

STOP
 the British Crown
 plot to crush
 Australia's
 unions

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Letter of Transmittal

Dear Fellow Citizen,

Excepting the special case of World War II, when our entire nation was in mortal peril, the Australian labour movement today faces the worst threat to its existence since the fierce onslaughts of the early 1890s, when troops were deployed to crush the shearers and dockers. Then, British finance caused a depression by pulling its funds out of Australia, which produced untold misery. Today, the same City of London circles have created a speculative bubble without precedent since the Lombard banks in Italy collapsed in the 1340s, and are attempting to keep that bubble afloat for a few more weeks or months by savagely looting the labour force. However, that will not stop the collapse, one uniquely predicted by American statesman and physical economist Lyndon H. LaRouche, in his famous “Ninth Forecast” of June, 1994. Many scoffed at LaRouche when he forecast:



“The presently existing global financial and monetary system will disintegrate during the near term...That collapse into disintegration is inevitable, because it could not be stopped now by anything but the politically improbable decision by leading governments to put the relevant financial and monetary institutions into bankruptcy reorganization.”

After the “Asian meltdown” beginning July, 1997, very few are scoffing today, though many—including the Australian government—are hysterically trying to deny the much more devastating financial storms still to come.

On Christmas Day, December 25, 1997, LaRouche added the following to his earlier forecast:

“Since late October, cascading explosions of a global systemic financial crisis continue to grip this planet. This relentless, downward plunge, has sent the world into the terminal phase of what events will soon force the most reluctant governments to recognize as the greatest crisis of this now-concluding century. It will be made clear, all too soon for most, that neither of two preceding World Wars, nor even the stunning, Autumn [northern hemisphere] 1962 threat of global thermonuclear war, match, in ultimate perilousness, the unfolding of the present, terminal phase of global financial and monetary collapse...”

As the crisis unfolds, the question is, will sovereign nation-states return to the policies of national banking, tariff protection, fixed exchange rates, etc. which built these nations—including Australia—in the first place? The London-centred global financial oligarchy is planning to make sure they do not, by crushing all nation-states in its way. To crush the nation of Australia, one must crush its union movement, which has made the country what it is today, and which poses resistance to the sort of brutal austerity now being foisted on many of our Asian neighbours.

Given this existential crisis, labour must adopt bold new methods of combat, if it and the nation is to survive. In particular, it must:

1. Come out of its defensive foxholes, to take responsibility for the nation as a whole, in this crisis unparalleled in our history. To labour, I say: Your cause is the cause of our nation, and you must treat it no less. This means you must mobilise for those “old Labor” policies of national banking, tariff protection, exchange controls, etc. which built Australia in the first place. And, it is ludicrous to think that the Australian Labor Party will provide the necessary leadership in the present period, since, under Hawke and Keating, it introduced the whole free trade, deregulation package which is killing us now.

2. Name the names of those trying to crush it. As this pamphlet proves, the Howard government is merely a subsidiary of the chief economic warfare unit of the British Crown, the Mont Pelerin, together with Rio Tinto—in which the Queen is a dominant shareholder—are leading the charge to crush the unions in this country. Therefore, it is suicidal lunacy not to “name the names” of those directing the war against our unions—beginning with the Crown itself.

3. Mobilise for the “New Bretton Woods” policies of global financial reorganisation and economic recovery put forward by the only statesman to have foreseen the present crisis—Lyndon LaRouche, since Australia can not hope to deal with a global financial crash on its own. This includes fighting for the exoneration of Mr. LaRouche, who was framed up and sent to jail for five years on orders from London, precisely because he is the opponent the Crown-centred oligarchy fears the most. LaRouche’s policies, and the frame-up against him are outlined in two other CEC pamphlets, “What Australia must do to survive the global financial crash,” and “The fate of mankind hangs on the exoneration of Lyndon LaRouche.”

Make no mistake: this is a war for the very survival of our nation, and in this war, we must exemplify the same quality of ruthless courage embodied in the immortal words of Prime Minister John Curtin’s 1941 radio address to the American people, after Britain had abandoned us to a looming Japanese conquest:

“On the great waters of the Pacific Ocean war now breathes its bloody steam. From the skies of the Pacific pours down a deathly hail on countless islands of the Pacific. The tide of war flows badly for you in America. For us in Australia it is flowing badly...”

“It is to the people of America I am now speaking, to you who are or will be fighting, to you who are sweating in factories and workshops to turn out the vital munitions of war, to all of you who are making sacrifices in one way or another to provide the enormous resources for our great task...”

“We are, then, committed to total warfare...For remember, we are the Anzac breed. Our men stormed Gallipoli. They swept through the Libyan desert, they were the ‘rats’ of Tobruk, they were the men who fought under ‘bitter, sarcastic pugnacious Gordon Bennett’ down Malaya and were still fighting when the surrender of Singapore came...”

“This war may see the end of much that we have painfully and slowly built up in our one hundred and fifty years of existence. But even though all of it go, there will still be Australians fighting on Australian soil until the turning point be reached, and we will advance over blackened ruins, through blasted and fire-swept cities, across scorched plains, until we drive the enemy into the sea.

“I give you the pledge of my country. There will always be an Australian government and there will always be an Australian people. We are too strong in our hearts, our spirit is too high, the justice of our cause throbs too deeply in our being, for that high purpose to be overcome.”

And so, fellow citizens, to the battle.

Sincerely,



Craig Isherwood
National Secretary
Citizens Electoral Council

20 June 1998

Introduction

The extraordinary assault against the Australian trade union movement throughout 1997 and the first half of 1998 has come from apparently disparate quarters, from the Federal Government's passage of the union-busting *Workplace Relations Act* in December, 1996, which set the stage for all that followed, to Rio Tinto's attacks on the Construction, Forestry Mining and Energy Union (CFMEU) in the Hunter Valley, to the Federal Government/National Farmers Federation/Patrick conspiracy to crush the Maritime Union of Australia which exploded in April 1998, when Patrick sacked its entire unionised workforce.

Yet, all of these attacks, and others as well, proceed from one single source: the British Crown. Such a claim might, at first, seem surprising, or even preposterous. But, to those who know our nation's history, it is no surprise at all: both the labour movement, and our nation as a whole, were built against the consistent, bitter opposition of the Crown, as we document in Part II of this pamphlet, "The Rise and Fall of Australia." This tradition has not changed: it is the Crown, together with allied British oligarchical families, which controls Rio Tinto, and it is the Crown which established the London-based Mont Pelerin Society, which in turn gave birth to its Australian front groups such as the H.R. Nicholls Society, the Tasman Institute, the Institute for Public Affairs, the misnamed Centre for Independent Studies, etc. which, with Rio Tinto, have written the bitterly anti-labour policy for the Howard government. Consider the following, which will be elaborated in the pages to follow:

* The Mont Pelerin Society's main think tank, the Institute for Economic Affairs (IEA), was established with the help of the Queen's personal financier, City of London magnate Harley Drayton. The MPS/IEA designed every single one of Thatcher's cruel economic "reforms" of privatisation, deregulation and union-busting—beginning with crushing the British coal miners union—and then spread those reforms worldwide through a series of think-tanks, of which Rio Tinto has been a major funder.

* The Howard government is dominated by founding members and fellow travellers of the Mont Pelerin think-tank, the HR Nicholls Society. These include: HR Nicholls foundation members Ian McLachlan (Defence Minister), Peter Costello (Federal Treasurer), and Dr. David Kemp (Education Minister), while Howard, Peter Reith (Workplace Relations Minister), and Rod Kemp (Assistant Treasurer) are frequent speakers at HR Nicholls events. That government was brought to power—with the help of Rio Tinto—for one reason: to carry out "labour market reform", i.e. to bust the unions.

* The National Farmers Federation, which is leading the charge against the MUA, is almost indistinguishable from the HR Nicholls Society, through mutual personnel such as former NFF president Ian MacLachlan, and NFF officers David Trebeck, Paul Houlihan and Ian Wearing.

* The Queen is a dominant, if not *the* dominant shareholder in the London-based Rio Tinto, the largest mining company in the world, and Rio Tinto literally wrote the *Workplace Relations Act*, the legal cover for the present war-to-the-death against Australia's unions. Rio Tinto is owned by a mere 120 secretive "accounts", which include some of the most powerful of the British oligarchical families grouped around the Crown. It has been a chief policy vehicle for those families—and not only in mining—ever since it was established in the late Nineteenth Century, and has been synonymous with the British Secret Intelligence Service since then. The documentation in this pamphlet of its extraordinary control over all aspects of Australia's political and economic life, cries out for a Royal Commission investigation of the company. As CFMEU official Tony Maher so eloquently put it, in November, 1997, "We have got rights here and this mongrel-bred foreign multinational ought to obey our laws or pack their bags."

The Australian Labor Party was born in a bitter struggle against what it called the "Money Power", the City of London financiers who dominated every aspect of life in their Australian colony, a struggle which continued into the Whitlam era, as merely exemplified by the role of Whitlam-sacker Sir John Kerr's role in founding the H.R. Nicholls Society. The Crown-centred "Money Power", from the 19th Century on, generated an Anglophile lackey class among the families who ran the banks, the mining companies and the great landed estates here. That Anglophile elite, centred around the "Collins House crowd" in Melbourne in the early days, still exists and is today stronger than ever; its offspring are still sent to The Church of England Geelong Grammar School or Melbourne Grammar, and then, for "finishing", to Oxford or Cambridge. (1) When the Crown's Mont Pelerin Society set up shop here in the mid-1970s, it mobilised this comprador elite into a fanatically anti-labour mission, in the same way as when the Bank of England's number two man, Sir Otto Niemeyer, was dispatched here in 1930 to meet in the posh Melbourne Club with the fathers and grandfathers of the present elite, in order to foist brutal austerity policies upon our country then.

But London did not only recruit its agents from among our "blue bloods"; today, as in the struggles of the 1930s, it developed a Fifth Column within labour itself. In recent

years, this labour Fifth Column have often been Rhodes scholars, or, sometimes, graduates of the “Harvard Trade Union Programme,” or others who sold out their heritage to the “big end of town.” Two such were Rhodes scholar Bob Hawke and his mate Paul Keating, who took over Mont Pelerin’s policies of free trade, deregulation, privatisation, workplace agreements, etc. lock, stock and barrel. When they had ruined the country as far as they could go, the country was turned over to the Mont Pelerin-dominated Liberals of Howard, Kroger, Costello et al. (the latter two being particular darlings of the Melbourne business elite) to finish the job—by finishing off labour. Hawke and Keating had done the best they could for their masters; Keating was notorious for telling his friend, Lord Alistair McAlpine, the British Conservative Party’s treasurer for 15 years and the bosom buddy of Margaret Thatcher, “I am going to tear the trade unions apart, tear them up”, while Hawke proclaimed in July, 1997 that the “Coalition has the mandate” for labour

market reform, referring to the Government’s plans to crush the CFMEU in the Hunter Valley strike. (2) The Labor Party was turned into the anti-labour party—which, with a few exceptions—is what it remains today, some mild pro-labour noises now and again, notwithstanding. This Mont Pelerin economic rationalist crowd also crushed the better elements within the Liberal Party, as former Victorian Liberal Party president Michael Kroger did in his state, driving them from office.

The first part of this pamphlet will define who the enemy is, and how to defeat him through the struggle for a New Bretton Woods monetary system and a national bank, while the second part will locate the present fight within the long, unfinished struggle of “old Labor” to free our country from British imperial control. It is only when you understand that history, *that you understand who your true enemy is today*. Such heroes as Frank Anstey, Jack Lang and John Curtin gave their all in that noble cause; now, it is up to us to finish the job.

Footnotes

(1) A few examples of how this Anglophile elite, with such names as “Baillieu” and “Myer”, operates, are contained in Appendix A.

(2) Lord Alistair McAlpine, *Once a jolly bagman: memoirs*. (London: Wiedenfeld & Nicolson, 1997) p. 175. Hawke told ABC radio on July 16, 1997, “I think it’s bloody stupid if the unions and the ALP says March 1996 didn’t happen, when

the Government can say ‘we went to the electorate saying we were going to have a different approach to industrial relations.’” The Union Jack on Hawke’s Rhodes scholar underwear was showing; so much the more pathetic, that Hawke was chosen to keynote the February 7-8, 1998 conference in Johannesburg, South Africa, which kicked off an international union campaign against Rio Tinto.

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Part II.

The Rise and Fall of Australia

The British Crown's assault against the Commonwealth

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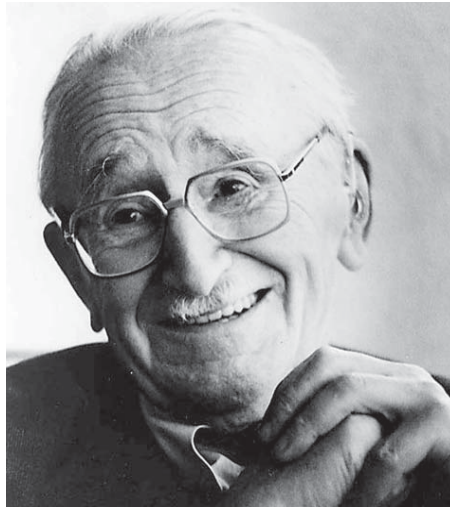
Part I. The Crown's plot to crush our unions

1. The Command Centre: The Mont Pelerin Society

“Australia was a kind of byword in the textbooks for ‘standard labour market regulation’—it’s an awful thing.” Lord Harris of High Cross, Mont Pelerin Society.

In March, 1996, the Citizen Electoral Council’s newspaper, the *New Citizen*, interviewed Lord Ralph Harris, a former president of the Mont Pelerin Society (MPS), and for decades the executive director of Mont Pelerin’s main thinktank, the London-based Institute for Economic Affairs (IEA). Asked what generated the globalisation “reforms”, including the slashes in health care, and the savage assault on labour, which have swept Australia, New Zealand, Russia, and Thatcher’s Britain, among other places, Harris replied, “There’s this outfit called the Mont Pelerin Society. It was started in 1947. The Mont Pelerin Society created the IEA, which comes to be called ‘Thatcher’s think-tank’ but we were running long before Thatcher. We weren’t Thatcherites, but she was an ‘IEA-ite’. She picked up her thinking through some of her colleagues and her academic friends, directly through the IEA’s publications, which drew heavily on the Mont Pelerin Society’s connections.” From Thatcher’s Britain, Harris said, these ideas spread around the world, and he and most of his associates were knighted by the Queen for their efforts. For Australia, he added, the main task of the new Howard government must be to crush the unions.

The MPS was founded on the slopes of Mont Pelerin in Switzerland in 1947, at a meeting of some of the leading families of the ancient European oligarchy, chaired by the kook economist, Friedrich von Hayek. Most of the participants, like von Hayek himself, carried the prefix “von” before their names, indicating “noble” origin. These included: Otto von Hapsburg, of the ruling dynasty of the now-expired Austro-Hungarian Empire; Max von Thurn und Taxis, whose family, originally Venetian (“Torre e Tasso”), had relocated to Germany in the 15th century, from where it ran the postal and intelligence services for the Hapsburg Empire for centuries; and Ludwig von Mises, the leader of the bitterly anti-Renaissance “Austrian School” of economics, founded by Karl Menger, a pre-war retainer for the Hapsburg and Wittelsbach (southern Germany) royal houses. From Britain came Sir John Clapham, a senior official of the Bank of England and the president in 1940-46 of Britain’s pre-



Mont Pelerin Society founder Friedrich von Hayek was made a “Companion of Honour” (of which there are only 60 worldwide) by Queen Elizabeth II for his work in designing free trade economic warfare measures on behalf of the Crown, such as privatisation, deregulation, etc.



City of London financier Harold C. “Harley” Drayton was the personal money manager for the Queen, and for the Church of England. He helped set up the Institute for Economic Affairs, the Mont Pelerin think-tank which designed the “Thatcher Revolution.”
Photo: Sporting Pix

eminent intellectual body, the Royal Society. Milton Friedman, from the Fabian-founded University of Chicago, was also present; he was to become a chief salesman of Mont Pelerin’s dogma.

The new society soon moved from Switzerland to London, where the chief sponsor of its radical “free trade” and other lunatic nostrums was City of London financier Harley Drayton, *who managed the private fortune of the Queen*. Mont Pelerin became the chief economic warfare unit of the Crown, and Drayton financed all the early personnel and the first headquarters of the Institute for Economic Affairs, the mother of all Mont Pelerin’s think-tanks worldwide. (1)

The Queen showered honours on her Mont Pelerin fanatics, as Lord Harris explained:

“I don’t claim to be controlling everything, but the only reason I got a peerage the year that Thatcher got into power—I have been Lord Harris since 1979—there is no question, that that was her way of acknowledging that that group of thinkers, that ‘This is the group that I favour,’ and of course a lot of my pals are now ‘Sir Peter this,’ and ‘Sir John the other’. Hayek himself became a Companion of Honour! Which is amazing. The Queen makes one a Companion of Honor. There are only 60 at any one time in the entire kingdom! Hayek, born in Vienna, a naturalised British subject in 1936 or 1937, suddenly made a Companion of Honor! That was Thatcher saying, ‘These are my people, they are one of us.’ Or, ‘We are one of them!’”

Mont Pelerin Society's Fascist International and its Australian Branches



Key

- ✱ Mont Pelerin Founders
- Australian Members
- New Zealand Members
- ☆ Australian Member living in Britain
- Member of Parliament

Mont Pelerin Society (MPS)

Est. 1947; Headquarters - London. (less than 500 members worldwide)

✱ Prof. Friedrich von Hayek	Lord Harris of High Cross	■ Dr Michael Porter	■ Ron Manners	■ Prof. Geoffrey Brennan
✱ Otto von Hapsburg	○ Roger Kerr	■ Greg Lindsay	■ Ron Kitching	■ Gary Sturgess
✱ Max von Thurn und Taxis	○ Alan Gibbs	■ Ray Evans	■ Prof. Wolfgang Kasper	■ John Hyde
✱ Ludwig von Mises	○ Simon Upton, MP	■ Sir John Brunner, 4th Baron of Druids Cross.	■ Padraic P. McGuinness	■ Prof. Ross Parrish
✱ Prof. Milton Friedman	☆ Prof. Max Hartwell		■ Maurice Newman	

Institute for Economic Affairs (IEA)
Est 1955; Headquarters - London.

Sir Antony Fisher Prof. Friedrich von Hayek	Lord Bauer Lord Renwick	Lord Joseph Lord Harris of High Cross
--	----------------------------	--

International Think Tanks
 166 think tanks in 38 countries

Fascist policies

- Slashes in Health Care
- Union-busting & slave labour, privatised prisons
- Destruction of infrastructure (privatisation)
- Legalised drugs
- Nazi-style brainwashing to replace public education
- Euthanasia

Rio Tinto, WMC & other Major Australian Corporations \$\$\$

New Zealand Business Roundtable

- Roger Kerr
- Alan Gibbs
- Sir Ronald Trotter (TAS)

Mont Pelerin's Australian Front Groups

Centre for Independent Studies (Est. 1976)

■ Greg Lindsay (Exec. Dir, Founder, Mont Pelerin International Board Member)	■ Prof. Geoffrey Brennan	Dr. Roderick Deane
■ Prof. Wolfgang Kasper	■ Gary Sturgess	Prof. Kenneth Minogue
■ Padraic P McGuinness	✱ Prof. Friedrich von Hayek	Prof. Richard Blandy
■ Maurice Newman	☆ Prof. Max Hartwell	Prof. Helen Hughes
	Prof. Ross Parish	Prof. Judith Sloan
		Hugh Morgan

Tasman Institute (Est. 1990)

■ Dr Michael Porter	Prof. Richard Snape	Dame Leone Kramer
☆ Prof. Max Hartwell	Dr. Roderick Deane	Eric Mayer
✱ Prof. Sir Alan Peacock	Prof. Ken Minogue	Hugh Morgan
S Baillieu Myer	Prof. Ross Parish	Sir Arvi Parbo
Lachlan Murdoch	Sir Roger Douglas	Sir Ronald Trotter
Prof. Richard Blandy	Will Bailey	Bill Dix
Prof. John Freebairn	Kevan Gosper	

Institute for Public Affairs (Est.1943)

■ John Hyde	Kevan Gosper	Charles B Goode
■ Prof. Geoffrey Brennan	John Gough	John Dahlsen
■ Prof. Wolfgang Kasper	Eric Mayer	D Bryden
■ Sir John Brunner	Hugh Morgan	Senator Rod Kemp
■ Ron Manners	Rupert Murdoch	Michael Moore
John Stone	Prof. Judith Sloan	L Brodie-Hall
Prof. John Freebairn	Prof. Helen Hughes	Sir John Holland
Prof. Richard Snape	Dame Leonie Kramer	Gerard Henderson
Prof. David Penington	Mark Rayner	Milton D Bridgeland
Will Bailey	Prof. Philip John Rose	

H R Nicholls Society
Est. 1986

- **Ray Evans**
- Peter Costello
- John Stone
- Hugh Morgan
- Sir John Kerr (dec)
- Ian McLachlan
- Dr David Kemp

Victorian Government

Premier: Jeff Kennett (Mentor - John Gough, IPA)

Economic Programme: "Project Victoria" (Designed by Tasman and IPA)

- "Privatisation" rip-offs
- Massive Cuts in:
 - Health Care
 - Education
 - Infrastructure
- Legalised Drugs
- Union Busting
- Slave Labour
- Elimination of Local Govt.

