia, but on 28 October 1978 he was arrested in British Columbia by Pat Westphal of the Royal Canadian Mounted Police on the American charges of obstructing justice by forging some of the Hughes documents as part of his defence against defrauding the Hughes organisation. Although he appealed all the way to the Canadian Court of Appeal and Federal Cabinet, he was eventually extradited on 17 May 1979. This was not before a minor diplomatic row between Canada and the United States, as he tried to make a deal with the FBI and it sent three agents from Los Angeles to Canada to interview him without prior authorisation from Ottawa.

After his extradition Meier’s first visitor in jail was Terry Moore, and in June 1979 another BSP principal, John Lester, came from Australia to Utah to assist in developing Meier’s defence. Meier’s defence attorney was James Barber. On 31 July 1979 a Salt Lake City jury convicted him of obstruction of justice. The secret papers of Hughes, which he had claimed would clear him of a variety of charges, were interpreted as reducing his credibility. The documents, which were supposed to be the detailed personal and financial records of Hughes and which were entered into court in his civil suit against the Hughes organisation, were considered by the court to include papers forged in Meier’s Vancouver home. Meier continued to present himself as the victim of a CIA plot and claimed that CIA agents periodically placed him in solitary confinement in a vain attempt to extract information and the locations of his additional, hidden Hughes documents, some of which they suspected were being held in Switzerland. Meier said that in July 1980, when he was serving part of his sentence in Lewisburg, CIA agents also unsuccessfully attempted to get him to name his secret informants within the Agency and to sign a false statement that he had deposited large payoffs from Libya’s President Moammar Gadhafi into the Tongan King’s Hawaiian bank account. The CIA also allegedly wanted the ‘Gemstone’ files on the Kennedy family (a CIA and Howard Hughes nemesis), which Meier said he had read but did not have. He was sentenced to thirty months of imprisonment, but served only 21 months in gaols in the US and Canada, where he had been transferred by America under a prisoner exchange treaty.

Less than a month after his release on 19 January 1981, a Los Angeles grand jury indicted him for the murder of a business associate, VSE promoter Wayne Alfred Netter, at about midnight on 29 or 30 November 1974, less than three years before the BSP was founded. American police only connected Meier with the murder years later, when Meier was in Tonga, and he was implicated by a former associate, Robert Robertson, a British man of mystery who claimed that he owned an
offshore bank and that revealing information about himself would violate his country’s Official Secrets Act. Meier contended that Robertson was lying about his own whereabouts when Netter was murdered (he claimed to have been with Meier in Calgary), while Meier claimed that Robertson was actually registered at the Beverly Wilshire Hotel, very close to the scene of the crime, and that when Meier met Robertson at the Calgary airport he noticed a deep cut across Robertson’s hand. The murder was considered unsolved for four years until Robertson spoke to Pat Westphal of the RCMP—adding murder to his accusations of forgery and obstruction of justice against Meier. Later Gordon Hazelwood, the lawyer for Meier and the BSP, contended that Robertson admitted to him that he had killed Netter and Meier’s trial lawyer Earl Durham argued that Netter’s death had all the marks of a homosexual murder, which had been investigated incompetently by the police.

Meier’s relationship with the murder victim began when he joined Netter’s faltering as a $C1,000 a month consultant. He had Transcontinental Video Ltd (TCV) boasted that his Hughes and Hollywood connections would enable TCV to obtain video properties and a necessary infusion of cash, but TCV developed severe financial problems with film studios, which refused to let it copy their films and video tapes to supply small theatres in rural Canada which TCV had franchised to use the video machine to which it held rights. According to some, TCV’s financial problems were aggravated by Meier and Netter, who were allegedly looting it through selling it fraudulent mining claims through a Meier associate.

Nevertheless, Meier lent (or, in Meier’s version, arranged for others to lend) Netter $250,000 in May 1974, although with extraordinarily high interest, $160,000 for a loan to be fully repaid by September 1974. When the loan and interest became due, Netter had redefined TCV’s business to include the manufacturing of pirated videotape projectors in Taiwan, but this too failed when the factory owner demanded a $1,000,000 letter of credit. Netter and a fellow TCV officer pledged all their shares in TCV as collateral for the delayed loan payment. Several weeks later Netter was dead, stabbed fifteen times in his Beverly Hills Hilton hotel room. Meier was accused of hiring a contract killer to murder Netter after he defaulted. Later a German principal in TCV, Ehrenfried Liebich, said in an affidavit that Meier had told him that he could have Netter murdered through his connections in Nevada. It turned out that Meier had arranged the loan through a lawyer in the OFC of Liechtenstein and Meier had insisted that it be secured by a London Life Insurance policy. The $410,367.12 death benefit was paid to Gordon Hazelwood, who would later become the BSP’s lawyer, and allegedly found its way into
Meier’s account at a Swiss bank. Meier insisted that he was not the lender, but only the broker between Netter and Swiss investors whom he knew, and that consequently he did not receive any of Netter’s death benefit. He also attacked the story of Robertson (who had said nothing about the murder to police for four years) and the related investigation of the murder by Pat Westphal.