Howard Government

Prime Minister: John Howard, guest speaker H R Nicholls

Treasurer: Peter Costello, co-founder H R Nicholls

Senator Rod Kemp, former Chairman IPA

Dr. David Kemp, co-founder H R Nicholls

Peter Reith, guest speaker H R Nicholls

Ian McLachlan, co-founder H R Nicholls

Plot to crush Australia's Unions

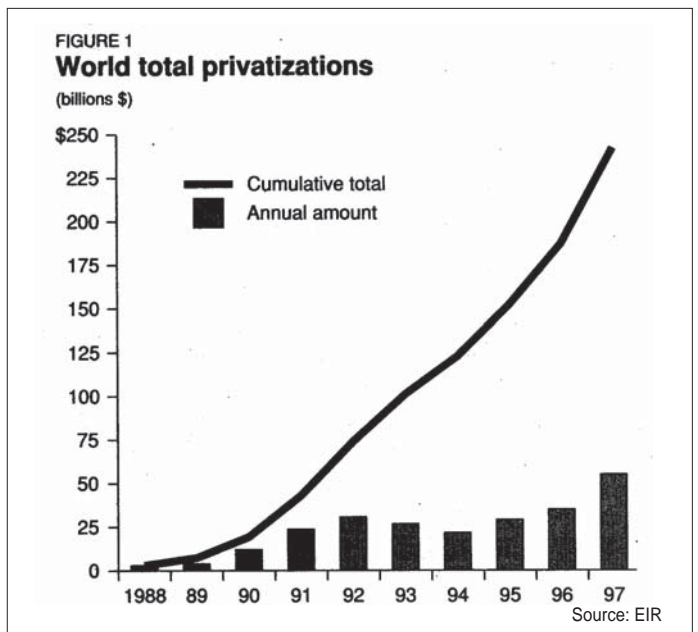
Drugs and privatisation

Why was the Queen, through her personal financier, and through the extraordinary honours bestowed on von Hayek—who sat on the board of the Centre for Independent Studies in Sydney until his death a few years ago—sponsoring this project? As even schoolchildren once knew, the British Empire was built on “free trade” (including free trade in drugs, as in the infamous Opium Wars the British fought against the Chinese in the Nineteenth Century). That Empire still exists, though it is now known as the “Commonwealth,” and it still uses “free trade” in all its forms, such as deregulation, privatisation, drug pushing, etc., as economic warfare against its principal enemies—sovereign nation-states. (2) Unbelievable sums of money flow into the City of London from these activities. The world’s drug traffic, for instance—in which London still plays the commanding role—is very conservatively estimated at \$545 billion per year. (3) And, since its founding, the Mont Pelerin Society has been a fierce advocate of the legalisation of all drugs, in order to dramatically expand that traffic. Small wonder, then, that the Institute for Public Affairs’ Prof. David Penington has been leading the charge for the legalisation of dope in Victoria for years.

As for privatisation, an estimated US \$250 billion (one-quarter trillion) in assets worldwide have been privatised from 1988-1997, most of these for a fraction of their true value—i.e. nations are simply being looted of their assets. (See Figures 1 & 2). *The second biggest privatisation programme in the entire world, next to Thatcher’s Britain, has been that of Australia, with an estimated US \$43 billion (A\$67 billion) privatised through the end of 1997.* (4) The state of Victoria, which accounts for half of all these privatisations, shows precisely how this Mont Pelerin looting process works. In 1991, two Mont Pelerin think-tanks, the Tasman Institute and the Institute for Public Affairs (IPA)—the latter chaired for years by Rio Tinto vice president George Littlewood—wrote a series of reports under the title, “Project Victoria”, in which they recom-



Dr. David Penington, chairman of Jeff Kennett’s Victorian Drug Advisory Council, a rubber-stamp committee for legalisation, is a long time member and Councillor of the IPA, a Mont Pelerin front group. Photo: The Age



The concept of “privatisation” was designed by the Mont Pelerin Society, so the financial oligarchy could loot and destroy nation-states.



Victorian Premier Jeff Kennett was installed in power by the Mont Pelerin Society’s Institute for Public Affairs to loot Victoria.
Photo: The Age



John Gough, OBE, was the chairman of the ANZ Bank until his recent retirement. A prominent member of Mont Pelerin’s IPA Council, he is the man widely acknowledged to be Jeff Kennett’s mentor.
Photo: Sebastian Costanzo/The Age

mended selling off virtually everything the state owned. The Mont Pelerin crowd, through IPA powerhouse and former ANZ bank chairman John Gough, then hand-picked Jeff Kennett to install him as premier in 1992 to carry out the recommended privatisations. The lead agency in these privatisations, earning an estimated \$100 million from them, was Maquarie Bank. Maquarie's largest client—surprise, surprise—is Rio Tinto!

Now, Victoria has privatised an astounding 75% of all its assets. From the proceeds of those sales, together with vicious budget cuts, the state has paid down its debt from \$32 billion to \$10 billion, so that \$20 billion was looted from the infrastructure, health care, etc. of Victorian citizens to pay various financial institutions. Note, for instance, that Tasmania's founding and longtime chairman was Sidney Baillieu Myer, head of the Australian branch of N.M. Rothschild, whose London headquarters has masterminded much of the privatisation push. To sum up, given the rising death rates in Victoria from slashes in health care, in particular, *Kennett is paying his Mont Pelerin sponsors by pushing cost-cutting policies which are killing people.* (5) This is exactly the same process which the International Monetary Fund carries out, through its genocidal conditionalities of “debt before people”, against the developing sector. Crushing

The end of the nation-state

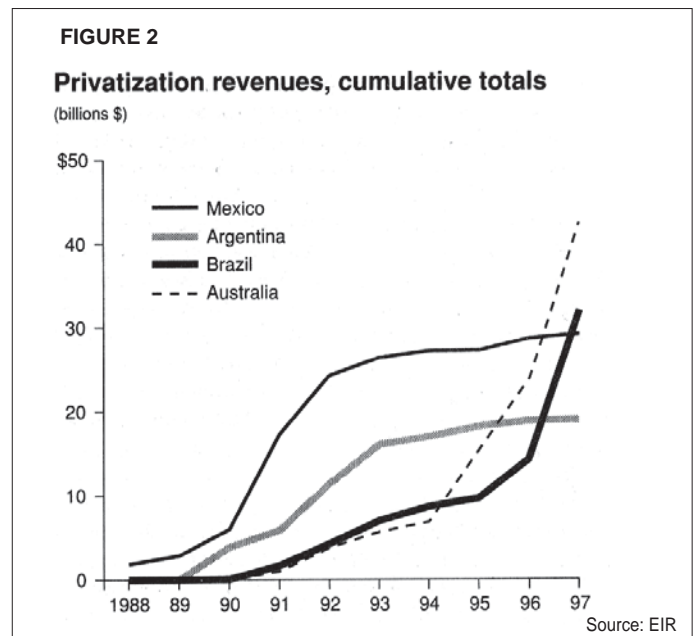
Mont Pelerin founder Von Hayek's 1944 book *The Road to Serfdom* (the title was an inside joke) set the tone for the “Conservative Revolution” which the new Mont Pelerin Society championed—that of a return to feudalism:

“We shall not rebuild civilisation on the large scale. It is no accident that on the whole there was more beauty and decency to be found in the life of the small peoples, and that among the large ones there was more happiness and content in proportion as they had avoided the deadly blight of centralisation.”

Von Hayek cynically denounced the nation-state as “tyrannical,” even while he called for the establishment of a one-world empire: “An international authority which effectively limits the powers of the state over the individual will be one of the best safeguards of peace.”

Asked if the reforms in New Zealand, Australia, Russia, Britain, and so on meant that “we are moving back to the era before the nation-state,” Lord Harris exulted, “That's right! That is absolutely right!”

Until the Fifteenth Century Golden Renaissance, 95% of all mankind existed as serfs for a ruling, feudal oligarchy. The Renaissance gave birth to nation-states, which freed mankind, physically and intellectually, from feudalism. The human population on the planet—never more than a few hundred million before the Renaissance—soared to its present 5.3 billion because the nation-state fostered infrastructure, public education, government-sponsored science and



With the possible exception of Britain itself, Australia has been looted by privatisation *more than any other country in the world!*

trade unions, and thus the living standard of all Australians, is simply one more way in which this looting is effected.

technology, healthcare, etc. Those, like the Crown's Mont Pelerin Society, who propose to return the world to feudalism, also propose to drop the global population to what it was then. The Queen's Consort, Prince Philip, expressed the oligarchical outlook most clearly, in his famous August, 1988 remark to the German Press Agency, “In the event that I am reincarnated, I would like to return as a deadly virus, in order to contribute something to overpopulation.” Is it any big surprise, then, that this oligarchy is savagely reducing living standards worldwide?

The Renaissance fostered the notion of man and woman as *imago viva Dei*—in the living image of God. This concept gave birth to the idea of the basic “rights” of a citizenry, such as healthcare, universal public education, the right of labour to organise, etc. The oligarchy, by contrast, views mankind as beasts, mere human cattle to be herded, or killed, as the whim moves them. This bestial conception of man is at the heart of the MPS's philosophy. Though Hayek was the Mont Pelerin Society's chief intellect, Harris emphasised that Hayek in turn drew his essential ideas from Bernard de Mandeville (1670-1733), particularly from Mandeville's *The Fable of the Bees: Private Vices and Public Benefits*. Von Hayek had “incurred a lot of criticism for this,” he added. The criticism was hardly surprising: Mandeville was the founder of the devil-worshipping Hell-Fire Clubs of the 18th century; his *Fable of the Bees* is a naked glorification of the “Seven Deadly Sins.”

Revolution by think-tank: Mont Pelerin comes to Australia

Lord Harris then elaborated on the philosophical outlook of the Mont Pelerin Society, and how that spread.

“So the IEA comes along with Adam Smith, and David Hume and David Ricardo, the great classical economists of the Eighteenth Century, who invented political economy, we draw on all that stuff. So we revived all those old principles and we clothed them with modern examples and analogies of (the privatisation of) the energy market, the transport market and all the rest of it. This created Thatcherism as an idea. I mean when I went to Australia back in 1990, I was greeted everywhere as a missionary from this new Thatcher idea, free markets, laissez-faire, and all that.

“I mean, Hayek and Friedman were perpetually being asked to go to Hong Kong, to go to Australia, they gave lectures there, to little groups of people, set up a similar outfit to the IEA, my Institute of Economic Affairs in London. Similar institutes, totally independent institutes, were set up in Australia, New Zealand, Hong Kong ...It is all this very exciting, jostling idea, of how far can free institutions, competing, spontaneous institutions, supplant the planned, imposed, orderly method of bureaucratic government? This is now bubbling away. It is totally extraordinary! There is no limit to how far this process can spread!”

By the mid-1970s, leading Mont Pelerinites took a series of world tours to set up the first of hundreds of think-tanks to spread their poison. Friedman visited Australia in 1975 and recruited a number of followers, such as Michael Porter, one of only fourteen members of the elite MPS (see flow chart, pp 8-9). Porter founded the Tasman Institute, of which he is now the chairman. Porter told a journalist in early 1996 how he and other Mont Pelerinite members within Gough Whitlam’s government think-tank, the Cen-

tral Policy Review Committee (CPRC), sabotaged the plans of Whitlam and his chief ministers for grand economic development of the continent. Said Porter, Whitlam and his ministers, “notably Rex Connor ... would bring in these huge plans for water projects, rail policy proposals,” but that he and the CPRC “just trashed them and went with ours ...We stripped them and left them as empty bones!”

Whitlam, a fierce economic nationalist, was dumped in 1975—an action run directly from Buckingham Palace, as documented in the second half of this pamphlet. With Whitlam out of the way, the Labor Party was soon taken over by those, such as Hawke and Keating, who were imbued with the MPS “free trade ideology” pumped into them from their mates in the “big end of town”, who sat on the boards of such think-tanks as the Centre for Independent Studies and the Institute for Public Affairs. (see flow chart pp 8-9) The Liberal Party was also transformed into a Mont Pelerin front, a process completed with the selection of John Hewson as party leader in April 1990. Robert Manne, a political insider and former editor of *Quadrant*, described how it happened:

“Revolutions also have political foundations. Dr. Hewson’s revolution originated in 1980 in a series of secret meetings between Liberal Party politicians (Mr. John Hyde,



Dr Michael Porter, Tasman Institute founder, Member of the Mont Pelerin Society.



In the “a picture is worth a thousand words” category, this one of the Mont Pelerin Society’s Tasman Institute headquarters in Melbourne says it all: Also based here are Prince Philip’s Duke of Edinburgh Awards Committee, and Earthwatch, to which latter Rio Tinto gave \$500,000 to run anti-development environmental scams. In terms of the Crown’s assault on Australia, all that is missing from this building is an Aboriginal land council.



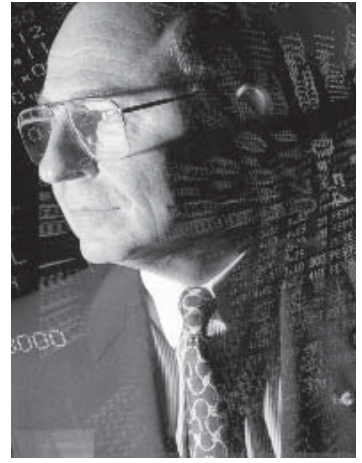
Mr John Hyde, 30 years head of the IPA, Member of the Mont Pelerin Society.



Greg Lindsay, Exec. Dir. and founder of C.I.S. with the help of IEA's founder Sir Antony Fisher, Member of the Mont Pelerin Society. Photo: Mossop/Fairfax



Hugh Morgan, Executive Director Western Mining, Member Centre for Independent Studies, IPA, Tasman and HR Nicholls Society. Photo: Sandy Scheltema/The Age



Maurice Newman, Chairman of the Australian Stock Exchange, founding Chairman C.I.S. Member of the Mont Pelerin Society. Photo: Cummins/Fairfax

Mr. Jim Carlton), prominent Fraser government staffers (Dr. David Kemp, Mr. Cliff Walsh), politically minded academic economists (Mr. Richard Bland, Dr. Michael Porter) and activist businessmen (Mr. Hugh Morgan, Mr. John Elliott). It was the beginning of a Liberal counter-establishment. At this time Dr. Hewson was on its fringe.”

This “revolution” was pure Mont Pelerin: John Hyde and Michael Porter are members (or were to become members) of the Mont Pelerin Society, and later executive directors of the Institute for Public Affairs and Tasman Institute, respectively; Walsh co-authored a book with Porter; Kemp was an IPA board member (and now a Howard cabinet member); Bland was on the Advisory Council of the CIS and was later to be on the Tasman board; and Hugh Morgan of Western Mining was a member of all four of the Mont Pelerin Society’s main fronts in Australia: the H.R. Nicholls Society (to which he gave the keynote speech for its founding meeting) the IPA (member of its Executive Committee), the CIS (which he helped found) and the Tasman Institute (as a board member). As for Elliott, his mate Peter Scanlon, a former executive of Elders and now the leading shareholder in Chris Corrigan’s Lang Corporation, is a ringleader in the Mont Pelerin plot to smash the MUA.

Manne continued:

“A set of fixed political ideological objectives to transform the Australian economy along free market lines emerged from the group: financial deregulation; the rapid removal of protection for manufacturing and rural industries; *the dismantling of all aspects of the centralised wage-fixing system*; privatisation of public sector-business; small government via the partial withering of the welfare state; micro-economic reform of transport and communications.” (emphasis added) (6)

The Hawke/Keating governments accomplished much

of this; now, the Mont Pelerin-dominated Howard government intends to finish the job, by smashing labour, as Lord Harris emphasised during the following interview on March 14, 1996, right after Howard was elected.

Following the exposure of the secretive Mont Pelerin Society and its Australian fronts in the *New Citizen* of May 1996, MPS member and Lord Harris protégé Greg Lindsay wrote this “damage control” article.

Lord Harris: “You have to smash the unions!”

Q:Who did you visit when you were here in Australia?

LH:The Centre for Independent Studies in Sydney.

Q:Yes I know of them of course, the think-tank for freeing up the market and so forth.

LH:Absolutely, that’s one of my boys, Greg Lindsay, he’s a great mucker of mine. Yeah, I’ve been up there a time or two and lectured for him, and know him very well.

Q:How often have you been over, Lord Harris?

LH:I think I’ve been, three visits to Australia. Absolutely marvellous. I mean we really, my wife and I came over each time, then on to New Zealand, we loved it.

Q:Absolutely, and of course you are obviously aware that we’ve just had a change in government in Australia?

LH:Yipeee! I was pleased about that. Your unions are pitiful. I mean Thatcher totally destroyed the trade union power here, by the way. The result of that, it’s very interesting, you might ponder this, the result of Thatcher’s demolition of the trade union power has been that the Labour Party under Blair is now a much more independent, much more free market outfit. There’s no question, I mean I use the phrase that, “Tony Blair the Labour leader is Mrs Thatcher’s best legacy.”

I mean really, truly, you see, the unions, the Labour Party here was an offshoot of the trade union movement originally back in the 1900s, in this country. And the trade union movement in a sense, owns the Labour Party. That’s not saying it too strongly, therefore by reducing their power, the Labour Party has been able to revert to a radical, but free enterprise, kind of view. Astonishing, astonishing.

Q:When you visited Australia did you see the need for freeing up the market, I mean for the time you were here, the changes in financial markets, the structure of the Australian economy?

LH:Well I thought that he did quite a bit, Keating, on the financial liberalisation, on international trade, a bit ... I think you’ve got to give Keating some credit for that, and also, the trade union man before Keating, what was his name?

Q:Bob Hawke.

LH:Bob Hawke. I mean Hawke did his best to try and free things up, but you see, this is the point, the trade union movement is a totally backward looking, nostalgic, keep-things-as-they-are [force], in a world of rapid change. It was an impossible obstacle to a dynamic adjustment ... So I hope that they will be able to do the trade union job now.

Q:Howard has indicated that he will. He’s already indicated today he’s going to be scrapping minimum wage.

LH:All that arbitration stuff, compulsory arbitration you had, I mean you were the, I mean Australia was a kind of byword in the text books for “standard labour market regulation”—it’s an awful thing.

Q:What do you see as Australia’s next move, of the things you see as essential that should be taken on, Lord Harris?

LH:Well I mean the main thing is labour market flexibility, there is no way round that actually, that you’ve got to bring the labour market into a freer market mentality activity, because, I mean they’re full of restrictive practices, strike threats ... We had the same thing here with our printing unions. I don’t know about your printing unions, your man

Murdoch [a leader of the Tasman Institute] by the way, has been a radical revolutionary force in printing in this country.

Q:He took on the workers at Wapping, didn’t he?

LH:Wapping was *amazing*, the effect was awesome, we’ve got *new* national newspapers that we’d never had before. You know it’s transformed the fortunes of our national local newspapers by getting them out of the hands of the print mafia ... The result is, by the way, he is still hated by the old-fashioned restrictionists of backward looking, keep things-as-they-are brigade, I mean he is a dynamic force, he was in printing, he now is in broadcasting, but if you could get your unions under a proper restriction, under proper legal framework that stops them running amuck, I mean that must be a powerful, I mean our industry is now *enormously* de-manned, they call it de-manning, I mean running more efficiently, I mean companies got rid of a third or half of their labour forces, manufacturing in some cases, I mean we are *well placed* in Britain now to be competitive and take on new developments.

That is absolutely the best hope for Australia. I mean Australia is a marvellous country, it’s richly endowed in all kinds of ways, and to see it being held back by this old-fashioned stuff, it’s often by old British, you know Scottish Clydeside restrictionist lefties, I mean you have inherited a lot of our *worst people*. I mean the actual names of them, when they read out some of the names of these trade union leaders, in my first visit to Australia, they all sounded like Irish or Scottish names from the Red Clyde, well we’ve *totally, totally* discarded all of that in Britain. It is a clear piece of history, amazing....

I’m very encouraged, I’m very hopeful about Australia, I mean it’s a marvellous country, great people, and for them to be held back by this fuddy-duddy trade union stuff, I believe that is central, that is, he’s [Howard] got to tackle that head-on in my view, and he’s got to do it soon.



Lord Harris of High Cross, former president of the Mont Pelerin Society, helped set up Mont Pelerin’s fronts in Australia. He called for the Howard government to smash the unions.
Photo: Austral

Mont Pelerin's policies are fascist

One of the first things the Nazis did when they came to power in Germany, was to smash the trade unions. The similarity between the policies of the Nazis, and those of the Mont Pelerin Society, are not accidental. Professor Milton Friedman, a founder of the Mont Pelerin Society, is perhaps best known as the guru of the “Chicago school” of economics, whose members have dominated the Nobel prize for economics in recent years. Friedman repeatedly emphasised, as in his 1956 book, *Studies in the Quantity Theory of Money*, that his economic doctrines are a revival of those of the Nazi Economics Minister, Hjalmar Schacht, a claim which he repeated during a 1978 radio interview in Atlanta, Georgia. In 1980, as American physical economist Lyndon H. LaRouche and a collaborator prepared to write a book entitled *The Ugly Truth About Milton Friedman*, they spoke to Professor Arthur Laffer, the dean of “supply side” economists in the U.S. Said Laffer, “You want to prove that Milton Friedman is a fascist? It’s easy. Quote him.”

In his book, the great free market propagandist Friedman cheered the Nazis for imposing “First wage, price and credit controls and then rationing. Germany became a directed economy.” In these circumstances, personal consumption could be slashed, which Friedman was most happy about, because he maintained it was the key to keeping inflation down: “As indicated earlier, *this policy appears to have been*

Mont Pelerin Society founder Milton Friedman lauds the union-busting, fascist austerity policies of Adolf Hitler—the “free market” in action.



successful in Nazi Germany,” he wrote. (emphasis added)

In fact, Friedman’s great “free market” theories, because they are based upon brutal austerity and looting, cannot work, except under a dictatorship. This reality was noted by his friend and fellow Mont Pelerinite, *National Review* magazine publisher William F. Buckley: “It is possible that Milton Friedman’s policies suffer from the overriding disqualification that they simply cannot get a sufficient exercise in democratic situations.” Indeed, the best-known laboratory of Friedman’s Mont Pelerinite policies was Chile, under the dictatorship of General Augusto Pinochet. And these fascist policies have now taken root in Australia.

In addition to crushing labour, look at the other policies of Adolf Hitler’s Nazis, and compare them to what the Mont Pelerin Society is pushing in Australia today, as spelled out in the books and pamphlets issued by its fronts, the Institute for Public Affairs (IPA), the Centre for Independent Studies (CIS), the H.R. Nicholls Society, the Tasman Institute, etc.

The Nazis promoted fascist policies, which:

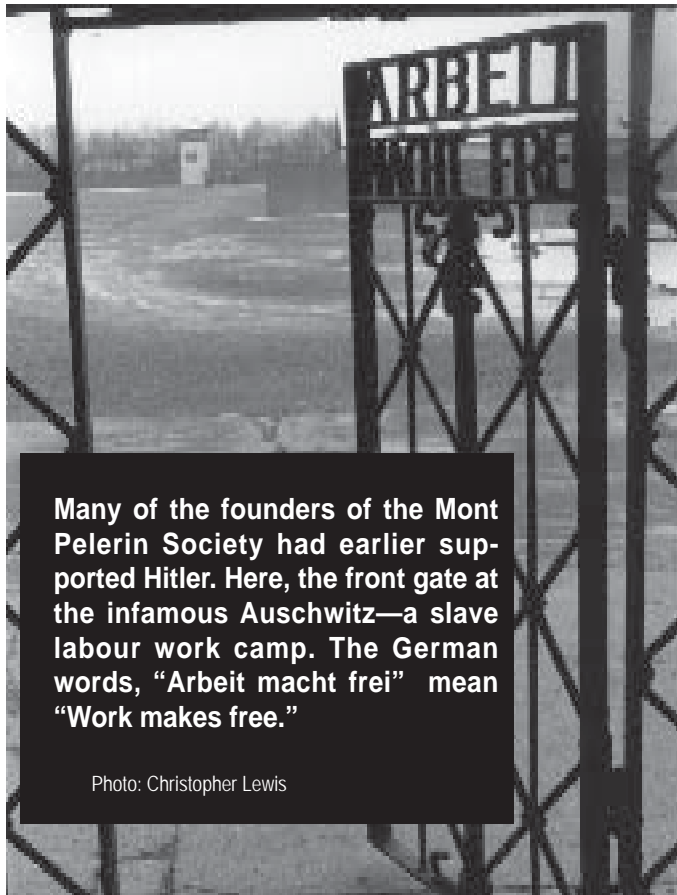
- * Eliminated elected government.
- * Slashed social welfare payments.
- * Privatised prisons, which became known as concentration camps, where Jews, political prisoners and others, were simply worked to death under the slogan, “Arbeit Macht Frei” (Work Makes Free). The notorious Auschwitz was a “privatised prison,” run by I.G. Farben.

* Implemented euthanasia, under the programme code-named T-4, for “lives not worthy to be lived.” T-4 was publicised as “a welfare reform and cost-cutting measure.”

- * Established the death penalty for a wide range of crimes.
- * Transformed education into Nazi brainwashing.

Now, look at the following policies in Australia today, virtually all of which were spawned by Mont Pelerin. Bear in mind, that Mont Pelerin’s hideous policies are invariably sold as “reforms”. Such “reforms” include:

- * Trade unions are being “reformed”—broken.
- * Local elected government is being eliminated. The IPA report, *Reforming Local Government in Victoria*, called for slashing the local councils from 204 to 97, as a “cost-cutting” measure.



Many of the founders of the Mont Pelerin Society had earlier supported Hitler. Here, the front gate at the infamous Auschwitz—a slave labour work camp. The German words, “Arbeit macht frei” mean “Work makes free.”

Photo: Christopher Lewis

This has been carried out, such that some Melbourne residents find that their “local government” is 15 miles away. Similarly, on the federal level, we have, in effect, a dictatorship, but with a “democratic face.” Just consider: since both the Liberal and Labor parties represent the same Mont Pelerin “economic rationalist” ideology, and are both financed and controlled by the same corporate/financier oligarchy—the “big end of Town”—which runs the local Mont Pelerin think tanks, *whom do you have to vote for?* What is the difference between this, and the “corporatist state” of Benito Mussolini, in which the government, the (single) political party and the corporations were all one entity, controlled by the oligarchy?

* Social services and welfare payments are being slashed, and welfare recipients are being forced to work, as called for in the Tasman Institute’s “welfare reform” programme called Workfare. These will be pitted against former union members, in a competition for slave-wage jobs.

* Infrastructure is being chopped up, and sold off to foreign powers, under the rubric, “privatisation.” Under the Nazis, this policy of looting the physical economy was known as “primitive accumulation”; after conquering other nations, such as Czechoslovakia, the Nazis would simply rip up entire factories and send them back to Germany. Our assets might stay here (other than raw materials), but we are being looted just the same, through price rises and non-replacement of infrastructure—for which we already suffer an \$80 billion deficit from depreciation over the last decade. When it is considered that over the past thirty years, spending on infrastructure as a percentage of Gross

Domestic Product has halved, from 9 per cent in 1970 to just 4.5 per cent in 1994, \$80 billion is a very conservative figure.

* Prisons are being privatised, under the term, “prison reform”. Prisoners will become a huge new pool of slave labour for private companies such as the U.S.-based Wackenhut Corporation. This is already occurring in the U.S.

* Euthanasia—sold as one’s free enterprise “right-to-die”, is making dramatic strides, as in the debates surrounding the Northern Territory’s 1997 legislation.

* The death penalty is being revived.

* Public education is being destroyed, through the drive by Mont Pelerin networks to implement “Outcome Based Education”—brainwashing educational “reforms” which already dominate both private schools, and public schools. These suit a child for little else than a career as a docile slave-labourer. The widespread prescription of the deadly drug, Ritalin, to our schoolchildren (at one of the highest rates in the western world) facilitates this brainwashing.

But all of these “reforms” have a common, deeper goal: the elimination of the nation-state. The sovereign nation-state is the most effective means of continuously providing for the needs of the whole of society, and for providing an ever increasing standard of living, with a well-educated citizenry capable of participating in government. In Australia, to eliminate our nation, you must crush the trade unions, and at every turn since the Howard government was installed in March, 1996, Crown assets have been leading the charge to do this. A particularly important role has been played by the Mont Pelerin front, the H.R. Nicholls Society.

Footnotes

1. Some of Drayton’s activities in financing the personnel who founded the IEA may be found in *Thinking the Unthinkable: think-tanks and the economic counter-revolution* by Richard Cockett, Harper Collins Publishers, 1994. This is the economic rationalists’ “in-house” account of their own rise to power worldwide. Drayton also used the Crown’s wealth to build up the notorious multinational, Lonrho, which savagely looted Africa, and financed civil wars all over the continent from 1961 on under the notorious Tiny Rowland. On Drayton’s sponsorship of Rowland and Lonrho, in which he was the dominant shareholder on behalf of the Queen, see *Tiny Rowland: The Ugly Face of Neocolonialism in Africa*, by the Editors of Executive Intelligence Review, 1991.

2. The best documentation of the existence and function of this empire is found in *The true story behind the fall of the House of Windsor*, an *EIR Special Report* published in September, 1997, 218 pp.

3. For the best overview of the world’s dope traffic, and who runs it, see *Dope, Inc.*, Executive Intelligence Review, Washington, D.C., 1992, 697pp. The traffic in drugs in Australia is estimated by police sources at \$8 billion, which would skyrocket if drugs were legalised. Two forces have been leading the charge for dope legalisation in Australia: billionaire speculator George Soros and the Australian Drug Foundation, founded in the boardroom of ANZ Bank, which has a heavy presence on the board

of Prof. David Penington’s IPA, including: ANZ Chairman Charles B. Goode, Deputy Chairman John Gough, and Director John Dahlsen. For more on the push to legalise dope in Australia, including the role of the banks (including the Reserve Bank) in that push, see *The New Citizen*, June 1996, “CEC fights plans to dope Australia”.

4. “The scam that London calls ‘privatization’”, *EIR*, Dec. 19, 1997.

5. *Australia’s health care ‘reforms’: A Nuremberg crime against humanity*, Citizens Electoral Council, 1998, 32pp.

6. From all evidence, Manne was also a victim of the Mont Pelerin revolution he described. He was the former editor of *Quadrant*, the conservative magazine, and had boosted its circulation from 3,000 to 5,000. Two of the largest funders of *Quadrant* were CRA and Western Mining, and CRA vice president George Littlewood (also chairman of the Institute for Public Affairs) and Mont Pelerin member and Western Mining executive Ray Evans were known to be extremely upset with Manne’s attacks on “economic rationalism”—the usual term used to describe Mont Pelerin’s policies. Under heavy fire from *Quadrant*’s sponsors, Manne quit as editor, and was replaced by one of the 14 Australian members of the Mont Pelerin Society, *Padraic McGuinness*. Some of the details of the fight may be found in *The Age*, July 22, 1992 article, “Rupture in the right” by Peter Ellingsen.

2. A Case study: The NFF/HR Nicholls plot to crush the MUA

The NFF: “No Family Farms”

With the installation of the Howard government in March 1996, the Crown’s Mont Pelerin Society seized power in Australia: at least six ministers of that government are closely affiliated with Mont Pelerin’s HR Nicholls Society. HR Nicholl’s founding president was Western Mining’s chief executive officer, Ray Evans, *one of only 14 Australian members of the elite Mont Pelerin Society*. In addition to Howard himself, these include Defense Minister Ian McLachlan, Treasurer Peter Costello, Minister for Workplace Relations Peter Reith, Assistant Treasurer Rod Kemp, who was also the longtime head of Mont Pelerin’s Institute for Public Affairs, and Minister for Employment David Kemp.

The HR Nicholls Society was named after the turn-of-the-century editor of the *Hobart Mercury*, who crusaded against Mr. Justice Higgins, the President of the Commonwealth Court of Conciliation and Arbitration, for his finding in the famous 1907 Sunshine Harvester case, that labour should be paid a “living wage”, such that one employed man should be able to earn sufficient to support himself, his wife and three children.

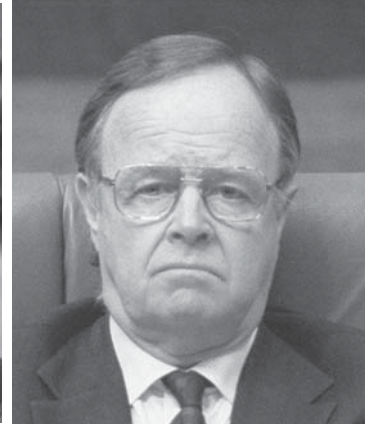
The HR Nicholls Society, in turn, was indistinguishable from the leadership of the National Farmers Federation (NFF), founded in 1979 by members of Australia’s Anglophile, landed oligarchy, who have always been fanatically freetrade. Together with other Anglophiles in the business establishment, these NFF oligarchs founded HR Nicholls in 1986.

The NFF, whose initials many claim should stand for “No Family Farms,” itself grew out of the Australian Woolgrowers and Graziers Council (AWGC). The AWGC was a hotbed of bitter opposition to the longtime Minister of Trade, the legendary John “Black Jack” McEwen, and his programme of a farmer-labour alliance based upon rapid economic growth generated by a policy of “Protection All Around.” The NFF was founded to split that alliance, and to gather all farmers under a free-trade, anti-union umbrella, as became obvious in the Live Sheep Export dispute of 1978, which the AWGC orchestrated as the catalyst to found the NFF.

There, the farmers in the Cattlemen’s Union supported the Australian Meat Industry Employees Union’s (AMIEU) argument that sheep should be processed in Australia, to provide more jobs and income for Australians, against the AWGC and their allies. Many of those soon to found the NFF, such as its third president, Ian McLachlan, a member of one of Australia’s largest landholding families, cut their teeth in that fight. David Trebeck, then the executive sec-



Minister for Workplace Relations and HR Nicholls member Peter Reith spearheaded the Mont Pelerin plot to crush the MUA.
Photo: Andrew Taylor/Fairfax



Defence Minister Ian MacLachlan was an early president of the NFF, and is a member of the HR Nicholls Society. In 1997-1998, he aided the NFF/HR Nicholls plot to smash the MUA.
Photo: Andrew Meares/Fairfax

retary of the AWGC, and soon to be the founding Deputy Director of the NFF, wrote the history of the matter. In 1997, Trebeck was the principal of the ACIL firm, which the government hired to write a master plan to crush the MUA.

Busting unions was part of the NFF’s plan from the start, as Tom Connors recounts in *To Speak With One Voice*: “The NFF, from its very beginning, made it clear that industrial relations would be high on its agenda. *The Land* [the agricultural journal] thought it fitting that the Prime Minister, Malcolm Fraser [himself a blue-blood, and personally close to AWGC head Sir Samuel Burston] ‘should pick the launching of the National Farmers’ Federation to take a



National Farmers Federation House



Former NFF officer Paul Houlihan helped write the union-busting *Workplace Relations Act*, and then set up the NFF front, P&C Stevedores, to crush the MUA.

Photo: Erin Jonasson/Fairfax



The founding deputy director of the NFF, David Trebeck was the principal in the ACIL consulting firm which the Howard government gave \$680,000 to write a grand design to eliminate the MUA.

Photo: Courtesy of Australian Farm Journal

tough stand against unions”.

At the NFF launch, Wolf Boetcher was selected as the first chairman of the NFF’s Industrial Committee because he was “renowned for his bluntness and willingness to ‘have a go’ at the trade unions.” (1) When Ian McLachlan became president in 1984, he and Boetcher deployed the NFF industrial officer, Paul Houlihan, to scout for union conflicts the NFF could throw their weight behind. One of these was the “wide combs” dispute in the shearing industry, in which the NFF took on the Australian Workers Union. The issue was nominally the width of shearing combs, but, in reality, the NFF was backing the hordes of non-union New Zealand shearers, each on an individual contract, then flooding the country, as a way of busting the union. McLachlan crowed, “[W]e have made unionism non-compulsory in the shearing industry for the first time since 1890”. (2) In 1996, Paul Houlihan was to be one of the three principal authors of the union-busting *Workplace Relations Act*.

The next NFF attack on the unions was the famous Mudginberri abattoir dispute. McLachlan said, of Mudginberri: “[W]e looked for three years to get involved in the meat industry and the NFF industrial director Paul Houlihan rang me one day and said Mudginberri was that opportunity...” (3) There, the NFF pushed the AMEIU into court and secured a huge, \$3.5 million fine against the union for its picketing of the non-union Mudginberri abattoir. This effectively immobilised the AMEIU’s drive to unionise abattoirs in the Northern Territory, and set other legal precedents against union organising. But was the NFF really concerned about the well-being of the owners of Mudginberri? Mudginberri’s owner, Mr. Jay Pendarvis, recently charged that the NFF had left him “high and dry”, taking hold of the “fighting fund” established for the Mudginberri dispute, and leaving him, virtually bankrupt, to deal with other creditors. Nor did the NFF ever bother checking to see how he was doing, in the aftermath. As he told *The Age* on April 13, 1998, “I have had more contact with (former ACTU president) Simon



Trade and Industry Minister John “Black Jack” McEwen was one of the greatest leaders this country has ever had. His blue-blood enemies took over the Country [National] Party which he led for so long, and they founded the NFF, both of which have destroyed farmers through free trade.

Photo: The Canberra Times

Crean and some of the other members of the union than I have had with members of the National Farmers Federation since this thing was over. Some of the members of the union even came by to see how Jay Pendarvis was doing. I don’t recall any members of the Farmers Federation coming by and saying ‘How are you today, old mate?’”

Nor has the NFF helped its alleged constituency, the farmers. Since the 1960s, the number of farmers has plummeted from 300,000 to less than 100,000; one of the single biggest causes of this wholesale wipeout was the policy of freetrade and globalisation championed by the NFF.

As noted, the NFF leadership is almost indistinguishable from the HR Nicholls Society. Former NFF president Ian McLachlan, for instance, was an HR Nicholls founder, and NFF officers David Trebeck, Paul Houlihan, and Ian Wearing have played prominent roles in subsequent HR Nicholls Society events, in which they bragged about the NFF’s union-busting activities, as Houlihan did at the inaugural Seminar of the HR Nicholls Society in February, 1986, regarding the Mudginberri dispute. And the NFF backed HR Nicholls member and lawyer, Peter Costello, when he set out to smash the Confectionary Workers’ union, in the infamous Dollar Sweets campaign in Melbourne. The HR Nicholls Society, along with its sister MPS think-tank, the Tasman Institute, pump out propaganda for deregulation, freetrade, competition, and de-unionisation, which is then implemented by the government.

A classic example is the campaign to crush the MUA.

P&C Stevedores: “Permanent and Casuals” scab labour

When then-Transport Minister John Sharp in early 1997 commissioned a report into waterfront reform to start the process rolling, he awarded the \$80,000 contract to the Canberra-based industrial consultants ACIL Economics and Policy Pty. Ltd. ACIL’s principals are none other than the NFF’s David Trebeck and Paul Houlihan. Upon delivery of its initial outline, ACIL was given—without tender—a further \$600,000 to develop the master plan, the highly sensitive details of which the federal Government has refused to release; however, leaks have revealed that the report canvassed the use of troops on the waterfront to break the union. The NFF’s industrial officer, James Ferguson, himself admitted raising this option with the Government. Further, when advertisements were prepared to recruit people to train as stevedores in Dubai, they were placed in the official journal of the Australian Defence Force (ADF), which comes under the portfolio of Defence Minister Ian McLachlan, the former NFF president.

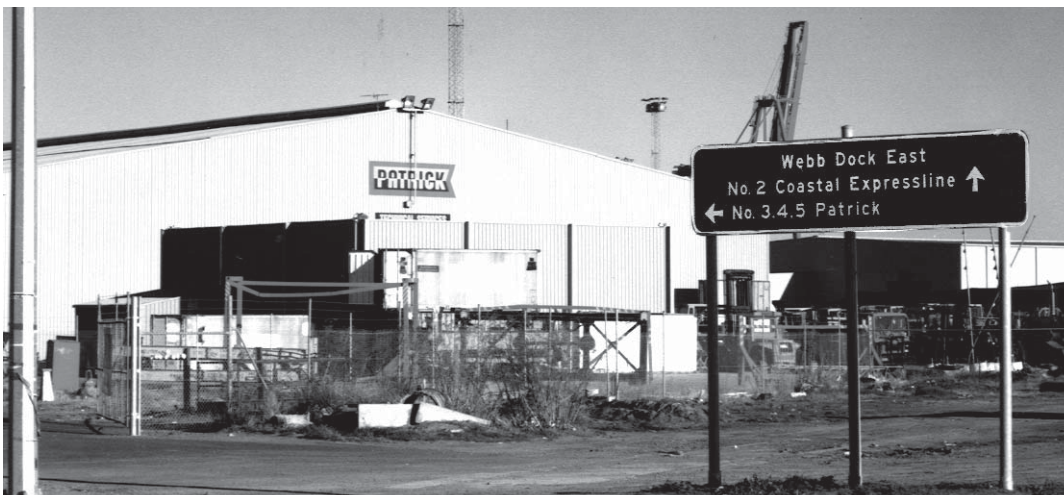
As it was writing the study on how to break the MUA, the NFF was also lining up the financial resources to do so, which newspaper reports put at \$100 million, centred in the NFF’s Australian Farmers Fighting Fund (AFFF). The NFF established the AFFF in 1986, the same year NFF personnel helped found the HR Nicholls Society. *The Business Review Weekly* July 25, 1986, reported then-NFF Deputy Director, Rick Farley, saying that “businesses had donated money so that the NFF could *establish some industrial precedents.*” [emphasis added] Indeed, the AFFF’s guidelines directed that a “significant proportion of expenditure to relate to industrial issues”. By 1987, the NFF had raised \$11 million; now over \$100 million, that warchest is overseen by two well-known farmers: former Coles Myer chairman Nobby Clark, and mining executive and HR Nicholls Society co-founder, Charles Copeman.

Once the NFF/ACIL executives had drafted their report, *they personally founded the companies to carry out the*



Former chairman of Coles Myer Nobby Clark, is a joint partner with Rio Tinto in the world’s largest diamond mine, and a director of the NFF’s \$100 million “Fighting Fund”. Photo: Jessica Romas/Fairfax

strategy the government had paid them to develop! The officers of the new, non-union waterfront companies were the NFF’s president, Donald McGauchie, its Industrial Director, James Ferguson, and a former Industrial Director, Paul Houlihan, an author of the government’s *Workplace Relations Act*. The four new NFF companies were grouped around P&C Stevedores Pty. Ltd. The name was hardly accidental; it recalls the infamous “P & Cs”, the Permanent and Casuals scab unions formed to break the Waterfront Workers Federation beginning in 1917, which efforts continued into the 1950s. Finally, just as the plot to crush the MUA was about to be launched, in March, 1998, Howard’s government commissioned ACIL to take a “public opinion poll”; not surprisingly, it found overwhelming support to smash the union. The intimate relations between the Howard government and the NFF began well before Howard even took office: the man who managed Howard’s 1996 election campaign, Andrew Robb, effectively began his professional career as an economist at the NFF’s Canberra headquarters, and was appointed director of the NFF in 1985.



The NFF’s non-union Webb Dock in Melbourne.

Liberal Party ties to London

In addition to Howard's government, top leaders of the Liberal Party fully supported the plot to smash the union. This was hardly surprising, given the extremely close ties many of them maintained to Margaret Thatcher's circles in Britain, as exemplified by the cases of Robb himself, Liberal Party federal treasurer Ron Walker, and former longtime Victoria Liberal Party head Michael Kroger. After masterminding Howard's election, Robb spent a month in London helping the Tory Party campaign, while Walker was the co-treasurer (with Lord Hambro and Lord Harris) of Britain's Conservative Party, "the first foreigner ever to hold such a position of influence in the party", and a key factor in reducing the Tory debt from £20 million in 1993 to zero in 1995, through his raising money from British firms in Australia. (4) On February 4, 1998, Walker sent out a letter to key business leaders urging them to "support the Government on the reform of the waterfront." As for Kroger, who stated publicly in early 1998, that he "would be happy" to raise money to help crush the MUA, he had been sponsored by the British Foreign Office for a visit to England to "study waterfront reform." He had also worked with his closest mate, H.R. Nicholls Society member Peter Costello to break the confectionary workers union in the famous, NFF-backed Dollar Sweets campaign in Melbourne in the 1980s, while the founding chairman of Kroger's J.T. Campbell merchant bank, John Stone, was a founding executive of the H.R. Nicholls Society!

Serious questions have also been raised about the role in the attempt to bust the MUA, of another Mont Pelerin asset, cardboard box king Richard Pratt, Australia's third richest individual, with an estimated fortune of \$1.8 billion. Pratt was one of a handful of people on Tasman's original board, and a major funder of the institute. When he gave up that position at the end of 1993 (although he remained on the Advisory Board), to become Chancellor of Swinburne Uni-

versity, Tasman executive director and Mont Pelerin Society member Dr. Michael Porter thanked Pratt for his "generous and strategic support during the year." What is certain, is that several longtime Pratt

Ron Walker, the federal Liberal Party treasurer who supported the plot to bust the MUA, was also co-treasurer of Britain's Conservative Party, the only foreigner to ever hold that position. Photo: The Age



Billionaire Richard Pratt AO, a principal figure in the Tasman Institute, a Mont Pelerin front. Three longtime Pratt executives and a security firm who worked for him were key players in trying to bust the MUA.

Photo: Fairfax



executives helped design the strategy against the MUA. These included:

Dr. Steven Webster. A former senior manager of Pratt's Visy Industries who at one time headed Pratt's North American operations, Webster was hired by then-Transport Minister John Sharp at \$1000 per day as the government's "lead consultant" in preparing a secret report on waterfront reform. When Reith replaced Sharp as Workplace Relations Minister, Webster officially joined Reith's staff, and was soon joined by:

Peter Wilson. Wilson was a consultant to Pratt's companies, during which time he produced a report on the cost benefits of shipping over road transport. He was also the former operations manager of Northern Shipping and Stevedoring in Townsville. Northern Stevedoring conspired with Rio Tinto-controlled International Purveyors to try to bust the MUA at Cairns in September, 1997, and Wilson, then on Reith's staff, was in touch with International Purveyors throughout.

Dr. John Davies. Davies also worked for Pratt, and signed on with the Government for \$96,000 to work on waterfront reform, as well.