Indicted with Meier were William Raymond McCrory of Los Angeles, an alleged contract killer, CIA operative and securities fraudster who had known Meier for years (meeting him in Las Vegas when he was still with the Hughes organisation), and Gordon Hazelwood, the Vancouver lawyer who had visited Tonga with him to promote the BSP and who (as the lawyer for TCV) had earlier formed the Canadian company which received Netter’s death benefit. The prosecution held that Meier had arranged the murder since he feared that Netter (who had assumed the alias Alfred Baron after receiving the $250,000 loan) planned to flee to his native Israel or to Florida (where he had purchased a condominium) to leave his debts behind and avoid four-years’ imprisonment in Canada, to which he had been sentenced for perjury in September 1974. Meier retorted that someone else killed Netter, who had caused TCV investors to lose a great deal of money and who had defrauded his former wife and three children out of alimony and support payments.

A Canadian judge ruled that Hazelwood could not be extradited to the US, but Meier lost his two-and-a-half year fight against extradition, after he went as far as attempting to sue the Canadian Minister of Justice. In this struggle, Meier was represented by Gordon Dowding, a former Speaker of the Parliament of British Columbia, who was later arrested for allegedly agreeing with Meier to draft a letter, purportedly from the Palestine Liberation Organisation, which would claim credit for murdering Netter, who had been an Israeli war hero. Meier was extradited from Canada and locked up in the Los Angeles County Jail on 20 December 1983.

During the bail hearing, Meier, who had still not paid the $8m judgement to the Hughes organisation’s Summa Corporation for selling it worthless mining claims, continued to assert that his enemies in the CIA had concocted coincidental and circumstantial evidence against him. Los Angeles prosecutor Michael Brenner successfully argued against bail for Meier, citing, among other things, his use of his Tongan diplomatic passport in Sydney. Eventually bail was set at $200,000, which Meier (pleading poverty) managed to borrow after being in a Los Angeles gaol for nine months. The lenders soon became worried about the security which Meier had offered them and recalled the loan, sending him back to gaol.
Meier’s first attorney in Los Angeles in relation to the Netter murder, Regis Possino, had to be replaced after he was arrested on 23 December 1975 for offering to sell half a ton of marijuana and $5m in stolen bearer bonds and treasury bills to undercover police. Possino was subsequently disbarred in 1984, but in recent years he has been an active penny stock promoter and has been accused of playing a large part in General Commerce Bank SA of Austria, which had been involved in penny stock frauds between the beginning of Possino’s alleged involvement in 2000 and the Bank’s spectacular $1b collapse in 2001. His replacement as defence attorney in Meier’s case, Earl Durham, was paid by a mysterious ‘patriot’ and then by a $35,000 promissory note from Meier (which he never honoured), before he in turn was replaced by Albert De Blanc Jr. All the evidence against Meier was circumstantial, complex and old; the two prosecutors appeared to despair. McCrory, the alleged killer, had not been found, but charges against him were dropped in late 1982. Hazelwood, the lawyer and Tonga OFC promoter who had arranged the life insurance deal on Netter surrounding the loan, was indicted in the US but not extradited from Canada.

Meier claimed that the case against him collapsed when the prosecution discovered that its secret witness against him (John Ross) was the Canadian Intelligence code-name alias for Meier himself. The prosecutors had thought that ‘John Ross’ would deliver the coup-de-grace against Meier because Canadian records revealed that he reported many intimate details about Meier’s life and activities! On 23 September 1986 Meier was freed after he agreed to the lesser charge of harbouring a fugitive (although he had no idea of who this fugitive was supposed to be), a formal plea bargain to which he pleaded no contest. Meier had not wanted a plea bargain, but his lawyer Albert DeBlanc persuaded him to accept it. He was soon released from gaol since he received a sentence of two years, but had already served this during his two years in custody in Los Angeles.