In addition, in early May, 1998, Peter Kilfoyle and Mike Wells, the directors of Fynwest, which had been training non-union stevedores in Dubai, told *National Nine News* that, notwithstanding the government's heated denials of involvement in the Dubai scheme, that the government had been involved "right from the start." In sworn affidavits, they also charged that Dr. Stephen Webster had arranged their introduction to Patrick Stevedores' boss Chris Corrigan in the first place! Webster denied the allegations, but did admit meeting with them, ostensibly to have them hire a bodyguard/driver for Richard Pratt. Wells and Kilfoyle, it emerged, had earlier done security work for Pratt.

While Corrigan and Patrick Stevedores lead the charge, the other main waterfront employer, the most likely beneficiary of all this after the smoke clears, P&O Ports, is sitting back and smiling. P&O Ports is the stevedoring arm of P&O Australia, the fully-owned subsidiary of P&O Worldwide, which employs 70,000 people in 50 countries with an annual turnover of \$15 billion a year. Like Rio Tinto (see next chapter), P&O's antecedents are in the 19th century opium trade. Founded in 1837 as the Peninsular and Orient Steam

Navigation Company, by Lord Inchcape, who subsequently helped found the Hong Kong and Shanghai Bank as the clearing bank for the Far East opium trade, P&O was one of the legendary British Empire firms in the world opium trade for decades. Inchcape's son, the next Lord Inchcape, wrote the notorious 1923 "Inchcape Report" which recommended continued British sponsorship of the world opium trade to "protect the revenue" of the British Empire in Asia, despite a League of Nations attempt to outlaw trafficking in drugs. The Inchcape family firms, Inchcape and Co. and P&O, have always been heavily represented on the board of the Hong Kong and Shanghai Bank. (5) P&O had wanted

to purchase the government-owned Australian Stevedores (later known as Patrick) in 1994, but the MUA raised an uproar about a monopoly on the docks, and so the government sold to Chris Corrigan, the former head of Bankers Trust in Australia. In the wake of Corrigan's 1997-98 assault on the MUA, the British managing director of P&O, Richard Hein, said that his company expected drastic pay cuts from the MUA, and that "We want a complete review of all existing work practices. We want a total change of attitude in the labour force." Corrigan could not have done more for P&O, had they set him up for the job.

The grey eminence: Rio Tinto

Though the NFF is making the headlines, and notwithstanding any covert role P&O may well have played, one *eminence grise* of the whole affair, like that of the *Workplace Relations Act*, is Rio Tinto. Rio Tinto, after all, was already campaigning for and implementing non-union "workplace agreements" for several years before Howard came to power. It was little surprise, then, that Rio executive Mike Angwin headed the three-person committee which wrote the infamous *Workplace Relations Act* which passed in December, 1996, about which Patrick Stevedores boss Chris Corrigan crowed on television on April 12, 1998, "We could never have done it without the WRA." The two other members of Angwin's committee, were the British academic Charles Mulvey, and Paul Houlihan of the NFF and the HR Nicholls Society, who was soon to be a principal in the union-busting P&C Stevedores.

Other facts that point to the long hand of Rio Tinto behind the events on the docks include the following:

* Rio Tinto funds Mont Pelerin's Australian front groups, and, in addition to its long-running campaign to smash the CFMEU, sponsored the first attempt to crack the MUA, at the port of Cairns last year, through a shipping company it controlled. The CFMEU and the MUA are Australia's two strongest unions.

*The NFF's \$100 million "Fighting Fund" for the docks war is controlled by two Rio Tinto associates: Nobby Clark, former chairman of the Coles Myer retail giant, and of Ashton Mining, which is a 40-60 partner with Rio Tinto in the world's largest diamond mine, Argyle, in Western Australia, and a former director of Boral Ltd. (which owned the property on which the Mudginberri abattoir battle was fought); and Charles Copeman, a cofounder of the H.R. Nicholls Society and former CRA executive for 14 years who sacked his entire unionized workforce at Robe River in Western Australia in 1986.

*Rio Tinto has just announced huge expansion plans for its own shipping company, established two years ago in Melbourne, the port where the NFF first set up shop.

*The lawyers and chief strategists for Patrick Stevedores

are Rio Tinto's own lawyers, Freehill, Hollingdale, and Page.

* Patrick's public relations consultant, White Group Communications, also handled Rio Tinto's push to eliminate the CFMEU in the Hunter Valley last year.

* Patrick's mass sacking of its workforce, to prepare the way for non-union labour, is a typical Rio Tinto *modus operandi*, as used by Charles Copeman at Robe River in 1986, by a CRA industrial relations team directing ARCO's strategy at the Gordonstone mine in Queensland (see next section), and as repeatedly threatened at Rio's Hunter Valley No1 mine in New South Wales.

* Rio's notorious Hunter Valley No. 1 has provided two key industrial relations specialists for P&O Ports, Ben Wicks, formerly employee relations manager at the Hunter Valley No. 1 mine, and Grant Gilfillen, the general manager of P&O Ports' CTAL subsidiary which runs its Port Botany container terminal. This process is typical of how Rio trains "industrial relations personnel" and sends them into other companies to attack unions (see next section). On May 12, 1998, P&O sought an unprecedented court order against any future work stoppages by the MUA at any of P&O's sites, an application which it directly modeled on the one Rio Tinto successfully used at Hunter Valley No. 1 in 1997.

That Rio Tinto's men would show up running industrial relations at P&O at a crucial moment, is indicative of the much deeper ties between the two British companies, ties which go back to their joint origins in the 19th century dope trade in China, and which are exemplified in the person of Major Sir Rupert Clarke, 3rd Baron of Rupertswood, the chairman of P&O Australia from 1983 until recently, *who was also a director and longtime vice chairman of CRA*.

With Rio Tinto, we come to the heart and soul of the Crown's plot to crush unions in Australia.

Footnotes

1. *To Speak With One Voice*, by Tom Connors, p. 232.

2. *Ibid.*, p. 238.

3. *Ibid.*, 213.

4. *The Victory* by Pamela Williams, Allen & Unwin, 1997, p. 85.

5. *Dope, Inc.*, Executive Intelligence Review, Washington, D.C., 1992.

3. Rio Tinto: Her Majesty's Merchant-Adventurers

“The government is the political department of Rio Tinto.”

—Tony Maher, CFMEU official. (1)

Maher, the CFMEU official responsible for the Hunter Valley region of New South Wales, where Rio Tinto provoked a strike in 1997 as a pretext to bust the union, was right on the mark, both because of Rio Tinto's ties to members of the Australian government, as well as the government's wholesale adoption of the company's strategic plans to eliminate trade unions in Australia. For instance, Rio Tinto played a little-known, but crucial role in boosting industrial relations fanatic and Mont Pelerin asset John Howard to the leadership of the Liberal Party (and thence to Prime Minister) by giving his longtime rival, Andrew Peacock, a golden handshake to leave politics as a consultant to CRA; the company had also formerly employed Treasurer Peter Costello as its lawyer. (2) In terms of policy, the Howard government's entire industrial relations strategy has been based upon the union-busting individual workplace agreements pioneered by Rio Tinto long before Howard took power, as at Rio subsidiary Comalco's bauxite mine at Weipa, Queensland in 1994. No wonder, then, that Mike Angwin, the Rio Tinto executive whom the company gave a paid leave of absence to write the government's *Workplace Relations Act* of December, 1996, immediately thereafter took up the position of managing director at Rio Tinto's Hunter Valley No. 1 mine, to provoke the confrontations necessary to attempt to ram through individual contracts, regardless of the fact that Hunter Valley No1 had been very profitable; nor was it a surprise that key Rio Tinto industrial relations specialists at Hunter Valley moved on to the staff of P&O, just in time for the late 1997-early 1998 assault on the MUA. (3)

Rio Tinto's influence on Australian governments is not new: In 1975, the Queen directed her Governor General, H.R. Nicholls founder Sir John Kerr, to sack Prime Minister Gough Whitlam because Whitlam and his Minerals and Energy Minister R.F.X. Connor planned to “buy back the farm”—to reassert sovereignty over Australia's vast raw materials riches, which posed a mortal threat to British imperial policy, and to the wealth and global raw materials control of a chief enforcer of that policy, Rio Tinto. (4) In addition to its direct ties to the federal government, Rio Tinto also exerts enormous clout on that government through its funding for Her Majesty's Mont Pelerin fronts in Australia, since many government ministers are members or associates of those fronts. Exemplary is Rio's relation to the Tasman Institute: Rio contracted Tasman—*of which it is a corporate sponsor*—to do a “study” which claimed that Australian black coal mines were much less efficient than U.S. coal mines, in order to use this “independent research” to help justify its assault on the CFMEU!

The enormous wealth and power of Rio Tinto derives not only from its status as the world's largest mining company, with 51,000 employees in over 40 countries and US \$23 billion in assets, but from its function as a kind of “central committee”

of the British oligarchy, beginning with the *primus inter pares* of that oligarchy, Queen Elizabeth II. According to multiple sources, the Queen has invested a sizable chunk of her own vast fortune in Rio Tinto, an investment so extensive that former RTZ chairman Sir Mark Turner once noted, “You're running into problems of what the government is going to say about the Queen's involvement.” (5) The Queen's intensive involvement with Rio Tinto should be no surprise to those who know history: the modern Anglo-Dutch multinationals, typified by Royal Dutch Shell, Unilever, Rio Tinto, etc. which have done so much to strangle Africa and the rest of the world in the postwar period, are merely the modern form of the Crown-chartered “merchant adventurer” companies of Elizabethan England and later, who were granted a royal charter to operate on behalf of the Crown and its associated families.

Rio Tinto is controlled by just 120 superwealthy “accounts”. In addition to the Queen, the Church of England is known to be a heavy investor. On Rio Tinto's board are representatives of many of the most powerful British institutions. (6) In recent years, these have included:

Sir John Derek Birkin, former chairman, who is also a director of Unilever, and of Barclays Bank, the latter controlled by Prince Philip intimates, the Buxton family;

Sir Denys Hartley Henderson, also a director of Barclays, and the chairman of Imperial Chemical Industries from 1987-1995;

Lord Armstrong of Ilminster, one of Britain's most senior civil servants and secretary of the Cabinet from 1979-1987 under Margaret Thatcher, as well as a director of the Rhodes Trust, Inchcape, N.M. Rothschilds, and Shell Transport and Trading;

Lord Alexander of Wheedon, chairman of National Westminster Bank PLC, one of Britain's largest;

Sir Martin Wakefield Jacomb, deputy chairman of Rio Tinto, a director of the Bank of England from 1986-95, deputy chairman of Barclays Bank, director of Kleinwort Benson (the bank of Prince Philip's World Wide Fund for Nature), and chairman of the British Council since 1992. The British Council is one of Britain's most important cultural warfare agencies, with 228 offices in 108 countries; it spreads “the English language and liberal philosophy” and arranges for many of the 107,000 foreign students who come to Britain each year, to be educated as future British agents-of-influence. From 1972-80, Jacomb was a director of the ANZ Bank, which was based in London until 1977.

Sir David Simon, a director of the Bank of England, chairman of British Petroleum, and a director of other prominent banks and insurance companies.

But you can not fully understand Rio Tinto, until you understand the force which dominates it—and not only because of the Queen's shareholdings—that of the Crown. (7)

The power of the Crown

Most Australians believe that Queen Elizabeth II is a figure head with virtually no political or financial power. Nothing could be further from the truth. As the present head of the Windsor Dynasty, she is the sovereign head of state of the United Kingdom and 16 other states (including Australia), and is also the head of the 53-nation Commonwealth, the new name for the British Empire. That empire controls approximately one-fifth of the world's land mass and represents 30% of the world's population. But the power of the House of Windsor also derives from Queen Elizabeth's status as the "chief executive officer" of an informal body known to some as the Club of the Isles, which combines the political and financial clout of a far more extensive combination of intermarried European royal and princely families extending from Scandinavia to Greece. (8) The Queen's own wealth is impressive: according to *Harper's and Queen* magazine, she is the world's wealthiest woman, with a fortune of US\$ 13 billion already in 1991, which was then growing at a rate of 25% per year. Insiders now calculate it, at minimum, at between US\$25-50 billion. But, that is only a part of the combined financial worth of the Club of the Isles, which is estimated at greater than US\$1 trillion, while the holdings in which the Club has controlling interest are believed to exceed US\$9 trillion. The world petroleum supply is dominated by



The Queen and her nasty consort are at the top of the plot to crush Australia's unions.

the British royal household, as is much of the world's supply of precious metals, and raw materials, through such "Crown jewels" as Rio Tinto, Royal Dutch Shell, Anglo American Corp., DeBeers, etc., while the City of London controls 48-50% of the world's financial turnover, including the US\$3.5 trillion a day in derivatives turnover. (9)

Rio Tinto's origins: the dope trade in China

Rio Tinto was founded in Spain in 1873 by Hugh Matheson, using profits from his family's dope-trading Hongkong firm, Jardine Matheson; ties between the two firms have lasted until today. Under the direct sponsorship of the Crown, Jardine Matheson fostered an epidemic of opium trafficking into China, such that by 1830 opium had become the largest commodity in world trade. By 1839, the Chinese emperor, confronted with a drug addiction crisis that was destroying his nation, appointed Lin Tse Hsu Commissioner of Canton, to lead a war against the Triad gangs who were sponsored by the British trading companies to smuggle the drugs out of the "Factory" area and into the community. When Lin moved to arrest a British national employed by the opium houses, Crown Commissioner Capt. Charles Elliot intervened to protect Her Majesty's drug smuggling operations. Lin responded by laying siege to the factory warehouses holding up the tea ready for shipment to Britain, until the merchants turned over their opium stockpiles.

Hugh Matheson joyously wrote to his partner—then in London conferring with the Prime Minister Palmerston—that, "I suppose a war with China will be the next step." The British fleet laid siege, and Palmerston demanded the "admission of opium to China as an article of lawful commerce", plus British access to several additional Chinese ports. The emperor signed the Treaty of Nanking with the Crown in 1842, which brought

the Crown an incredible \$32 million in silver—as well as extra-territorial control over the "free-port" of Hongkong—which was only recently returned to the Chinese in June, 1997.

Not a dozen years would pass from the signing of the Treaty of Nanking before the British Crown would precipitate a second war, with similar disastrous consequences for the Chinese and additional monumental profits for London's drug pushers. In addition to Rio Tinto, out of this war the British merchants and trading houses established the Hongkong and Shanghai Corporation, which—now based in London—is to this day *the* clearing house for all Far Eastern financial transactions relating to black market activities of opium and its derivative, heroin. The Hongkong and Shanghai Bank today controls Prudential Client (MSS) Nominees, *the second-largest shareholder in Rio Tinto*, and has also been interlocked historically with the old P&O Steamship Company, now known as P&O Worldwide, the \$15 billion conglomerate which is the major employer on the Australian waterfront, alongside Patrick Stevedores, and which, as noted above, will be the biggest beneficiary if the campaign to break the Maritime Union of Australia is successful. "Coincidentally," P&O just happened to have hired two top Rio Tinto "industrial relations specialists" from Hunter Valley No. 1 mine, Ben Wicks and Grant Gilfillen, to head up P&O's industrial relations policy, just in time for the confrontation on the docks.

Working for the Crown and MI6

As befits its origins in the British Empire's most sensitive and lucrative trade, Rio Tinto has long been at the centre of British strategic policy. This is hardly surprising, since it is the world's largest mining company, whose ownership over a substantial part of the globe's raw materials is a key part of British imperial control. Befitting its importance, Rio Tinto has always played a crucial role in the Crown's main strategic think tank, the Royal Institute of International Affairs (RIIA), ever since an early Rio chairman, Lord Alfred Milner, was the founding chairman of the RIIA.

In the late 1970s, Lyndon LaRouche commissioned some of his associates to do a study of the forces running the international drug trade. The results of that study were published as a 697-page book, *Dope, Inc.*, the most authoritative study of the subject ever done. Regarding the RIIA, *Dope, Inc.* reported:

"The Royal Institute of International Affairs and its leading personnel control not only the Far Eastern drug traffic, but every important dirty money operation on the surface of the globe ... From their base in the dirty money traffic, the institutions assembled in force on the leading committees of the Royal Institute dominate:

1. All of Britain's leading commercial banks;
2. Both big British oil companies, British Petroleum and Royal

Dutch Shell;

3. All the leading British merchant banks;
4. The world's gold and diamonds trade;
5. Every leading old-line opium trading firm, including the Peninsular and Orient Company, Jardine Matheson, John Swire and Sons, and Charterhouse Japhet."

The RIIA in turn grew out of the "Round Table" secret society established in the 1890s by South African gold and diamonds magnate Cecil John Rhodes, who dreamed of spreading British imperial power to every corner of the globe. The ideology for the project was provided by Rhodes' teacher at Oxford in the 1870s, the homosexual art critic, John Ruskin. Ruskin had spent most of the middle decades of the century in Venice, studying the art, culture and methods by which that tiny city-state had dominated much of the world for over half a millennium. Ruskin called for the establishment of a world-ruling British empire on its model, and a return to the "pre-Raphaelite" (pre-Renaissance) pre-nation-state era, that is, to feudalism.

Rhodes expressed his plans in his will, which

called:

"To establish a trust, to and for the establishment and promotion and development of a secret society, the true aim and object whereof shall be the extension of British rule throughout the world, the perfecting of a system of emigration from the United Kingdom and the colonization by British subjects of all islands wherein the means of livelihood are attainable by energy, labour and enterprise, and especially the occupation by British settlers of the entire continent of Africa, the Holy Land, the valley of the Euphrates, the islands of Cyprus and Candia, the whole of South America, the islands of the Pacific not heretofore possessed by Great Britain, the whole of the Malay Archipelago, the seaboard of China and Japan, the ultimate recovery of the United States of America as an integral part of the British Empire, the consolidation of the whole Empire, the inauguration of a system of colonial representation in the Imperial Parliament which may tend to weld together the disjointed members of the Empire, and finally, the foundation of so great a power as to hereafter render wars impossible and promote the best interests of humanity."(10)

On his own, the tubercular, bombastic Rhodes had no hope of achieving such goals. But, Rhodes was merely a front man for much deeper power—that of the Crown. One of the three founders of Rhodes' secret Round Table group, was Reginald Balliol Brett (Lord Esher), *the chief adviser to King Edward VII from 1901 until Edward's death in 1910*. From 1905 until he died in 1930, Esher was the de facto chairman of the Committee of Imperial Defence, which had reorganised the forces of the Empire for World War I, and which shaped the contours of the postwar world.

Lord Milner, as imperial governor of Britain's South African colonies at the turn of the century, provided crucial support for Rhodes and his schemes. Upon the latter's death, Milner became chairman of the fabulously wealthy Rhodes Trust, and, soon after, of Rio Tinto. As the vehicle to implement Rhodes' will, Milner and his circle organised the Commonwealth of Nations—the new form in which the British Empire would be known, post World War I. As Round Table theoretician and RIIA founder Lionel Curtis expressed it in his 1917 book, *The Problem of the Commonwealth*, the Round Table crowd proposed "to transform the Empire of a State in which the main responsibilities and burden of its common affairs are sustained and controlled by the United Kingdom into a commonwealth



This book, commissioned by Lyndon LaRouche, laid bare the British worldwide dope cartel.



Cecil Rhodes

of equal nations conducting its foreign policy and common affairs by some method of continuous consultation and concerted action.” In other words, to induce the slaves to help forge their own shackles.

The RIIA, established in 1920 and granted its Royal Charter in 1926, embodied the “method of continuous consultation and concerted action” which Curtis called for. Regrouping the Anglophile elites in dozens of countries, it spun off progeny all over the world, such as the New York Council on Foreign Relations, and the Australian Institute of International Affairs. *Rio Tinto today is a chief funder and dominant force in the RIIA.* Emblematic of this role, the president of its local branch in Australia, the AIIA, is Richard Searby, Q.C.— a director of Rio Tinto.

Besides the various “institutes of international affairs”, another key vehicle for this “concerted action” are the Rhodes scholarships. These are financed by the Rhodes Trust to bring up-and-coming leaders from all over the Commonwealth (and the U.S.), to Rhodes’ old alma mater, Oxford, there to brainwash them into being British agents-of-influence.

Through the RIIA, Rio Tinto has been involved with some of the Crown’s most sensitive strategic operations. Former Rio Tinto chairman, Sir Mark Turner, for instance, was a top official in the wartime British Ministry of Economic Warfare, while Rio Tinto simultaneously funded the MI6 subsidiary, the New York-based British Security Executive, run by the famous Sir William

Target: Australia

Following the fall of the Berlin Wall in 1989, the RIIA undertook a several-year, far-ranging reassessment of opportunities to expand British power worldwide. In 1995, the RIIA and Her Majesty’s government sponsored a conference on that subject, “Britain in the World,” which was attended by virtually the entire corporate and foreign policy elite in Britain. The key policy paper circulated in and around that conference was by an Australian academic, Katharine West, “RIIA Discussion Paper 60: Economic Opportunities for Britain and the Commonwealth” (12) West’s theme, stripped of some of its polite language, was quite simple: Britain should use the extensive cultural and business networks of the Commonwealth—created by Milner et. al. as the new form of the British Empire—as a launching pad to penetrate every corner of the globe, and to loot every nation it can reach, through the methods of “deregulation”, “privatisation” and “free trade”. The main target, she said, should be Asia—the source of the largest amount of loot in the world—and the base to assault Asia should be Australia.

Regarding her first point, the Commonwealth as a world power, West emphasised that its 53 nations covering 1.5 billion people in every corner of the world could be used by Britain to dominate virtually all “multilateral organisations,” including the Organisation for Economic Cooperation and Development (OECD), the Asia-Pacific Economic Cooperation (APEC) forum, the Association of Southeast Asian Nations (ASEAN), the Group of 15, the Group of 77, and many others. But the engine room of all this power, she said, was “an informal financial empire that maintained its vibrancy



Lord Milner was an early Rio Tinto chairman and a chairman of the Royal Institute of International Affairs, which the mining giant has always dominated.

Stevenson, “The Man Called Intrepid”. According to *Dope, Inc.*, Rio also financed the postwar relocation of Stevenson and his apparatus to the Bahamas, where he established a number of corporate fronts, two of which, the World Commerce Corporation and Permanent Industrial Expositions (Permindex) were later investigated by New Orleans district attorney Jim Garrison, for their role in the assassination of President John F. Kennedy in 1963. More generally, the company has had a long history of involvement, often through its secretly controlled subsidiaries, with “former” British Special Air Service (SAS) mercenaries, such as the Sandline company which achieved such notoriety in Papua New Guinea in 1997—another raw materials-rich country in which Rio Tinto exerts enormous control. (11)

long after the formal empire went into decline”, one based upon the power of the City of London. (emphasis added)

On this “Commonwealth as Empire” perspective, and its emphasis on Asia, West cited a speech in 1994 by Britain’s Foreign Secretary, Malcolm Rifkind, which outlined the new perspective:

“Britain’s interests overseas are substantial and they are wide ... If we are to protect and further all those [global] interests we must lift our eyes beyond the transatlantic community of nations. An obvious area is that other ocean, the Pacific. We must pay far more attention to a region ...[whose] extra-ordinary growth seems set to justify the assertion that the 21st century could be the Pacific century...”

“In Asia and more widely we must exploit the priceless asset of the Commonwealth. It contains some of the world’s fastest growing economies, some of the leading contributors to UN peacekeeping. With the historical ties it embodies, its common legal framework, the Commonwealth provided a unique entree for Britain...”

That policy has moved full steam ahead, as British Foreign Secretary Robin Cook observed to an Australia-Britain New Images conference in Sydney on August 7, 1997. Cook said, as reported in the *Canberra Times* of 8 August, that “Australia was a more viable partner for Britain now than at any time in the past two centuries...The growing importance of Asia and of the countries around the Pacific means that Australia is much stronger for Britain as a bridge into an area of the world of growing importance.”

Reflecting this “bridge into Asia,” an astonishing total of 130 companies, most of them British, have now set up their Asia/Pacific headquarters in Australia, 60 of these in 1993-94 alone, the last year for which West had data.

Furthermore, she says,

“Australia sends about 35 per cent of its offshore direct investment to Britain, which is *eight* times more than could be expected from the size of the UK economy. The UK sends about 7 per cent of its offshore direct investment to Australia, which ... is *five* times more than could be expected from the size of the Australian economy.”

And, she noted, this pattern is accelerating: “In the decade from 1982, British investment in Australia showed more than a sixfold increase and the stock of Australian direct investment in Britain showed more than a tenfold increase. In the five-year period to 1992, when the stock of Australian direct investment in the UK more than quadrupled, the UK accounted for 44 per cent of Australia’s direct investment outflows.” The net result of all this is that “*Australia is Britain’s third most important destination for direct investment, after the United States and the Netherlands...[and] Britain is Australia’s second largest source of total foreign investment after the United States.*” (emphasis in original)

To consolidate the British financial colonisation of our country, the RIIA has launched other offensives, as well: in culture, and to control our intelligence agencies (which Britain set up in the first place) and our political parties.

On the cultural front, Britain’s chief cultural warfare body, the British Council, headed by long-time Rio Tinto deputy chairman, Sir Martin Wakefield Jacomb, has set up an office in Sydney, and “Britain is pouring \$6 million into its New Images campaign with Australia, *the biggest image-building enterprise it has conducted with any country,*” observed the *Sun Herald* of 5 October, 1997. (emphasis added) Regarding the intelligence ties, Britain’s High Commissioner to Canberra, Sir Roger Carrick, emphasised at the same conference that the intelligence relationship between Australia and Britain “had been particularly productive and useful recently.” The *Times* summarised the intelligence links:

“ASIS has an MI6 officer attached to its Canberra headquarters inside the Casey Building at assistant director level, and the top secret Defence Signals Directorate has a special British liaison officer. According to intelligence sources, several MI6 agents attached to the British High Commission work closely with the Defence Intelligence Organisation at Russell. They also liaise closely with the ONA [Office of National Assessments].

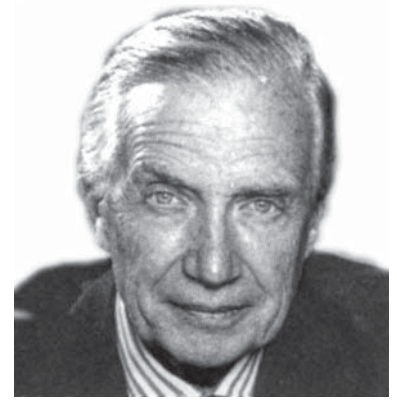
“*British officers are involved in virtually every aspect of Australia’s intelligence collection and assessment network, including a dozen based at the Geraldton collection station in Western Australia and at ASIS stations in posts such as Manila. In fact every ASIS station around the globe has direct liaison with MI6.*” (emphasis added) In addition, Britain relocated part of its extensive intelligence apparatus in Hong Kong to Australia, particularly to Darwin, after Hong Kong reverted to China.

Regarding the British takeover of our political parties, the

most important form of that, has been through Mont Pelerin ideology, as documented earlier. But the ideology is bolstered by intensive personal contact. Observed the *Canberra Times*, “In the past two years there has been an unprecedented exchange of policy ideas between the Australian Labor and the British Labour parties.”

As for the Liberals, as noted, Howard’s campaign director, Andrew Robb, spent a month in London helping the

Tories campaign, while Liberal Party treasurer Ron Walker recently served as co-treasurer of Thatcher’s Conservative Party, the only foreigner ever to do so, and raised huge funds from all the British companies headquartered here.



Sir Martin Wakefield Jacomb, longtime Rio Tinto vice chairman, a director of the Bank of England and the head of the influential British Council, was also a director of the ANZ Bank, which was headquartered in Britain until 1977.

Table 1.
Level of UK Investment in Australia as at 30 June 1996

	(\$A billion)
US	101.359
UK	85.996
Japan	57.424
Total EC (ex UK)	41.01
Total ASEAN	10.832

The level of British “investment” in Australia, as listed in this table featured in the RIIA report (updated), is astounding, particularly when compared with that of the U.S., which has *four times* the population of Britain. Source: Australian Bureau of Statistics June 1996

These British networks launched an intensive drive, through assets in the press, parliament, intelligence community and elsewhere beginning early 1996, to crush the Citizens Electoral Council, the Australian co-thinkers of American statesman Lyndon LaRouche. Asked for his evaluation of these attacks on the *EIR Radio Talks* programme of January 31, 1996, what lay behind the attack, LaRouche replied, “This is British intelligence,” elaborating how his associates in Australia stand for the Curtin-MacArthur tradition of anti-British Australia-U.S. collaboration. (13)

And, regarding Britain’s turn toward Asia, the results of this may be seen in the extraordinary speculative assault against Asia’s currencies and economies beginning in July, 1997. This was organised by British Commonwealth hedge funds led by George Soros, a creation of the British Rothschilds, who also handles investments for the Queen. Soros and his cronies earned many billions of dollars for the speculators, while economies such as South Korea and Indonesia were virtually crushed overnight. (14)

Table 2 UK Companies with Asian Regional Headquarters Based in Australia

Parent Company	Australian Subsidiary	Location	Regional Headquarter Function
600 Group, The	600 Machinery Australia Pty Ltd	Sydney	Mfg - Machinery & Equipment
Admiral PLC	Admiral Computing (Aust) Pty Ltd	Sydney	Information Technology
John Molwem & Co PLC	Barclay Mowlem Ltd	Sydney	Construction
British Petroleum Co	BP Australia Holdings Ltd	Melbourne	Energy
BSG International Plc	Britax Rainsford Pty Ltd	Adelaide	Mfg - Automotive
British Aerospace PLC	British Aerospace Australia Ltd	Sydney	Aerospace & Defence
Petrochemicals	British Petroleum	Melbourne	Mfg - Plastics & Chemicals
British Telecom	British Telecom Australia	Sydney	Telecommunication Services
BTR Limited	BTR Asia Pacific	Sydney	Mfg - Machinery & Equipment
Cadbury Schweppes PLC	Cadbury Schweppes (Aust) Pty Ltd	Melbourne	Mfg - Food, Beverage & Tobacco
Bank of Scotland (NWS Bank)	Capital Finance Australia Ltd	Sydney	Finance & Insurance
CRA/RTZ Corporation	Comalco Ltd	Melbourne	Mfg - Metal Product
	CV Services International	Sydney	
Employment Conditions Abroad	ECA Asia Pacific	Melbourne	Property & Business Services
European Telecom	European Telecom	Sydney	Telecommunication Services
Expro International	Expro Group Australia Pty Ltd	Perth	Consumer Products
Filtronic Comtek	Filtronic Comtek Australia	Brisbane	Telecommunication Services
GEC-Marconi PLC	GEC Marconi Australia Pty Ltd	Sydney	Aerospace & Defence
General Accident	General Accident Pacific Ltd	Sydney	Finance & Insurance
MAI PLC	Harlow Butler (Australia) Pty Limited	Sydney	Finance & Insurance
BTR PLC	Hawker Pacific Pty Ltd	Sydney	Aerospace & Defence
IMI PLC	IMI Australia Pty Limited	Sydney	Mfg - Machinery & Equipment
	Legal and General	Sydney	Finance & Insurance
The LEK Partnership	LEK Partnership	Sydney	Property & Business Services
Lloyds Register of Shipping	Lloyds Register Quality Assurance	Melbourne	Transport & Storage
Logica PLC	Logica	Melbourne	Information Technology
Lucas Varity PLC	Lucas Aerospace Australia	Sydney	Aerospace & Defence
M&C Saatchi	M&C Saatchi	Sydney	Property & Business Services
Madge Networks	Madge Oceania	Sydney	Information Technology
Martin Dawes	Martin Dawes	Melbourne	Telecommunication Services
McKechnie PLC	McKechnie Pacific Pty Ltd	Sydney	Mfg - Machinery & Equipment
MM Cables	MM Cables Pyrotex	Melbourne	Information Technology
Mondex International Ltd	Mondex	Melbourne	Finance & Insurance
Kelsey Industries PLC	Multicore Solders (Aust) Pty Ltd	Sydney	Mfg - Machinery & Equipment
Rolls Royce	NEI Pacific	Sydney	Mfg - Machinery & Equipment
Ovum Ltd	Ovum Pty Ltd	Melbourne	Information Technology
Peninsula and Oriental Steam Navigation	P&O Australia Pty Ltd	Sydney	Transport & Storage
PA Holdings Ltd	PA Consulting Group Pty Ltd	Sydney	Property & Business Services
PWT Worldwide	Permutit Company of Australia Pty Ltd	Sydney	Energy
Pilkington PLC	Pilkington Australasia Ltd	Melbourne	Mfg - Other
Bridon PLC	Plastine Pty Ltd	Sydney	Mfg - TCF & Leather
Thames Water PLC	PWT Asia Pacific Pty Ltd	Sydney	Environment & Waste Management
Quality Software Products	QSP	Melbourne	Information Technology
Gestetner	Ricoh Australia	Sydney	Consumer Products
Robert Walters Associates Plc	Robert Walters Associates	Sydney	Property & Business Services
Rolls-Royce PLC	Rolls-Royce International Limited	Sydney	Aerospace & Defence
NM Rothschild	Rothschild Australia	Sydney	Finance & Insurance
Cadbury Schweppes PLC	Schweppes Cottees Australia Pty Ltd	Melbourne	Mfg - Food, Beverage & Tobacco
Sedgewick Group PLC	Sedgewick (Holdings) Ltd	Melbourne	Finance & Insurance
Simon Carves PLC	Simon Engineering	Sydney	Property & Business Services
SmithKline Beecham International	SmithKline Beecham Australia	Melbourne	Mfg - Pharmaceutical
Acer Consulting Group	TecnEcon Asia Pacific	Sydney	Services
Thames Water PLC	Thames Asia Pacific	Melbourne	Property & Business Services
Thomson Information Services	Thomson Information Services Pty Ltd	Sydney	Information Technology
Thorn EMI	Thorn Asia Pacific	Sydney	Consumer Products
Unilever PLC	Unifoods Pty Ltd	Syd/Melbourne	Mfg - Food, Beverage & Tobacco
United Biscuits	United Biscuits Asia Pacific	Sydney	Mfg - Food, Beverage & Tobacco
Valiant Direct	Sydney	Energy	
Vodafone PLC	Vodafone	Sydney	Telecommunication Services
Hugh Symons Group	Wireless Data Services Ltd	Wollongong	Information Technology

The RIIA report calls for using Australia as the "launching pad" for the British to loot Asia, as reflected in the huge number of British firms who have now set up their Asian headquarters here, only a portion of which are listed above.

Source: Investment Australia Unit Dept. Industry & Science and Technology

Rio Tinto's corporate control

A young Labor MP named Paul Keating once commented that Rio Tinto's control of Australian mineral resources was "almost unbelievable". (15) In fact, not only is Rio Tinto by far the dominant force controlling these resources, but it exercises an all-pervasive power over the corporate and political life of our nation, as well. It is a case study in the "invisible empire" of the Crown, maintained through financial, corporate and related links, just as Milner and the Round Table had envisaged. Given what we have just described, in terms of Rio Tinto's role in British Secret Intelligence Service operations, an appropriate place to begin to examine its power in Australia, is with the legacy of William Sydney Robinson, a top agent in the 1930s and the 1940s of longtime MI6 deputy chief, Sir Claude Majoribanks Dansey. (16) Robinson played such a key role in pre-war and wartime British intelligence operations, that Winston Churchill later wrote to the trustees of Scotch College, "...we should like to inscribe the name of a son of your School, William Sydney Robinson. In the six relentless years of war that preceded the victory of 1945 the services manifold of William Sydney Robinson to the British Commonwealth were beyond computation." (17) (See illustration)

Robinson was a nephew of Edmund Barton, Australia's first prime minister. His older brother, L.B. Robinson was a wealthy stockbroker, who made a fortune trading in gold shares in Western Australia during the 1890s and soon bought a seat on the London Stock Exchange. The Robinson family was a pillar of the "Collins House" group of Anglophile families grouped around the Baillieu family, a present-day scion of which, Sidney Baillieu Myer, was the founding chairman of Mont Pelerin's Tasman Institute. (See Appendix A). Through the London connections of family patriarch W.L. Baillieu, W.S. Robinson secured the financial backing for his mining ventures, which enabled him to found a group of mining companies at Broken Hill.

In 1933, Robinson founded Western Mining Corporation on behalf of a London syndicate. Until Rio Tinto's actions of 1997 in the Hunter Valley, WMC was the most openly fanatical of Australian companies, in its determination to crush trade unions. Reflecting this British heritage, longtime WMC managing director Hugh Morgan is a leading light in

In presenting this ancient copy of the Holy Bible to Scotch College we should like to inscribe the name of a son of your School, William Sydney Robinson.

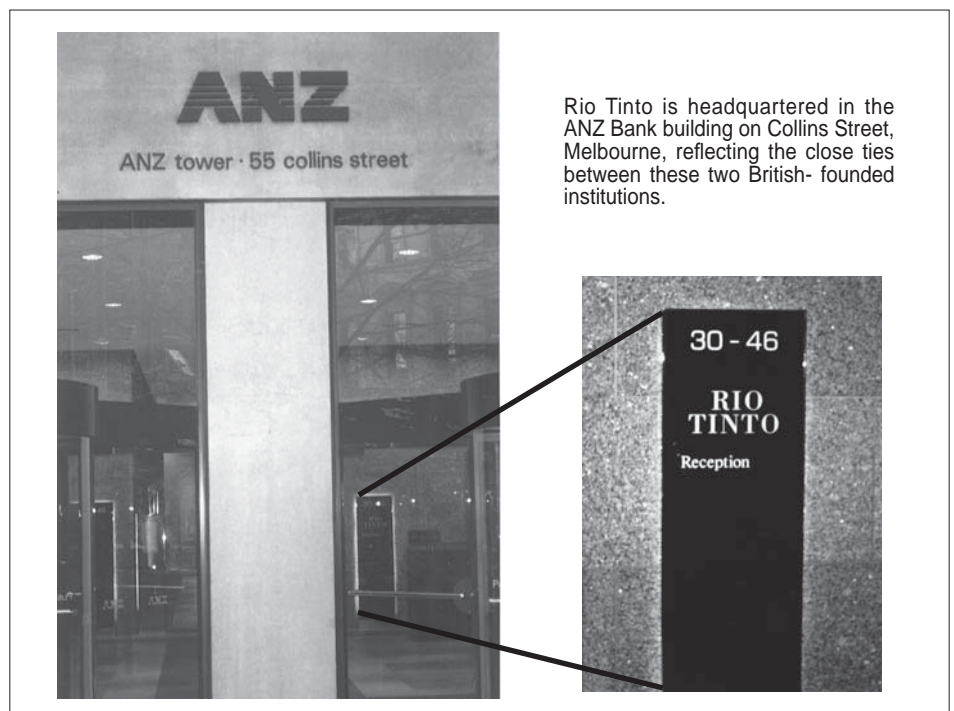
In the six relentless years of war that preceded the victory of 1945 the services manifold of William Sydney Robinson to the British Commonwealth were beyond computation.

There is no token more fitting to commemorate the work of this man of unquenchable faith than the book of Scriptures.

Winston Churchill
Brendan Bracken
1949

Winston Churchill praised CRA/Western Mining founder William Sydney Robinson to the skies, for his work for the British Empire.

several of Mont Pelerin's Australian fronts, including the Institute of Public Affairs, the Tasman Institute, the Centre for Independent Studies (which he virtually founded by providing start-up capital of \$40,000, and whose board of trustees he chaired for many years), and was the keynote speaker at the founding conference of the H.R. Nicholls Society, while WMC executive officer Ray Evans, himself a member of the elite MPS—and the longtime speechwriter for Hugh Morgan—is the president of H.R. Nicholls. The strident anti-unionism of WMC Ltd. and the Rio Tinto subsidiary CRA (now merged into Rio Tinto) is lawful, given that British intelligence agent Robinson founded both. The founding Chairman of CRA, Sir Maurice Mawby, documented Robinson's role in founding CRA, in a tribute





Left: John Ralph, the former long-time boss of CRA, is also the chairman of the Queen's Trust, personally financed by the Queen herself. Ralph's "two hats" reflect the intimate ties between the Queen and Rio Tinto, in which the Queen has major shareholdings.
Photo: Andrew Meares/Fairfax

Mawby delivered in 1964:

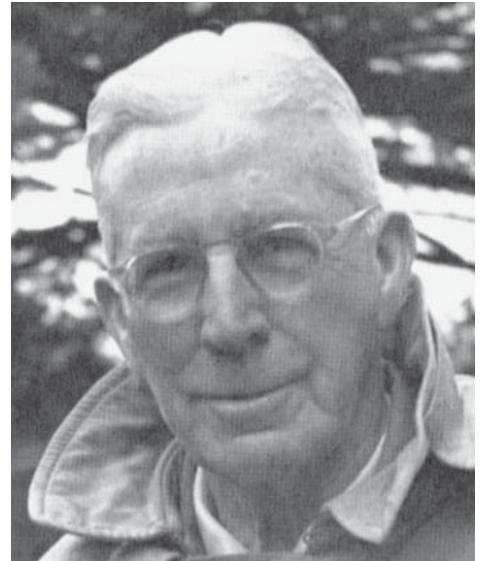
"He played a vital part in the development of a number of our major operating companies and of others in which today we hold substantial interests ... He served for long periods as Managing Director of the Zinc Corporation, New Broken Hill Consolidated and The Broken Hill Associated Smelters, as an executive director of the Imperial Smelting Corporation from 1949-1951 as president of The Consolidated Zinc Corporation. Perhaps his greatest work was done in establishing smelting and refining industries in Great Britain and Australia for the recovery of lead, zinc and silver ... Known to many of the great men of his day, he became the close confidant of some who held the highest offices of state..." (18)

Thus, with their common British mother, Western Mining and Rio Tinto—two ostensibly distinct corporations—are deployed for common goals. One of the top geologists in this country, with intimate knowledge of the major mining companies, commented to a researcher for the *New Citizen* newspaper, "What you've found is a very close relationship between WMC and CRA. It doesn't surprise me at all. They act together, though WMC is the high-profile outfit here, and CRA was always the very low-profile, relative to what WMC did, *but they really act together*. Furthermore, when you go into one of these organisations, you get a feel for them, and they're very similar in feel."

Nor is it only Western Mining which is marching in lockstep with Rio Tinto, as the recent move of longtime CRA chief executive officer and managing director John Ralph onto the board of BHP demonstrates. As the *Sydney Morning Herald* of 24 October, 1997 noted, "The significance of BHP's quiet announcement yesterday that John Ralph is to join the board should not be underestimated. This is not a matter of another Melbourne Club member adding his name to the list of blue bloods around the table at BHP head office. The BHP board would have had to eat a lot of humble pie to approach Ralph, the former head of CRA, long considered the archenemy of BHP."

The geologist quoted above was asked what significance

Right: William Sydney Robinson, the MI6 asset who founded both Western Mining Corporation and CRA.



he placed upon the surprising move of Ralph, though now nominally retired from Rio, onto BHP's board. He replied, "Well, that would mean BHP are being supported by CRA in some way." Told that there have been several announcements of joint ventures between them in the last two weeks in Canada, Malaysia, Indonesia, etc., the geologist continued, "Alright, I know what the score would be then: BHP are broke and need CRA's money. Yeah, there's an amalgamation going on. I've known BHP have had severe problems for some years... It was very obvious they were financial cash flow problems. What you'll see is BHP is basically screwed for cash flow, CRA's got cash, there's been a movement of the two towards one another, but it's not being couched in terms that the public would see as a problem." Asked whether he would see it as a Rio Tinto takeover of BHP, he responded, "It would be *very close to it*. You'd have to look at it very closely, the deals that are being done. Putting a man on the board means that they've got more than 20 per cent of the shares, or at least something like that. It is unlikely that he has moved over without CRA's okay. It's all very nice to say BHP headhunted a brilliant man to try and get them out of the shit, but when you see the sort of JV's [joint ventures] you're talking about going on with CRA, see that means BHP have got a lot of projects, they're big projects, if they let go of them, it's seen that they've got a cash flow problem. If they farm them out to CRA, it gets them off the hook."

Ralph's move onto the BHP board coincided with a major upheaval, in which managing director John Prescott was dumped, in what *The Australian* of 9 April, 1998 described as a "dramatic reshuffle which has reverberated throughout BHP." And, who should emerge, as of the second week in May, 1998, as a leading contender to be the next boss at BHP, but Leigh Clifford, energy products group chief executive at Rio Tinto! A major, Rio Tinto-style rationalisation is presently underway at

BHP, one which has ominous implications for labour as well—BHP was the leader of the “friendlies”, the coal companies known for a more sane approach to dealing with their unions than the slash-and-burn Rio Tinto. As the *Australian Financial Review* of 12 May, 1998 put it, “BHP is the last bastion of power for the country’s main mining union, the CFMEU. If BHP went down the non-union workplace road, the miner’s union would be as good as history.”