As we see in Meier’s sentencing in relation to Netter’s murder case and many other aspects of Meier’s life, the application of laws and regulations is rarely clear-cut. Rather, compliance is collectively constructed, by the regulator and the regulated (or the judge and the accused) in the face of considerable ignorance and ambiguity. As a result, outcomes may be unforeseen. Netter’s career illustrates the shortcomings of conventional accounts that characterise the entrepreneur as a sober, calculating risk taker and whose entrepreneurial failure stems from inadequate management, low capitalisation, insufficient cost controls, a low quality product or service, bad timing of market entry, inappropriate location, or severe competition. Yet as Webster notes, the entrepreneur often ‘creates excessive risks’
through rapaciously plundering the venture’s resources. Entrepreneurs are frequently dishonest—managing impressions to create exaggerated enthusiasm about their projects, to hide negative information and to exploit their audiences’ perceptual biases.

Netter, like Meier, was a VSE entrepreneur surrounded by other VSE entrepreneurs. Entrepreneurs are often perceived as willing to act unethically in order to make money, creating an atmosphere of mutual distrust and strain. Entrepreneurial ventures generally tend to be extremely unpredictable and stressful, with severe problems of leadership and management and disputes over the distribution of profits and losses.

Loose accountability and monitoring, secrecy, and corruption are conducive to opportunism, tax evasion, misappropriation and embezzlement. The entrepreneurs’ ‘transactional mode of interpersonal relationships’ means that they draw people into relationships and maintain these ties only when they are advantageous, ending them as soon as they become unprofitable, restrictive or dangerous—no matter what the results are for investors, creditors, employees or others. Entrepreneurs are inclined to use illegal or quasi-legal means to advance their interests in a system where even non-entrepreneurial businesses generally do not uphold the ethics of the wider society but the ethics of poker games. In the end, entrepreneurs may take their profits and live a life of pleasure, often in an area of sun-soaked beaches—such as Tonga or Florida, where Netter may have intended to live. Nevertheless, it is the entrepreneur’s ‘transactional ethics’ that frequently cause tensions within the small inner circle of most entrepreneurial ventures. The entrepreneur’s rapacity may trigger vicious personal recriminations, physical violence and even homicide against him or her. Entrepreneurs generate the ethics of the companies they create, relatively uninfluenced by any corporate history, and reflecting to a large extent the entrepreneur’s personality and values.

**RECENT VENTURES**

Meier had ultimately failed to create an OFC on Tonga. But the BSP was not just a maverick, but was in some ways the imaginative forerunner of a new conception of Pacific Islands OFC development—involving Tonga’s later lucrative projects in offshore banking, passport sales and the leasing of satellite slots.

Meier became involved in other ventures resembling the BSP. On 29 February 2000, near the height of the Internet share bubble, Onvia.com Inc. (which sold goods and services to small business owners) began
trading on the American NASDAQ stock exchange—and its market capitalization soaring to $4.9b at the close. The company started operations as MegaDepot.com in Vancouver in 1996, soon after its Canadian founder and CEO Glenn Ballman had spent two years traveling in the South Pacific Islands. Ballman’s 13.5% stake made him a Canadian dollar billionaire on the afternoon of 29 February. A few weeks before Meier had filed a lawsuit against Ballman in the Supreme Court of British Columbia on 7 February 2000, claiming half of the Onvia.com. Meier contended that he and Ballman had jointly developed MegaDepot.com (of which Meier was the sole shareholder), but that Meier had been illegally excluded from later concept development, even though Ballman allegedly used the company’s remaining assets to establish Onvia.com after he moved himself and his business from Vancouver to Seattle. In this way Ballman illustrated a common pattern among entrepreneurs—ridding themselves of partners. Collins and Moore write of the typical entrepreneur:

He must get rid of those people who have, during…[the] transitional phase, used his temporary weakness to intrude upon him. He must get rid of these figures for two reasons. At the organizational level, he must get rid of them because they block further development of the firm. At the level of internal and interpersonal dynamics, he must get rid of them because they inhibit him, because they restrict the autonomy for which he constantly searches, and because they recall to him those obscene, undependable, and frightening images, flight from which has been so instrumental in shaping his odyssey.35

In Onvia.com’s filings with securities regulators, the company claimed that there was no merit in Meier’s lawsuit, but it admitted a possible $788m liability to Meier. Ballman left Onvia.com in Seattle for his new home in the Caribbean OFC of Nevis in 2001; Meier’s claims against Ballman and Onvia.com were dismissed in February 2002. After the Internet collapse its share price fell from its February 2000 high of $65.50 to $0.42 and dissatisfied investors filed several American class-action lawsuits against the company.