Beyond the sort of takeovers such as it is now conducting at BHP, Rio Tinto takes over the policies of numerous corporations by sending in its “industrial relations specialists”, who then set up confrontations with the unions. An example is what Rio did with ARCO, which, with Rio Tinto, controls the \$8 billion per year export coal industry of Australia. On October 1 1997, ARCO sacked all 312 of its unionised workers at its Gordonstone mine

The Rio Tinto kindergarten

Returning to the discussion with the geologist, he was asked if he had noticed that Rio Tinto had a “sort of kindergarten, which trains up their people and then moves them sideways into other organisations, John Ralph being one example, and David Karpin, chairman of Bougainville Copper Limited, and now deputy CEO of Heytesbury Holdings as another?” He replied, “It’s the same as the Rockefeller scene over in the States. You’ve got the Seven Sisters of which there’s what, five in the States. You’ve got various mining companies. Several years ago they all started joint venturing with the big oil, they all got taken over in effect, by big oil. And then, I knew ARCO, for instance, took over Anaconda. The guy who ran ARCO was an ex-Rockefeller man. He moved from inside Rockefeller’s organisation into running ARCO. Another ex-Rockefeller man got inside Anaconda and ran it. Now the significance of this is fairly obvious: to me, if you want to avoid anti-trust legislation, monopoly legislation, then you have numerous companies all run by your guys, but the links to them are tenuous. But your men are in there with very implicit instructions, you’ve trained them, you know they do well, they run the companies, ultimately control and share holding is usually hidden under [U.S. state of] Delaware corporations, so you can’t tell who really controls the scene. *If you follow the personnel line, it’s a dead give-away*, but you can’t stand up in court and say, just because this guy used to work for 10 years to 20 years for Rockefeller, and now is chief officer for this company, that he’s still working for Rockefeller. He’d say, ‘I left him and I’m working for this guy.’ That’s what’s going on, I’m sure of it. You’ve got a massive monopoly: when you think you’re looking at different companies, you’re not really, you’re looking at arms of the same companies.”

Rio Tinto’s corporate reach extends far beyond its de facto absorption of BHP, as the case of John Ralph indicates.

in Queensland, and began to speak of hiring an entirely new, nonunion workforce to continue work at the mine. The CFMEU charged that workers had been told in 1996 that Gordonstone had had the best productivity of any underground mine in the world, “but problems started after a ‘Rio Tinto human relations team was appointed.’” (19) Indeed, ARCO had hired Kathy Gould, who had just previously been “human resources manager” for Rio subsidiary Comalco’s Bell Bay aluminium smelter in Tasmania, during a bitter dispute there which ended up with workers going onto individual contracts. At Gordonstone, Gould put together a master plan to sack the entire unionised workforce, and to hire a hand-picked workforce to be employed on individual contracts. A document by Gould outlining that plan surfaced in December, 1997 which the CFMEU submitted to the Australian Industrial Relations Commission. (20)

The Jan. 19, 1998 *Herald Sun* reported on the enormous concentration of financial and political power in Australia in the persons of just four top executives: John Ralph, Ian Burgess, Mark Rayner and Dean Wills. Two of these, Ralph and Rayner, have been top Rio Tinto executives, while a third, Burgess, is deputy chairman of Rio’s sister company, Western Mining and a subordinate of Ralph’s at Pacific Dunlop. Observed the *Herald Sun*:

“Between them, these four stretch their influence over companies that are worth more than a third of Australia’s \$450 billion stockmarket.

“The quartet chair listed groups with a combined market capitalisation of \$73.2 billion. On top of this, they have a say around the board tables of other companies worth a further \$80 billion.” And, observed the *Herald Sun*, “Ralph is arguably the most influential of the four,” as Chairman of Foster’s Brewing Group since 1995, and of Pacific Dunlop since 1997, and as Deputy chairman of Telstra and Commonwealth Bank since 1996, and a director of BHP since 1997, Pioneer International since 1995, and as the national president of the Australian Institute of Company Directors.

Rayner, another longtime top CRA executive, recently took a redundancy package of \$2 million from CRA. He is now chairman of National Australia Bank (which financed the Liberal Party’s election campaign in 1996), Mayne Nickless and Pasminco, and is Chairman of the Australia-Japan Business Forum. Ian Burgess, whom the *Herald Sun* says “emerged last year as the most powerful director in Sydney”, is deputy chairman of Rio’s sister company, Western Mining Company, chairman of the insurance giant AMP, chairman of CSR, and is a director of Pacific Dunlop, “where he works under Mr. Ralph.”

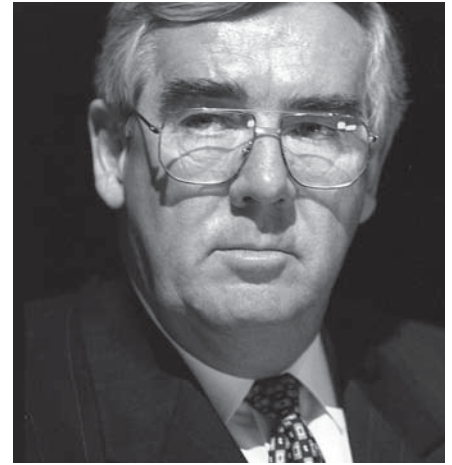
But Ralph, the most powerful corporate executive in Australia, wears another hat, as well, one completely coherent

with his 12 years as head of Rio Tinto: he is the chairman of the Queen's Trust, a tax-exempt company *financed directly out of the Queen's personal income*, and dedicated, to "further the development of young Australians in the pursuit of excellence"—i.e. to recruit British agents-of-influence, a la the Rhodes Trust. The board of the Queen's Trust is stacked with leading Australian oligarchs and members of the Queen's Privy Council.

However, longtime CRA chairman John Ralph is merely the most powerful and high-profile member of Rio's kindergarten, the group of executives trained in the company who have fanned out to take control over a huge portion of corporate Australia. The *Business Review Weekly* of Sept. 29 1997, reports on other members of this kindergarten. In its cover story, "Companies that teach you to be a star," BRW notes that over 30 of Australia's "most senior executives" have been "schooled" at just five companies, and that "Among the finishing schools, the resources group Rio Tinto, formerly CRA, is probably the most fertile executive hunting ground Australia has produced. In the mining industry alone, former CRA executives now run three big companies: Nick Stump is chief executive of MIM, Ian Johnson is managing director of Newcrest Mining, and Ian Gould is CEO of Robert Champion de Crespigny's Normandy Mining." (emphasis added) BRW notes that, "in contrast to BHP, whose managers often become 'lifers', CRA has produced a remarkable range of executive talent in a host of industries: Peter Day has just joined the Australian Securities Commission as deputy chairman; John Rohan is MD at Vodafone; Les Cupper is human resources manager at Commonwealth Bank; and former CRA corporate lawyer Steve Vizard continues to build an Australian-based entertainment empire." Interestingly, given just-retired Coles Myer chairman Nobby Clark's chairmanship of the union-busting NFF Fighting Fund, BRW observes, "Just as Rio Tinto holds the crown as the finishing school for the mining industry, Coles Myer, in particular the Myer wing of the giant retailer, has been the place to work for retailing's management elite." (21)

The following is merely a partial list of people who have been trained or employed by Rio Tinto, but it is sufficient to demonstrate the reach of the Rio Tinto octopus (see flow chart pp 48-49). Rio Tinto's control is particularly strong in mining, but it has great influence elsewhere as well. And, wherever they have gone, many Rio Tinto executives have led the charge against the unions, and for slashing the workforce. A good example is Telstra, which is plagued with four Rio Tinto men as directors, including David Hoare and John Ralph as its chairman and deputy chairman, respectively. Since Telstra commenced corporate "downsizing" they have slashed some 20,000 jobs—with a goal to axe a total of 50,000.

Charles Copeman, chairman Mosaic Oil since 1988; joined CRA 1956, executive 1956-69; director Consolidated Goldfields Australia 1969-81; chief executive Peko-Wallsend 1982-88, (directed the Robe River shutdown



Mark Rayner. This longtime CRA executive is now head of the National Australia Bank, which financed Howard's election in 1996.

Photo: The Age

1985/6); co-founder HR Nicholls Society; director Australian Farmer's Fighting Fund since 1992; Rhodes scholar 1953; Harvard Business School; Duke of Edinburgh Study Conference 1962.

Major Sir Rupert Clarke, 3rd Baron of Rupertswood, Baronetcy created 1882, MBE; director CRA from 1957; director National Australia Bank from 1957, succeeded his father as vice-chairman and later chairman from 1986-92; chairman P&O (Australia) since 1983; chairman Cadbury Schweppes Aust. Ltd. 1971-92.

Sir Roderick Carnegie, chairman Newcrest Mining Ltd. since 1994; chairman Hudson Conway Ltd., (the management company which owns the Crown Casino) since 1987; for 12 years chairman and CEO of CRA; director ANZ Banking Group Ltd. from 1986-90; director McKinsey & Co New York 1967-70; former advisor to the World Bank on private sector development.

William Dix, AO, director ICI Australia Ltd; director Rio Tinto from 1990-96; director Telstra 1990-94, president/chairman Ford Motor Co. Aust. Ltd.; Tasman Institute Advisory Council; member of the Business Council of Australia.

Mark Rayner, chairman National Australia Bank; deputy chairman Comalco Ltd; executive director 1978-95, joined CRA in 1961, director from 1986-95; chairman Pasminco Ltd since 1992; director Institute of Public Affairs; director of the federal government's Companies & Securities Advisory Committee.

David Hoare, chairman Telstra since 1991; director Comalco Limited since 1977; chairman Bankers Trust Australia; long career in security and capital markets in London and New York; Directorships include: chairman, Malleon Stephen Jaques and chairman of the federal government's Companies & Securities Advisory Committee.

Justice Geoffrey Giudice, president Australian Industrial Relations Commission; CRA legal counsel on at least 17 cases.

Steve Vizard, director Telstra; legal counsel to CRA 1986-89; owns Artist Services, a television production company.

Les Cupper, general manager-Human Resources Commonwealth Bank ; joined CRA in 1984 as chief advisor-Organisation Development, in 1985 became chief advisor-Employee Relations, in 1987 became vice-president-Organisation Effectiveness, and in 1994 became managing director Comalco Extruded and Foundry Products.

Peter Day, deputy chairman Australian Securities Commission; joined CRA in 1978; held position of general manager - CRA Accounting Division, before being appointed in 1994 to the position of vice-president - Strategic Analysis and Planning Services.

Rob Cartwright, managing director-employee relations, Telstra; former managing director Comalco Rolled Products 1992.

Dr. Ian Gould, managing director Normandy Mining Ltd. since 1997; formerly chairman Bougainville Copper Ltd.; group executive CRA Ltd. 1989-97; previously with North Broken Hill Holdings Ltd.

Ian Johnson, managing director Newcrest Mining Ltd.; formerly group executive-human resources, CRA.

Nick Stump, chief executive MIM Holdings Ltd. since 1995; chief executive Comalco Limited 1991-95; joined CRA in 1970.

Donald C. Vernon, director of Normandy Poseidon Ltd.

since 1992;. joined CRA in 1953; Exec. Dir. CRA Ltd. 1983-86; director Bougainville Copper 1975-93, chairman 1979-86.

John L. Liebelt, managing director Aberfoyle Ltd.; joined CRA in 1947; director CRA 1979-84; chairman Mary Kathleen Uranium 1979-84; chairman Snowy Mountains Engineering Corporation 1984-87.

David Karpin, deputy chief executive officer Heytesbury Holdings; chairman Bougainville Copper Ltd. (Rio Tinto-owned company); joined Supleid Corp. (CRA-owned) in 1960; former managing director Argyle Diamonds; director Institute of Public Affairs.

Sir William Vines, AC, CMG, director CRA 1977-84; chairman ANZ Banking Group 1982-89; director AAPM 1979-84; chairman Sir Robert Menzies Memorial Trust 1979-83.

John Carden, director Shizophrenia Foundation; joined CRA in 1947 and left in 1968; became executive director MIM Holdings from 1972-80, then rejoined CRA in 1980, finance director 1982-89; Commissioner Royal Commission into Tricontinental Bank

Thomas Barlow, director North Ltd. since 1993; joined CRA in 1966; executive director CRA Ltd. 1986-91; chief executive officer Comalco Ltd. 1989-91.

Rio's men assault labour

Rio's kindergarten dominates corporate life in this country, and has led the corporate assault against labour. In addition, Rio's men have been placed in key governmental or quasi-governmental institutions which have also played a leading role in attempting to eliminate the nation's trade unions (see flow chart pp 48-49). These include the following:

The Hilmer Report/Productivity Commission

In August 1994, the three-person National Competition Policy Review released its report on National Competition Policy. Otherwise known as the Hilmer Report, it has become the bible of deregulation for Australia; in April 1995, the Commonwealth and all the States agreed to abide by its principles, and the National Competition Council was set up. Hilmer's intent was to break up and sell off whatever remained of Australia's public assets, such as water, electricity, transport, Australia Post, etc., and to crush the unions along the way. HR Nicholls fanatic, Treasurer Peter Costello appointed former merchant banker Grant Samuel to head the NCC.

Of the three people comprising the National Competition Policy Review, *two of them were top Rio Tinto operatives*: the first was Hilmer himself, now the chairman-designate of Frank Lowy's \$7 billion Westfield Holdings. As a consultant to CRA in the 1980s and 1990s, Hilmer worked with

psychotherapist Elliott Jaques to design policies to crush unions (see Section 4), and wrote a book about his experience with CRA, entitled *When the Luck Runs Out*. The second was Mark Rayner, then-Group executive of CRA, Chairman of Pasminco and of Bougainville Copper, and the deputy Chairman of Comalco Ltd. and now the chairman of National Australia Bank.

The Industry Commission worked in tandem with Hilmer, and, in fact, spearheaded the first wave of deregulatory "reforms", including slashing tariff protection for manufacturers and removing subsidies and bounties. The IC was another bastion of Rio Tinto and the Mont Pelerin Society. Of its four-person board appointed from 1993 to 1998, one was Maurice J. Joyce, the General Manager of a section of Comalco, while another was economist Prof. Richard Snape, a member of the board of the Tasman Institute, who had spent years at the World Bank. A third member, J.H. Cosgrove, spent most of his career at the Treasury, followed by a stint on the Executive Board of the World Bank. The Howard government proposed to strengthen and expand the Industry Commission, under the new name of the "Productivity Commission." According to Kenneth Davidson of *The Age*, Sat. 5 April, 1997, "The legislation setting up the Productivity Commission is nothing less than a brutal attempt by the Treasury, through Mr. Costello [HR Nicholls Society, and sometime lawyer for Rio Tinto], to assume a

strategic role in almost every area of Government policy, including education, health, welfare, industrial relations and industry policy, plus its traditional role managing the macro-economy.”

Said the Commission’s chairman, Bill Scales, about the agenda the IC/PC had for micro-economic reform, “It involves all sectors of the economy and all levels of government.” He also made clear that labour would be a particular target. In December 1997, Scales called for a “fundamental rethink” of the AIRC, in the context of a ‘restructure of labour market arrangements.’ Scales complained bitterly, according to the *Australian Financial Review* of Dec. 9, that “Australia was still saddled with highly prescriptive, industry side-agreements” based around a “highly regulated past”. According to the bill itself, “The Productivity Commission will also have the authority to examine labour market practices retarding productivity... *Liberating our labour market remains the greatest single economic and attitudinal change to be achieved* if the important goals of a more productive and competitive Australia are to be realised.” (emphasis added)

The Workplace Relations Act

The sole purpose of this act, passed in December, 1997, is to break Australia’s trade unions. It was written by three individuals: Mike Angwin, a Rio executive whom the company gave a paid leave of absence to draft the act; a British national, Charles Mulvey, who had worked closely with Russell Allen of Rio Tinto’s law firm, Freehill, Hollingdale and Page, in drafting Western Australia’s notorious “third wave” of industrial relations legislation; and Paul Houlihan, the former executive director of the National Farmers Federation and later an official of the ACIL consulting firm, and a director of the NFF’s industrial waterfront mercenary company, P&C Stevedores. As soon as Angwin finished writing the *Workplace Relations Act*, he returned to the Hunter Valley, where he provoked the strike at Rio subsidiary Allied & Coal’s Hunter Valley No. 1 mine, as a test case to apply the WRA to break the CFMEU.

The Australian Industrial Relations Commission (AIRC)

At the end of January, 1998, a full bench of the AIRC under the chairmanship of Justice Geoffrey Giudice, handed down a decision in favour of Rio Tinto with enormous consequences for the future of labour relations in the country. The decision basically ripped up eight decades of the arbitration system in this country by handcuffing the AIRC’s ability to intervene in future disputes. Giudice was appointed to his post by the H.R. Nicholls fanatic, Industrial Relations Minister Peter Reith, and had previously *appeared as a barrister 17 times for Rio Tinto*, including in the notorious confrontation at Weipa, where Rio rammed through individual workplace contracts for virtually the entire workforce.



Fred Hilmer, the head of the union-busting National Competition Policy Review, had formerly worked for Rio Tinto, together with Tavistock’s Elliott Jaques.
Photo: Lisa Iley/Fairfax

The National Farmers Federation “Fighting Fund”

The NFF’s \$100 million “Fighting Fund” is dedicated to breaking unions, and was originally established in 1986 under HR Nicholls founder, now Defence Minister, Ian McLachlan. Its board boasts two well-known “farmers” among others: Nobby Clark, former chairman of the National Australia Bank, and, as chairman of Ashton Mining, a partner of Rio Tinto in the Argyle, the world’s largest diamond mine; and former CRA executive and HR Nicholls co-founder Charles Copeman. The career of Copeman best exemplifies the purpose of the Fighting Fund. A graduate of Oxford and also of Prince Philip’s elite Duke of Edinburgh Study Conference, he became the CEO of Peko-Wallsend in 1982, which bought controlling interest and management rights to Cliffs Western Australia Iron-ore in January 1986. He demanded immediate doubling of productivity at Cliffs’ Robe River mine, and, shortly thereafter, sacked the entire senior management for being “too cozy with the unions.” Then he sacked 1248 unionised workers, whom the Industrial Relations Commission ordered reinstated. As a senior union official who was involved in the negotiations recounted to a reporter for the *New Citizen*, Copeman “replaced their employees under false pretences by forcing them to sign individual work contracts...The new miners, many of whom had been out of work for a long time, had travelled thousands of miles for the job, and were broke when they arrived. And, because it was a remote area, they were captives in the town and couldn’t afford to leave.” So, they signed, and Copeman became an instant hero among Mont Pelerin networks in Australia. There are reportedly *ten* union members at the site today.



Mont Pelerin fanatic and WMC CEO, Hugh Morgan, is a chief sponsor of the Harvard Trade Union Programme. Photo: The Age

The Harvard Trade Union Programme

Though perhaps not every person who has gone through this programme, has emerged as a brainwashed zombie, its purpose is clearly to attack unions. One such graduate, for instance, is Michael Easson, former Secretary of the NSW Trades and Labour Council, who in 1997 wrote a savage report for the Maritime Safety Commission against the Maritime Union of Australia. Though numerous executives of major Australian corporations are on the board of this programme, including Sir Peter Abeles, Hugh Morgan, Sir Tristan Antico, Michael Deeley, S.E. Costigan (a director of the Hongkong Shanghai Bank), and Dick Warburton (director, the Reserve

Bank and Sydney Harbour Casino), Rio Tinto has particularly heavy representation, including John Ralph, Mark Rayner, William Dix, and Sir Bruce Watson.

Environmentalism and “land rights”

As documented in the CEC’s pamphlet, “Aboriginal ‘land rights’: Prince Philip’s racist plot to splinter Australia,” Prince Philip set up the entire environmentalist and land rights movements in this country, through the Australian Conservation Foundation which he founded after his royal tour here in 1963. The purpose of these movements is to stop agricultural and industrial progress, and to splinter the nation through declaring vast swaths of the continent as “protected areas” or subject to “land rights”, or both. The “chief benefactor”—ie head of fundraising—for the ACF from its earliest days was Sir Maurice Mawby, the founding chairman of CRA. As the CEC pamphlet documents, Rio Tinto has poured hundreds of millions of dollars into land rights, in a transparent scam to bankrupt all small and medium-size mining companies, and to lock up the vast raw material wealth of this country for themselves. And, the antics of Kathryn Tayles, Rio’s general manager of environmental policy, offer some insight into Rio Tinto’s “corporate culture.” Tayles bragged to a breakfast meeting in early 1998, that she really knew she had “arrived” at Rio Tinto when “the all-male members of her project group said they had changed the venue of the evening’s entertainment to a strip joint with female *and* male strippers” so that she could go with them. (22)

Footnotes

- (1) *The Bulletin*, 22 July, 1997, p. 22.
- (2) *The Victory*, Pamela Williams, Allen & Unwin, 1997, p. 12 for Peacock’s golden handshake from CRA, and p. 4 for Costello representing CRA.
- (3) As Errol Bailey, union safety officer and production miner, put it, “Howard and Reith want a confrontation. They want us to work for a bowl of rice and we aren’t going to do it. Before Rio Tinto bought this pit three years ago it was the most profitable in the Hunter. Since then they have run it down so they can justify this confrontation, by saying it is unprofitable. The company is very clever about manipulating statistics but they are not real good at mining coal.” As the former Minister of Minerals and Energy under Whitlam, the legendary Rex Connor, Sr., who had many clashes with Rio Tinto himself, once said, of longtime CRA boss John Ralph, “That man knew nothing about the mining industry.” (Interview with Rex Connor, Jr. 28 November, 1997).
- (4) See Part II of this pamphlet.
- (5) Aside from Sir Mark Turner’s admission of the Queen’s heavy involvement in Rio Tinto, that investment has also been noted by several authors including Charles Higham *Elizabeth and Philip* and Phillip Beresford *The Book of the British Rich*, and in *Forbes* magazine. Beresford notes that the Queen has also invested in General Electric Company of Great Britain, Imperial Chemical Industries, Royal Dutch Shell and British Petroleum, among others of the Club of the Isles’ cartel. However, the Queen does her best to hide her investments. In 1977 it was discovered through a question in the British parliament, that the Bank of England in 1977 set up a special nominee company, the Bank of England Nominees Ltd. (BOEN), to hide investments of the Queen’s portfolio.
- (6) For Rio Tinto’s present board, see Appendix B.
- (7) For further insight into the Crown, in addition to the following section, see “What is the British Monarchy?” by Lyndon LaRouche in Part II of this pamphlet.
- (8) The “Club of the Isles” comprises some 3000-5000 wealthy oligarchical families drawn from the global aristocracy and financier elite. The term, and the Club itself, date back to the Pre-World War I activities of King Edward VII, who was known as the “Lord of the Isles.” A useful shorthand list of many in the Club can be found in the list of members of “1001 Club,” the financial arm of the WWF. Each member puts up \$10,000 to join, but membership is by invitation only, and

must be cleared by Princes Philip and Bernhard.

- (9) See *The True story behind the fall of the House of Windsor*, Sept. 1997, published by *Executive Intelligence Review*. This report combines three individual issues of *EIR* dating from 1994 to 1997, each of which was devoted entirely to the power and modus operandi of the House of Windsor, as the leading oligarchical family for the Club of the Isles as a whole. This special report is the most thorough, accurate dissection of the still-existing British Empire which has ever been published. It is available from CEC Australia.
- (10) John Flint, *Cecil Rhodes*, Boston: Little Brown and Co., 1974.
- (11) *The New Citizen* “Queen Elizabeth runs a coup: the case of Papua New Guinea”, Jan/Feb 1998, pp 16-17.
- (12) Katharine West, Discussion Paper 60: *Economic Opportunities for Britain and the Commonwealth*, London: The Royal Institute of International Affairs, 1995.
- (13) For LaRouche’s full remarks on this subject, see Appendix C.
- (14) For Soros’ role as a money manager and dope-pusher for the highest levels of the British oligarchy, including his handling investment funds for the Queen, see *EIR* Special Report, *The true story of Soros the Golem: A profile of megaspeculator George Soros*, 1997.
- (15) Richard West, *River of Tears: the rise of the Rio Tinto-Zinc Corporation*, London: Earth Island Ltd, 1972.
- (16) Anthony Read and David Fisher, *Colonel Z: the life and times of a master of spies* London: Hodder & Stoughton, 1984.
- (17) William Sydney Robinson, *If I remember rightly: the memoirs of W.S. Robinson 1876-1963* ed. Geoffrey Blainey, Melbourne: F.W. Cheshire Publishing Pty. Ltd. 1967, frontispiece.
- (18) Conzinc Riotinto, 1966 Annual Report.
- (19) *Courier Mail*, 3 October, 1997.
- (20) *Courier Mail*, 13 December, 1997.
- (21) For an example of the concentration of oligarchical power, see Coles Myer annual report, 1997.
- (22) *Courier Mail*, 3 April, 1998.

4. Zombies for the Crown

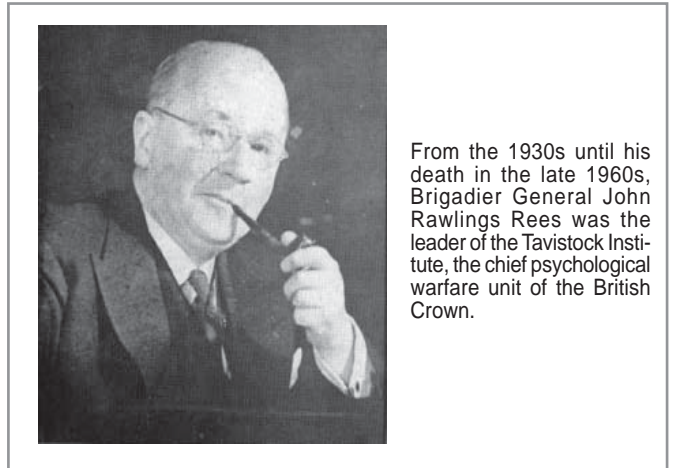
Her Majesty's brainwashing centre: the Tavistock Institute

Those who have had more than a passing acquaintance with CRA/Rio Tinto have often remarked upon its “distinct corporate culture”, which has been compared to a sort of religious revivalist zeal, as one sees in the company's present crusade to crush Australia's unions. Another, better image might be that of a horde of zombies rising out of the graveyard at night, with eyes shining and arms outstretched, marching toward their goal. For, as we shall demonstrate, the first victims of the company's brainwashing programmes, are its executives and employees; only later are the programmes extended to their unions.

This brainwashing began intensively in the 1970s and 1980s, when then-CRA Chairman and CEO Roderick Carnegie brought in the Tavistock Institute, the chief psychological warfare unit of the British Crown, to overhaul his company, and to give it a “mission orientation.” In order to understand what drives Rio Tinto, one must understand Tavistock.

The Tavistock Clinic was founded in 1920, under the patronage of HRH, Duke George of Kent, out of World War I studies on shell shock and related neuroses caused by the trench warfare and other trauma of the war. Tavistock quickly discovered that, under conditions of extreme stress and fear, individuals could be induced to overthrow one set of passionately-held beliefs, and to adopt another, entirely different one. The head of Tavistock for the first three decades was Brigadier John Rawlings Rees, who was placed in charge of all British Army psychiatrists during World War II. In his 1945 book, *The Shaping of Psychiatry by War*, Rees proposed that Tavistock's wartime experience in mind control be put to service as a means of social control during peacetime. Psychiatrists, Rees said, must be involved in all levels of society, prepared to intervene at any place—the home, the job, the schools—at any time. “If we propose to come out into the open,” wrote Rees, “and to attack the social and national problems of our day, then we must have shock troops, and these cannot be provided by psychiatry based wholly on institutions. We must have teams of well-selected, well-trained psychiatrists, who are free to move around and make contacts with the local situation in their particular area.” (1)

One of the first major Tavistock projects in the post-war period was carried out under the rubric of “Operational Research” or “Operational Development”. At the direction of the highest circles of the British elite, Tavistock's brainwashers were contracted by the Empire's corporate entities to “restructure” their management and workforces. One section of this was targeted at breaking the power of trade unions, by inducing them to become part of management teams (co-participation). Among the corporations put through Tavistock's programmes were Shell, Unilever, the British



From the 1930s until his death in the late 1960s, Brigadier General John Rawlings Rees was the leader of the Tavistock Institute, the chief psychological warfare unit of the British Crown.

government-run coal industry, and several major financial institutions.

The method employed was described by Dr. William Sargant in his 1957 book, *Battle for the Mind: A physiology of conversion and brain-washing*. (2) Wrote Sargant, “[V]arious types of belief can be implanted in many people, after brain function has been sufficiently disturbed by accidentally or deliberately induced fear, anger or excitement.” (3) People, Sargant claimed, could be programmed just like Soviet psychologist Pavlov had programmed dogs in the 1920s and 1930s. Sargant recounted an instance in which a rising flood trapped some of Pavlov's dogs in their cages, while the water rose up to their heads, before receding. Pavlov found that the intense fear the dogs experienced “wiped clean” the tricks they had been taught, following which they could be “reprogrammed”.

Tavistock applied this method to corporations and unions through “T-group” sessions, in which some sort of fearful or excitative stimulant is introduced (with unions, it is invariably the intense fear of the worker losing his source of income for himself and his family), in order to direct the discussion group participants toward the answers desired by Tavistock. Tavistock discovered that it is not as effective to try and ram new beliefs down people's throats, as it is to induce them, under fearful or painful circumstances, to willingly accept these new beliefs. An example of such a new belief, is that the company is really “looking out for them,” as opposed to the mean, corrupt union bosses, who could care less about them. The overall purpose of Tavistock's brainwashing, besides the immediate results achieved at the “coalface”, is to replace a culture of progress based upon applying science and technology to manufacturing and farming, with a “post-industrial” world, in which industrially advancing nation-states are to be replaced with a post-industrial globalised feudal utopia, ruled by a tiny elite.

Tavistock comes to the Australian coalfields

One of Tavistock's key theorists in the 1940s was Dr. Elliott Jaques. According to a profile in the *Sydney Morning Herald* of 8 December, 1997, based upon interviews with Jaques, and with several top CRA executives (including former CEO Roderick Carnegie), "Jaques served in the Canadian Army Medical Corps during the war, then worked at the Tavistock Institute at a time when doctors were being asked to help returned, traumatised soldiers back to work. The Tavistock Institute became increasingly involved in industrial psychology and, by 1952, Jaques was in private practice as an industrial consultant and psychoanalyst."

Jaques' credentials included his leading the famous study of the Glacier Metals Company, one of Tavistock's first industrial experiments, whose results were written up in a Tavistock series, "Studies in the Social Development of an Industrial Community (The Glacier Project)" In addition to his own works, "Interpretive Group Discussion as a Method of Facilitating Social Change," and "Collaborative Group Methods in a Wage Negotiations Situation," Jaques cited the works of other Tavistock theorists, including his chief collaborator, Tavistock's E.L. Trist, which laid the groundwork for, or reported on the Glacier study, whose titles give a flavour of the Tavistock methods (4):

W.R. Bion, "Intra-group Tensions in Therapy: Their Study as a Task of the Group"

Kurt Lewin, "Frontiers in Group Dynamics"

E.L. Trist, "Transitional Communities and Social Reconnection."

E.L. Trist, "Social and Psychological Consequences of the Longwall Method of Coal-Getting"

E.L. Trist, "The Representation of Labour turnover as a Social Process (The Glacier Project—II)"

A CRA-financed book, *The Line in the Sand: The long road to staff employment in Comalco*, describes how Jaques' ideas came to Australia. After bragging about the results of those ideas— that "there are now effectively single-status workforces ... At Weipa, Bell Bay and Boyne Island, over 99% of the people at each site are members of staff, [i.e. non-union]"—the book continues, "The origins of these changes go back a long way. In 1980, when Sir Roderick Carnegie was Chairman and Chief Executive of CRA, he initiated a study of corporate needs for the next 20 years. The concepts developed under his guidance became the fundamentals of CRA board decisions in a wide range of activities and policies, including a review of the relationship of CRA with its employees." (5) Carnegie based his entire review, and the resultant reforms, on the work of Jaques, after reading Jaques' book, *A General Theory of Bureaucracy*.

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Sir Roderick Carnegie, long-time head of CRA, brought the Tavistock brainwashers in to attack CRA's unions. He is now head of Hudson Conway, which controls Crown Casino. Photo: James Croucher/Fairfax

As the *SMH* summarised it, "Throughout the 1980s and into the 1990s, CRA pursued a consistent approach based on Jaques' theories meshed with business strategies developed by Professor Fred Hilmer, then at McKinsey's." "Those were exciting times," Hilmer told the *SMH*, and Hilmer "sat alongside Jaques on and off for years marrying business and investment plans with his theories of structure."

One of the first CRA executives besides Carnegie to wholeheartedly endorse Jaques was Jack Brady, who in 1979 was in charge of a mine at Woodlawn near Canberra. The *SMH* recorded what followed, "Soon, an enthusiastic CEO [Carnegie] had convinced Brady to experiment at Woodlawn, mixing ideas from McKinsey's and Jaques. Within 18 months, a unit was set up in Melbourne to introduce the changes across the group. That unit, under Jack Brady's direction, was headed by Leigh Clifford, now the chief executive of the energy division of Rio Tinto and the man ultimately responsible for its strategy in the Hunter." Leigh Clifford is now chief executive of Rio Tinto's Energy Division, as well

This ad in the *Weipa Times* offers the typical Tavistockian "psychological counseling" to the employees of Rio subsidiary Comalco, whom the company has first terrorized through union-busting campaigns.



COMALCO
MINERALS & ALUMINA

**HAVING PROBLEMS AT WORK
OR HOME?**

Employee Assistance Counselling Service

The Park Road Group Psychologist will be in
Weipa next on **February 21, 22 & 23**

For appointments ring either 1 800 808 374 (anytime)
or leave your name and number on the confidential
answering machine no. 697290 and the
psychologist will ring you on arrival

Consultations will be held in the new Counselling Rooms,
Office 1, Memorial Square (next to the Assembly Hall)

While the service is provided by Comalco
for employees and their families,
all matters discussed, plus the names of employees
attending remain confidential between the
employee and the psychologist

as its chief public spokesman for “Aboriginal land rights.”

In the CRA-financed book, *The Line in the Sand*, J.T. Ludeke reported,

“When the first of a number of Organisation Development teams was formed, one of its members was a young manager named Leigh Clifford; Mr. Clifford today is Managing Director of CRA. Another was C.G. Thorne, who was to be General Manager-Operations at Weipa in 1990-94, during the time that the great majority of employees moved to staff employment.” (6)

The book continued, about the Tavistockian “small groups” formed according to Jaques’ theories, “The work group was described as a team which was more than a group aimed at achieving defined and measurable physical results: it was also ‘...a social group which provides mutual support to its members...’” As for the superintendent of such teams, said the book, “he would be ‘...accountable for maintaining effective social bonding within his team’ ...The term Mutual Recognition Unit came into use at this time; the term has an awkward look about it, but the words have a meaning to convey about the social relationship which members of the Group are expected to develop; all members of the Unit should be able to recognise the Unit Manager and he should know all members of the Unit by sight and many individuals closely. A group of output teams, each under a superintendent, comprises a Mutual Recognition Unit.”

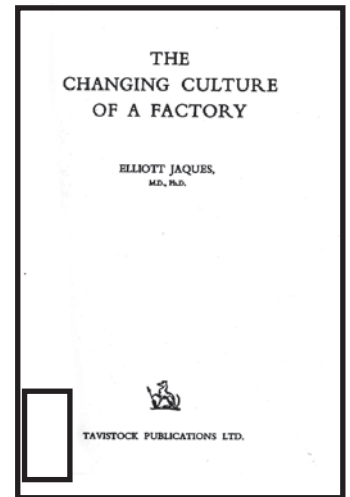
The “strategy in the Hunter”—smashing the unions with Jaques’ brainwashing techniques—was earlier applied at Comalco’s bauxite mine at Weipa in northern Queensland. According to the book, *Weipa: Where Australian unions drew their ‘line in the sand’ with CRA*” by Patrick Gorman, editor of *Common Cause*, the national journal of the CFMEU’s Mining and Energy Division, Jaques “developed a company model that leaves absolutely no room for unions

Dr. Elliott Jaques is a Tavistock brainwasher who designed CRA/Rio Tinto’s anti-union crusades in Australia. This is one of his manuals.

and industrial tribunals in setting wages ... Jaques’ model is entirely based on a subjective management appraisal of ‘how effective’ or ‘valuable’ a worker is. It is the essence of the return to the master and servant

approach to industrial relations.” (7) The campaign was a classic Tavistock “shock” operation, initiated when CRA retrenched some 30 members of staff. Each staff member was summoned to the office and told in front of a counselor that they were being sacked. They were told they would be escorted to their company-owned homes, whereupon a ship’s container would be delivered to them to pack their belongings in. They were never allowed back onto the site again. Such actions set the terror preconditions for the union-smashing to follow; so much for the “kinder, gentler face” of Tavistock.

Said CRA’s *Line in the Sand*, “By the time Sir Roderick resigned as CRA Chairman and Chief Executive in 1986, many of his ideas were firmly in place. By then also, Dr. Ian Macdonald had become a consultant to the CRA Group.” Macdonald had been a longtime collaborator of Jaques at Tavistock experiments in the U.K., the U.S. and South Africa. (8)



The psychological problems of the Australian trade union movement

Though Australia’s unions have partially resisted certain aspects of Tavistock’s brainwashing, such as those Rio Tinto has tried to force through “at the coalface,” other, more subtle, but more far-ranging mindbending has virtually crippled the union movement. Like all brainwashing, it has been so effective, that, the victims are unaware that it has even happened. But its results show up most clearly in the lack of the sort of visionary leadership which formerly characterized our nation’s labour movement, and the best sections of the Labor Party which grew from that movement.

The very existence of this nation has often depended upon a quality of personal courage by labour leaders, which the German military theoretician Clausewitz called “Entschlossenheit”—the ability of a commander to take bold, invariably risky decisions in warfare to exploit hitherto unnoticed flanks in his enemy, to secure victory. Consider the following

series of such actions by labour leaders of the past, and ask yourself whether any leaders of the Australian Labor Party today would be capable of making such courageous decisions, which are elaborated in Part II of this pamphlet:

King O’Malley. Against the opposition of the leaders of his own party, Prime Minister Andrew Fisher and Treasurer Billy Hughes, both of whom had their deals with the Melbourne business establishment, O’Malley rallied an insurgency within the Labor caucus in parliament to force through the bill which established the Commonwealth National Bank.

Jack Lang. In order to secure welfare payments to a suffering, jobless population in the depths of the Great Depression, in 1931 Lang declared a debt moratorium against the City of London, capital of the most powerful empire the world had ever known,.

John Curtin. In December, 1941, Curtin announced his break with the “mother country”, and a new policy of alliance with the United States of America, to save Australia and win the war in the Pacific.

Ben Chifley. In order to continue the extraordinary economic growth produced by the wartime direction of credit to agriculture and industry, Chifley mobilized his party—over a deafening uproar of disapproval from all the major press—to pass a bill nationalizing the banks.

To even ask whether such leaders exist today, is to know the answer. So, the real question is, “What happened to the Labor Party, and more particularly to the trade union movement upon which that party is based, that it no longer produces such leaders?”

First of all, these earlier figures were not fighting merely for a political party, or for defense of trade union rights, *but for the existence and development of the nation as a whole.* Of which leaders of the ALP, or of the unions, is that true today?

Secondly, the major reason for the shrunken, relatively selfish outlook of today’s unions—in which they will fight, in a limited way, for their own existence, but will not take responsibility for the nation—is Tavistock brainwashing. As noted above, from the time of its original studies on the shell-shocked victims of trench warfare in World War I, Tavistock has always operated on the premise that great, wartime-like shocks open the pathway to radically shift the beliefs of even entire populations. Beginning in the early 1960s, the youth of Australia, like that of the United States and much of the rest of the advanced sector, was put through a horrific series of such shocks: the near-thermonuclear holocaust of the Cuban Missiles Crisis of 1962; the assassination of U.S. president John F. Kennedy, which recent studies have demonstrated hit our country almost as hard as it hit America itself; and the trauma of Vietnam, whose bloody images on nightly TV, were amplified by the prospect of young men having to go and be killed in foreign jungles. The youth of that period—the Baby Boomers who are today’s leaders—retreated from those horrific shocks into the existentialist “comfort” of the rock/drug/sex counterculture, which Tavistock had also designed. (9)

The Baby Boomers discarded the pro-industrial, pro-science and technology values of their parents, along with their parents’ location of their personal identity in the development of the nation as a whole (as further shaped by the wartime mobilization), in favor of existentialist, moment-to-moment pleasure-seeking. Under the impact of the Cuban Missiles shock and subsequent Tavistock propaganda, the Baby Boomers equated science and technology with war—witness the involvement of most of the unions in anti-nuclear, anti-uranium mining campaigns, for instance.



Prime Minister John Curtin had the courage to break with Britain to save Australia. Will today’s labour leaders demonstrate the same courage?

Think back to the propaganda of those years, such as the book and movie, *On the Beach*, about the last survivors in Australia of a global nuclear holocaust. In Tavistock’s propaganda, nation-states, instead of being that which safeguarded the very existence of working men and women, became those horrible, or at least suspect, entities which competed against each other, and caused nuclear war. So, the Baby Boomers became either outrightly hostile to science and technology (and to nation-states), like the Greenies, or sufficiently indifferent to it, that they were not willing to fight for it. We now have, therefore, the absurd spectacle in which the trade union movement supports the anti-science, anti-technology radical environmentalist and “Aboriginal land rights” causes, which were created by Prince Philip and *whose principal funder has been that same Rio Tinto which is leading the charge to crush unions themselves.* (10) And ask yourself this: Since the obvious pathway to national prosperity, for the unions and for the country as a whole, has always been through the adoption of the sort of large-scale infrastructure projects which Curtin, Chifley et. al. planned at the end of the war, why did the trade unions not fight ruthlessly, to force the Labor Party to adopt those obviously needed projects? Why, instead, has the labour movement sat back and watched its membership crumble, year after year, along with the country itself?

As we demonstrate in Part II of this pamphlet, “Old Labor” was imbued with nationalism—the fight to establish a sovereign republic on these shores free of the overbearing usury of the Crown-centred “Money Power”. To defeat this nationalist outlook, throughout this century and before, the Crown has sponsored all sorts of movements. Recently, these have included the “Greenie” and “Aboriginal land rights” movements; earlier, the “divide and conquer” tactic of communism was fostered by the British and Australian oligarchies. The purpose of communism was to pit labour and industry against each other, for the greater glory of Brit-

ain and its Anglophile establishment stooges here, instead of developing a labour-farmer-industrialist alliance for national economic development and sovereignty, precisely as had been done in the American Republic—the model for our early Labor leaders. The Communists, it should be noted, were the first ones to push Aboriginal land rights, from the 1920s on, with the stated purpose of splintering our nation; they also, not surprisingly, campaigned bitterly against the arbitration system, charging that such a system would “weaken the class struggle.” The tradition of blockheaded “communist militance” against the employer, instead of fighting for the expansion of the wealth of the nation as a whole—and *thereby* securing rising living standards for labour—was exacerbated by the virtual boatloads of “pommie shop stewards” who were shipped here after the war, who were terminally infected by the virus of “class struggle.”

Now, as the world financial blow-out unfolds, we are heading into the most extraordinary crisis our country has ever seen. The question is, will the trade union movement—still a bastion, however unwittingly, of national sovereignty—break free of the Tavistock brainwashing to which they have been subjected, to assert their true mission? Ironically, precisely because the crisis is so profound, it is only by fighting for our nation as a whole, that the unions can even defend their own existence. The future existence of our nation depends upon a profound, global monetary reform, a reform which will also mean the defeat, at long last, of Labor’s ancient enemy—the Crown/City of London Money Power. To win that war, requires taking up the concepts for a “New Bretton Woods” system, as specified by the American statesman and physical economist, Lyndon LaRouche.

Footnotes

(1) Brigadier Dr. John Rawlings Rees, *The Shaping of Psychiatry by War* (London: 1945). For more on the Tavistock Institute, including its role in Australia, see “Mass Murder in Australia: Tavistock’s Martin Bryant,” *New Citizen*, June-Aug. 1997. Footnotes to that article cite extensive material on Tavistock.

(2) Dr. William Sargant, *Battle for the Mind: A physiology of conversion and brain-washing*, unabridged (London: Pan Books Ltd., 4th ed. 1963); first published 1957.

(3) *ibid.*, p.128.

(4) Elliott Jaques, *Change in the culture of the factory* (London: Tavistock Publications, 1961)

(5) J. T. Ludeke, *The line in the Sand: The long road to staff employment in Comalco* (Melbourne: Wilkinson Books, 1996)

(6) J.T. Ludeke, Q.C., is a consultant to Rio Tinto’s lawyers, Freehill Holingdale & Page, and is a former Deputy President of the Australian Industrial Relations Commission.

(7) Patrick Gorman, *Weipa: Where Australian unions drew their ‘line in the sand’ with CRA* (Sydney: CFMEU, 1996)

(8) The so-called training course, *Working Together: Leadership and Teamwork*, designed by Ian MacDonald, was run on 98% of workers at Comalco’s Weipa site. Today, more than 70 per cent of Weipa’s employees have signed individual work contracts. The course was produced by MacDonald Associates, for CRA Organisation Effectiveness, July 1995.

(9) All of this—the shocks and the Baby Boomers’ reactions to them—had been planned in great detail by Tavistock, as documented by American statesman Lyndon LaRouche and his associates in various locations, including in a recent work by Mr. LaRouche, “How to think in a time of crisis”, *Fidelio, a Journal of Poetry, Science and Statecraft*, Spring, 1998.