In the meantime, James (Meier’s fourth child) was promoting the idea of a film about his father, ‘The John Meier Story’. The production rights (based on Meier’s diaries) were owned by Meier Worldwide Intermedia Inc. (MWI), which was based in Vancouver but had been founded and incorporated in Nevada on 17 June 1997 by the twenty-six year-old
James Meier, who intended to make it into a major global entertainment conglomerate. Its shares of the company were traded on the NASDAQ and NQB in the US under the stock symbol ‘HUES’. MWI began by constructing the world’s biggest sound stage and became the biggest television and motion picture space provider in North America—larger than every major studio in the United States. At one point it owned about 70% of all studio space in Vancouver, the second biggest centre of media production in North America, frequently called ‘Hollywood North’, and claimed to bring $1b into the economy of British Columbia.

On 1 November 1998 MWI sold all of its studios to another Meier-controlled company (Meier Entertainment) to devote itself to film and television production, as well other aspects of the entertainment industry, including personal security services for the stars, multi-media services, primarily under the direction of John Meier, and anti-piracy software. The company intended to produce ‘The Magic Box’, a $50m biographical film on Howard Hughes based on John Meier’s documents, to be started in May 1999 in partnership with the veteran Hollywood producer Alexandra Rose, but possible competition from proposals to make a Hughes biographical film by Johnny Depp, Warren Beatty, William Friedkin and Martin Scorsese apparently produced the reorientation toward ‘The John Meier Story’. MWI’s shares did particularly badly in 2004 as Scorsese’s biographical film on Hughes (‘The Aviator’) was being produced. They dropped from US81¢ on 8 April to US6¢ on 13 October, a spectacular market capitalisation decline in six months, from $14.51m to $1.08m.

Any film dealing with the extraordinary and entrepreneurial life of Hughes is problematical. Similar qualifications may apply to the cinematic version of John Meier’s autobiography.

Howard Hughes will no doubt emerge again in film form in the years to come but, as is always the case in trying to depict larger-than-life historical characters, the results will probably fail, because such men make little sense in novels or movies. They belong only in real life, with its total lack of logic, rationale or rules. In fiction it makes no sense to tell of a young man who persuades a court that he is competent to inherit a valuable business at nineteen, runs his own affairs, goes to Hollywood and makes movies, designs airplanes, breaks speed records, flies around the world, romances dozens of the world’s most beautiful women, builds the biggest airplanes ever known, buys and runs airlines, owns an aircraft company that builds equipment to conquer space, turns into a total recluse and leaves an estate worth two billion dollars. Such men, of course, do not really exist: except in one instance.
Yet Hughes and Meier do fit some categories. Both were serial (or habitual) entrepreneurs running more than one project simultaneously in a portfolio of new organic businesses that they mostly created from their origins. Meier, Hughes, Terry Moore and Shirley Baker in this way resemble Richard Branson of the Virgin Group. They are different from Bill Gates, a singular entrepreneur operating only one venture (Microsoft). Furthermore they are distinct from other serial entrepreneurs—either those who are sequential, concerned with only one business at a time, which they exit before beginning another (such as Glenn Ballman) or those serial, portfolio entrepreneurs such as Christopher Skase of Qintex who acquired most of the component companies of Qintex through deals.

Beyond these generic differences, there are similarities between entrepreneurs in general; they go to a common ‘school’. Collins and Moore comment:

The ‘curriculum’ is rough and only men of unusual ruthlessness, courage, and ability graduate. ‘Credits’ are earned by lost jobs, broken partnerships, exploited sponsors, and time in bankruptcy courts. As in most schools, students are not required to take work in all subjects.  

CONCLUSION

Meier’s BSP venture was an attempt to create a legal structure in Tonga which would legitimate and facilitate his entrepreneurial activities and preempt the interventions of US law enforcement authorities. Meier’s and Tonga’s attempts to thwart American hegemony at the time of the BSP project were, in one sense, unsuccessful. The BSP collapsed, Meier was imprisoned in the USA, and Tonga fell back into the American-Western orbit. Yet eventually both Meier and Tonga launched entrepreneurial ventures that had been foreshadowed in the plans for the BSP. For Tonga, these BSP-styled enterprises in offshore finance and satellites involved using the kingdom’s sovereignty in innovative ways to manipulate international law. For Meier, the BSP and its failure were elements in what Schumpeter called the ‘creative destruction’ of capitalism—setting a path, and providing Meier more experience in developing successor projects that would be variants of the entrepreneurial heritage of Howard Hughes.

The unstable international alignments of Tonga in the later 1880s and in the mid-1970s provided opportunities for entrepreneurs (Shirley Baker and John Meier, respectively) to greatly influence Tonga’s economic and
political governance—with long-lasting results. In both cases, the hegemonic powers of the day saw their enterprises as threats to proper governance in Tonga and to regional security. Pressures from these hegemons led to the exile of these entrepreneurs from Tonga. Yet, looked at from the perspective of succeeding decades, did their enterprises actually ‘fail’?

7 Meier claimed that his Senate candidacy was destroyed when the CIA and Chester Davis, the powerful lawyer for the Marshall Islands) and First Republic Bank (of Palau) would be benefactors for her Ultra Glow Cosmetics Limited.


9 Collins and Moore, *The Organization Makers*, p. 33.

10 According to Terry Moore, Meier’s partner in the BSP and former lover of Hughes, Hughes thought that secrecy was essential to his business. Terry Moore and Jerry Rivers, *The Passions of Howard Hughes*, General Publishing Group, Los Angeles, 1996, pp. 275-276.

11 Aside for confessing a diplomatic passport, being an honorary consul offers exemption from jury duty, rights of safety, accused of a crime the right to be released on bail. Some exemption from taxes and customs duties are added benefits which have made substantially inviolable.


15 Hughes was passionate about the airline industry. He had developed Trans World Airlines and, after being forced out of West.

16 Meier claimed numerous contacts, saying that Cary Grant, Jane Russell, and Catherine Grayson, among others, telephoned him on 5 April 1976, ‘seeking inside information.’ Bellett, *Age of Secrets*, p.179. Meier also contended that Hollywood harassment against him, as agents questioned people in the film industry about his contacts and activities when he was a major Hollywood film producer, even before he controlled RKO from 1948 to 1955, and (even in his subsequent secret for hours a day until his death, possibly seeing almost every film ever made in Hollywood. When he died his mother was minor part of his empire. Tony Thomas, *Howard Hughes in Hollywood*, Citadel Press, Secaucus, New Jersey, 1985.

17 Like Hughes, some wealthy people (including film stars) live a great deal of their lives in luxury hotels, as this may have no real legal tax domicile, a concept that involves a more profound relationship with a place than the mere fact that someone has lived there for a long time.

18 In 1975 there was a search for manganese nodules to a depth of 4,000 metres 60 miles from Nuku’alofa, see Nelsen IV, *Hobby Investments*, Adelaide, 1997, p.181. A somewhat similar quest for underwater mineral wealth adjoining Pacific Explorer.

19 An example of this strategy was provided by Beverlee Claydon, a long-time fraudster, who calmed disgruntled shareholders of the Marshall Islands) and First Republic Bank (of Palau) would be benefactors for her Ultra Glow Cosmetics Limited between 1983 and 1985. Pacific Islands Monthly, April, 1987.

20 In the 1960s Howard Hughes pioneered and produced satellite prototypes, virtually clearing the way for today’s important sources of strategic intelligence and, to some degree, tactical intelligence and technical intelligence.

21 Baron Vaea, Tonga’s Minister of Labour, had allegedly passed this information concerning the Peace Corps to Edward Netter’s death scene at the Beverly Hilton was also only a mile south of the Beverly Hills Hotel, a favourite of Hughes.


25 Baker was born in London in 1836 and stowed away to Australia in 1852. Meier was born in Astoria, New York on 5 April 1976, ‘seeking inside information.’ Bellett, *Age of Secrets*, p.179. Meier also contended that Hollywood harassment against him, as agents questioned people in the film industry about his contacts and activities when he was a major Hollywood film producer, even before he controlled RKO from 1948 to 1955, and (even in his subsequent secret for hours a day until his death, possibly seeing almost every film ever made in Hollywood. When he died his mother was minor part of his empire. Tony Thomas, *Howard Hughes in Hollywood*, Citadel Press, Secaucus, New Jersey, 1985.


29 Bellett is the authorised biography of John Meier, who endorses it in an afterword. Since the book is based on Meier’s no criticism of Meier (never questioning his motives, actions, ethics or credibility) we may assume that it expresses an indication that Meier thinks that he has ever been at fault about anything, Bellett, *Age of Secrets*, p. 32.


31 Meier admits using a false New Zealand passport on this trip, but his friend-turned-enemy Robbie Robertson was application under the name of Ivor Robertson, a charge which Meier denies, claiming that Robertson had fabricated it. *Secrets*. Howard Hughes also used masquerades and false identities. Terry Moore claims that Hughes gave her a clue to Hughes’s death scene at the Beverly Hilton was also only a mile south of the Beverly Hills Hotel, a favourite of Hughes.