(10) Aboriginal ‘land rights’: *Prince Philip’s racist plot to splinter Australia*, Citizens Electoral Council, December, 1997, 48pp.

5. A Strategic Plan for Victory: The New Bretton Woods Monetary System

LaRouche on the New Bretton Woods

With the present, speculative-based world monetary system on the brink of a thermonuclear-style explosion, citizens and responsible statesmen everywhere must begin the urgent task of constructing a new, production-centred system to replace it. Just as Lyndon LaRouche has uniquely predicted the current crises, he has also uniquely posed the pathway to safety—through the construction of a “New Bretton Woods” system, which would embody the best of the fixed-exchange rate system inaugurated at Bretton Woods, New Hampshire near the end of World War II, but would be based upon *national*, as opposed to *central* banking.

In a statement to *Executive Intelligence Review* on February 18, 1997, Lyndon LaRouche defined, for the first time his ideas for such a new system, in response to the question, *What is the available alternative to the lunacy of continuing the present economic policies of the U.S.A., IMF et. al.?*

He replied, that this question must be defined globally, on two levels.

On the general, global level, the President of the United States must bring together a concert, of at least a quorum of world powers, and other partners, to establish a three-fold counteraction — of which the three crucial features are:

(1) An emergency meeting to put the existing, bankrupt international monetary and financial systems into bankruptcy-reorganization, and a new system immediately established on the basis of:

- (a) the best features of the 1946-1966 Bretton Woods agreements, reestablishing a system of relatively fixed parities;
- (b) a revival of the policy of mutually advantageous protectionist measures of trade and tariff agreements, modelled upon the anti-Adam Smith, Franklin-Washington-Hamilton-Carey-List-Lincoln American System of political economy; and,
- (c) establishing national banking, to supercede the bankrupted central banking systems, as a means for generating and regulating a system of productive credit-creation for recovery of national economies and of world trade.

(2) The adoption of the *Eurasian Land-Bridge* development program, which is already the joint policy of China and a growing number of other nations, as the centerpiece of a global economic-recovery program.

(3) The revival of the role of the strategic machine-tool sector of a *full-set* economic model, as the crucial driving agency

for increase of the productive powers of labor throughout the world.

In response to a question asked of him at a Schiller Institute conference Jan 17-19, 1998 in Crystal City, Virginia, *How would the New Bretton Woods system function?*, Mr LaRouche replied:

The New Bretton Woods is not a policy, it's an attitude. It means you're going back to the nation-state. It means doing what Roosevelt wanted to do. He had wanted to relieve the British of this burden of empire. The system was set up to provide for reconstruction, based on the principles of the American System. It was to be continued as a peace system. The same system used to mobilize for war, was to be used for peacetime. In order to do that, you had broken-down economies that were wrecks that had no ability to defend themselves. So, set up an equitable, protectionist system, under which the United States would guarantee a system under which currencies would not be universally convertible; nations would have tariffs, you would allow nations to protect their industries, they would have capital movement controls, and stable relations among nations, for long-term investments among nations. You would have trade contracts among nations, lasting 10, 15, 20 years. These contracts are like saying: let them grow, and let them pay us back when they have grown. We're going to tear up the old rotten system, bankrupt it.

You have people in South Korea who are used to working. They're now getting kicked out of their jobs. Their food prices were reasonable. But now, that's been taken away from them. Industries are being shut down. So, we say, *cut this nonsense out!* We don't need a big bailout system. We say the won is worth what it was four months ago. And anyone who says different, we ignore! You want to guarantee that people can have their jobs back, that the country continues to produce things that people need. We don't need a bailout, we'll get along.

That's what the Bretton Woods system means. Use the lessons of the 1940s and 1950s, say what made it work, look at what was successful. But then some idiot came up with different ideas in the 1960s and 1970s, and it didn't work. Let's go back to that old Ford, that really worked. What has happened in the past 30 years, the new ideas—the world of virtual reality, “imagination is more fun”—doesn't work.

Let's go back to what worked.

A new national bank

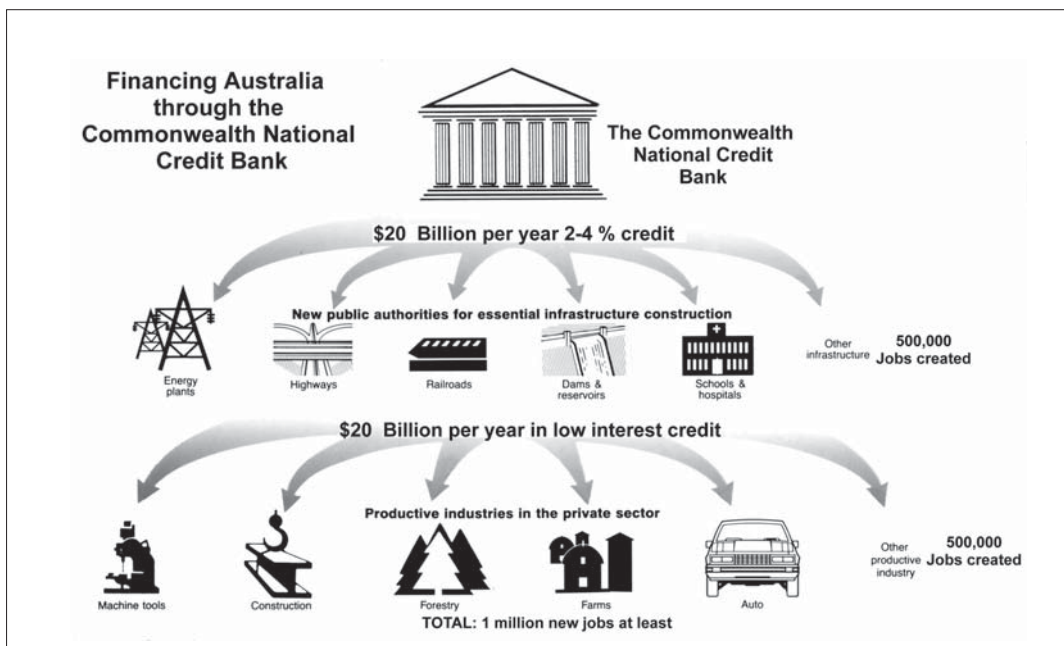
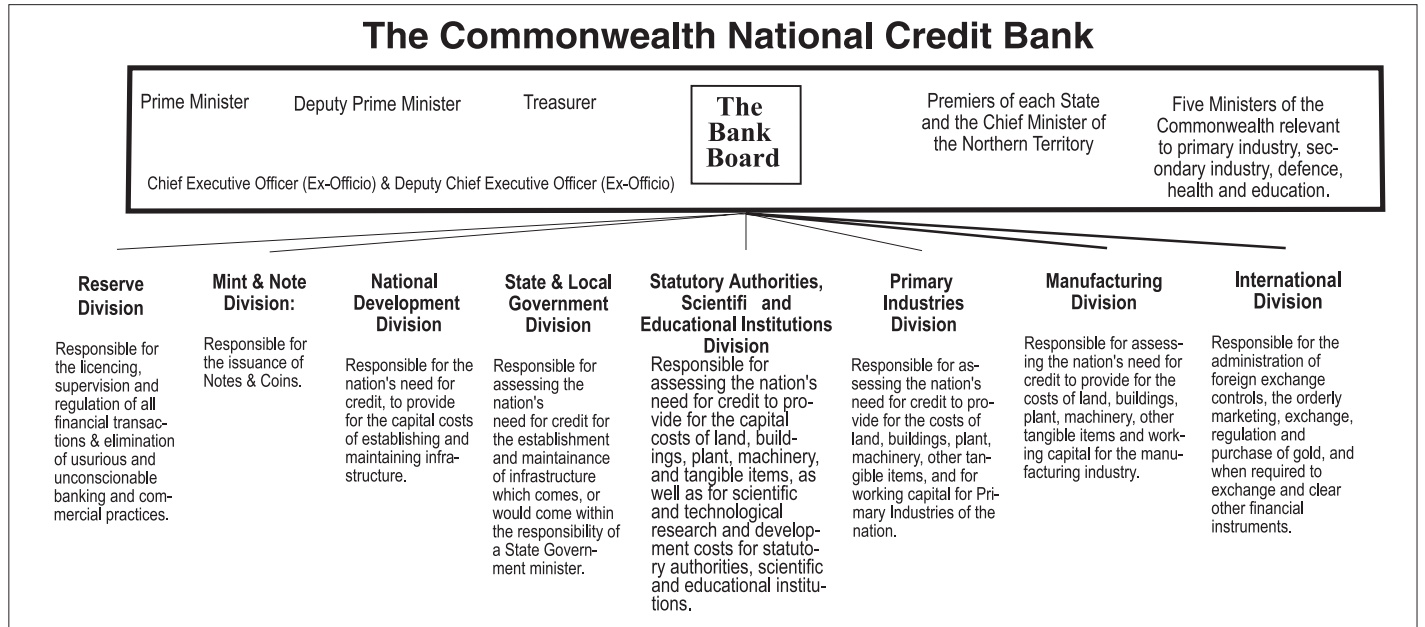
For Australia, reviving *national* banking, as opposed to *privately controlled central* banking, means to revive the tradition of the Commonwealth Bank in the precise fashion in which its founder King O'Malley envisioned it: as based upon the proposals of the first U.S. Treasury Secretary Alexander Hamilton in the 1790s for an institution to pour cheap credit into the development of manufacturing, agriculture and infrastructure. (1) Following discussions with Mr. LaRouche in 1993-94, the Citizens Electoral Council drafted a formal bill to establish such a bank, the Commonwealth National Credit Bank (CNCB). The full text of the bill is contained in *Sovereign Australia Part II: The Legislative*

Programme to Save Our nation, published by the CEC. Here, we merely show, in schematic form, how the proposed new bank would work—and how it could immediately begin to pull Australia out of the mess it is presently in, and, at long last, actually civilise and develop our vast continent.

The structure of the CNCB's board, and its eight primary divisions, is illustrated below, together with how cheap credit would flow to re-start our physical economy.

Footnotes

(1) For more on King O'Malley, who called himself "the Alexander Hamilton of Australia," and his original proposal for the Commonwealth Bank, see Part II of this pamphlet.



The Crown's Australian assets and the war against labour

To understand how the Crown wields its power in Australia, one must understand that Australia's banks and most of its major companies were established through financing provided from the City of London. The great Jack Lang knew exactly how this worked, from his inside positions, first as Treasurer of New South Wales, and then, later, as Premier. (See Part II of this pamphlet, "The Rise and Fall of Australia")

Because Britain created it, Australia's Establishment was, and is completely Anglophile. When the Crown established the Mont Pelerin Society in Australia, it simply moved in among pre-existing banking, corporate and blue-blood family ties to England, to push them along in the direction the British desired, just as Prince Philip did in 1963, when he set up the Australian Conservation Foundation as a branch of his World Wildlife Fund (which in turn founded the entire environmentalist and "land rights" movements, as the CEC documented in its pamphlet, *Aboriginal 'land rights': Prince Philip's racist plot to splinter Australia.*)

As noted in Section 3 of this pamphlet, "Rio Tinto: The Queen's Own Company", an excellent example of this Australian Anglophile establishment was William Sydney Robinson, who founded both Western Mining and CRA, two pillars of Mont Pelerin activities in Australia. Three other, interlocking examples of this establishment will be sketched briefly here, all of whom are also crucial to MPS operations in Australia: that of the Tasman Institute, the ANZ Bank, and the Cormack Foundation, the latter the single largest contributor—that is, the controller—of the Victorian Liberal Party.

The Tasman Institute

The Melbourne-based Tasman is spearheading the privatisation scam for Australia, and for much of the Asia-Pacific region. The founding Executive director, now the Chairman, is Dr. Michael Porter, a member of the Mont Pelerin Society. Porter co-designed, with the Institute for Public Affairs's Des Moore, the blueprint for the attacks on the unions, the slashes in health care, and the wholesale privatisation of assets which Jeff Kennett has carried out in Victoria. The founding Chairman of Tasman, as befitting the great power wielded by members of his family in Australia's history, was Sidney Baillieu Myer, also a founding member of Prince Philip's Australian Conservation Foundation (ACF), Chairman of the Myer Emporium for three decades, and a director of N. M. Rothschild and Sons Pty.. Ltd. The Rothschilds have been financiers for the Crown for centuries, and the London-based N.M. Rothschilds is the number one firm in arranging for the privatisation of assets worldwide.

The Baillieus have been one of Australia's most powerful families since the Nineteenth Century. With financing provided from London, W. L. Baillieu set up the Collins House at 360 Collins Street in Melbourne to house his vast interests, most of which originally came from the extraordinarily rich silver-lead mines at Broken Hill in northwestern New South Wales, including North Broken Hill, Broken Hill South, and the Consolidated Zinc Corporation (which later merged with Rio Tinto to form Consolidated Zinc Rio Tinto—CRA). Baillieu and his associates were backed by London finance to corner the emerging Australian mineral wealth, in the same fashion the Rothschilds backed Cecil Rhodes to corner the gold and diamond mines of South Africa. The family set up the brokerage, E.L. & C. Baillieu, to specialise in the arbitrage business with London brokers, making money from disparities in prices of bills of exchange in London and Australia. (In 1986, N.M. Rothschild & Sons (Australia) Pty.. Ltd., a wholly-owned subsidiary of N.M. Rothschild & Sons Ltd. of London, bought 40% of E.L.& C. Baillieu.) Later, a daughter of W. L. Baillieu married Sidney Myer, who founded Myer Emporium, one of the retail giants of Australia for the first half of the Twentieth Century, which later merged with another retail giant, Coles, to become Coles-Myer. The intermarriage of the Baillieu and Myer dynasties are reflected in Tasman's founding chairman, Sidney Baillieu Myer. The eight chief families in the Collins House Group were the Baillieu, Brookes, Robinson, Somerset, Stewart, Cohen, Myer and Robert Knox families. In addition, the prolific Baillieus married into many other leading families, including the main family which controlled BHP for decades, the Darlings.

The Tasman board

Chairman:

Dr. Michael G. Porter, member, board of directors of the Mont Pelerin Society; founder Centre for Policy Studies, Monash University (1979-90); founding executive director Tasman Institute; former advisor International Monetary Fund, U.S. Federal Reserve, Yale and Stanford Universities.

Deputy Chairman:

The Hon. Sir Roger O. Douglas, former Finance Minister of New Zealand; architect of New Zealand's fascist, genocidal "Rogernomics" economic reforms. (See the *New Citizen*, Jan.-Mar., 1997, "Nazi 'reforms' rip New Zealand—Australia next.")

Executive Director:

Dr. Peter Hartley, former Professor of Economics, Rice University, USA. Co-authored various Tasman publications with Dr. Michael Porter.

Directors:

Sidney Baillieu Myer, AC. Founding chairman of Tasman; director N.M. Rothschild & Sons Pty. Ltd.; Cadbury Schweppes 1976-82; Myer Emporium Ltd. 1955-86, Chairman, 1978-86; foundation member, Australian Conservation Foundation, 1964-73.

Lachlan Murdoch, Chairman News Ltd.; Deputy Chairman Star Television Ltd., director MCI Communications, Sky Channel, *Herald & Weekly Times*, *The Australian* etc. etc.; educated: Church of England Grammar School Geelong (CEGGS), Oxford and Princeton Universities.

Khun Mechai Viravaidya, 1994 Ramon Magasasay Award for promoting family planning in Thailand; Founder and Chairman Population and Community Development Association; educated: CEGGS Geelong.

John Fernyhough, director Direct Capital Partners; former director Lion Nathan Ltd.; Electric Corp New Zealand; NZ Securities Commission; studied at University of Chicago under Mont Pelerin Society founder Professor Milton Friedman.

John Zeitsch, Executive Director Tasman Canberra office; former head of Bureau of Industry Economics' international benchmarking of Australian infrastructure, which became the Industry Commission/Productivity Commission; author of various privatisation reports for Tasman Institute and Papua New Guinea's equivalent, the Institute of National Affairs.

Other notable members on Tasman's Advisory Board:

Will Bailey, AO, director and treasurer, Queen's Trust since 1987; Chairman, Motors Holdings Ltd., former Managing Director and Deputy Chairman ANZ Bank 1984-92; Deputy Chairman Coles Myers Ltd., director 1992-95; Business Council of Australia 1984-92.

Kevan Gosper, AO, Chairman/CEO Shell Australia; Director Crown Ltd. since 1996; Director, Shell International Co. Ltd.; ANZ Grindleys, ANZ Bank; member of the Council of the Duke of Edinburgh's Sixth Commonwealth Study Conference; Order of Nassau (Netherlands) 1993; Order of St. Charles (Monaco), Officer of the Legion of Honour (France); Grand Cross Order Civil Merit (Spain).

Professor Dame Leonie Kramer, AC, DBE, OBE, National President, Australia-Britain Society 1984-93, senior fellow, Institute of Public Affairs since 1988; Director, WMC Ltd. 1984-96; Director ANZ 1983-1994.

Hugh Matheson Morgan, AO, CEO WMC Ltd. since 1990, Managing Director since 1986, Director since 1976; Director Reserve Bank since 1996; Director Institute of Public Affairs since 1978, treasurer, 1981-86; Chairman of Trustees, Centre for Independent Studies 1983-86; member, Business Council of Australia since 1987, councillor since 1989; educated CEGGS Geelong.

Rupert Murdoch, AC, Chief Executive, News Corp. since 1979; Chairman Fox Inc. USA since 1992, News America Publishing Inc.; Director Philip Morris Co's Inc.;

MCI Communications Corp. since 1995; Harper Collins UK; educated CEGGS Geelong, Oxford University.

Sir Arvi Parbo, AC, Chairman WMC Ltd. since 1974, Managing Director 1971-86; Chairman BHP Co. Ltd. 1989-92; Patron Australia-British Chamber of Commerce; fellow Royal Society of Victoria; Patron Australian Drug Foundation.

Richard Pratt, AO, AC, Chairman Visyboard Group of Companies since 1969; member Business Council of Australia; member Committee for Melbourne; Chairman Australian Foundation for Culture and the Humanities.

William Dix, AO, Director Rio Tinto 1991-96; ICI Aust. Ltd. 1990-96; Chairman Qantas Airways Ltd. 1989-93; Director Telstra 1992-94; former President/Chairman Ford Motor Co. Aust. Ltd.

Dr. Roderick Deane, CEO & Chairman Telecom New Zealand; Director Fletcher Challenge; Centre for Independent Studies; former CEO Electricity Corporation of NZ; alternative Executive Director IMF; former deputy Governor Reserve Bank of New Zealand; Director, ANZ Bank.

Eric Mayer, Director National Mutual Holdings Ltd., McPherson's Ltd.; Walter & Eliza Hall Institute of Medical Research; Committee for Melbourne; founding member Business Council of Australia 1983-91; former member Australian government's Economic Planning Advisory Council (now part of the Industry Commission).

Sir Ronald Trotter, Chairman CIBA-Geigy New Zealand; Director Reserve Bank of NZ; founding Chairman New Zealand Business Roundtable; former Chairman and CEO Fletcher Challenge Ltd.; former Director ANZ Bank.

Research Council notables:

Prof. Richard Blandy, Chairman National Institute of Labour Studies SA

Prof. Max Hartwell, President Mont Pelerin Society 1992-94

Prof. Kenneth Minogue, London School of Economics

Prof. Ross Parish, member Mont Pelerin Society; academic Centre for Policy Studies, Monash University (founded by Dr. Michael Porter).

Prof. Sir Alan Peacock, member Mont Pelerin Society, President David Hume Institute in Britain.

Prof. Richard Snape, Commissioner Industry Commission since 1995.

Corporate members - donors

(In May 1996, the *New Citizen* published a devastating expose on the Tasman Institute and the Mont Pelerin Society. Since then, Tasman has not listed its corporate sponsors.)

Arthur Robinson & Hederwicks (solicitors)

Australian Bankers Association

Telecom AOTC

BHP Company Ltd.

BP Australia

Cadbury Schweppes Pty.. Ltd.
 Coles Myer Ltd.
 Colonial Mutual Life Assurance
 CRA Limited (now Rio Tinto Limited)
 Cray Communications
 Electricity Corporation of New Zealand
 Esso Australia Ltd.
 Fosters Brewing Company
 Insurance Council of Australia Ltd.
 Lion Nathan Ltd. (New Zealand)
 Mercantile Mutual Pty.. Ltd.
 MIM Holdings Ltd. (Rio Tinto company)
 National Association of Forest Industries
 North Broken Hill Peko Ltd.
 Potter Warburg Corporate Finance
 Roach Macintosh
 Shell Company of Australia Ltd.
 Parkthorn Investments
 The Myer Group
 The Pratt Foundation
 WMC Ltd.

The ANZ Bank

The ANZ Bank was based in London until 30 Sept, 1977, and is still the most British-tied of all Australia's banks. It has been a driving force behind Mont Pelerin Society activities in Australia, as reflected in the number of ANZ directors on the boards of Tasman and other MPS fronts, such as the Institute for Public Affairs, as noted below.

Tasman:

Will Bailey, Director ANZ; former Deputy Chairman and Group CEO, ANZ; Deputy Chairman Coles-Myer.

Kevin Gosper, Director ANZ; Advisory Council, Tasman.

Dr. Roderick Deane, Director, ANZ; Advisory Council, Tasman.

Sir Ronald Trotter, Director, ANZ; Advisory Council, Tasman.

Dame Leonie Kramer, Director, ANZ; 1983-94, Advisory Council, Tasman.

IPA:

Charles B. Goode, Chairman ANZ; president, IPA, 1984-93.

Sir John Holland, Director ANZ 1976-1981; director, IPA.

John C. Dahlsen, Director ANZ since 1985; board member, Advisory Council, IPA.

Dame Leonie Kramer, Director, ANZ, 1983-94; Snr. Fellow, IPA since 1988.

John B. Gough, Chairman ANZ 1992-1995.

Kevin Gosper, Director, ANZ; Advisory Council, IPA.

The ANZ has also been strongly allied with Rio Tinto for decades, reflected in the presence of Rio's longtime deputy chairman, Sir Martin Wakefield Jacomb, and longtime CRA head Sir Roderick Carnegie on ANZ's board for many years, and the fact that Rio Tinto's Australian headquarters are located in the ANZ Bank Building at 55 Collins St., Melbourne (also home to the Myer Group, the Sidney Myer Fund, the Myer family's Shelmerdine Group, and the Pratt Group).

The ANZ dominates another little known, but powerful institution reflecting British capital, the \$100 million Ian Potter Foundation. That foundation, together with the Australian Drug Foundation—which was founded in ANZ's board room—have been leading the charge in Australia to legalise drugs, through the pro-legalisation Australian Drug Foundation. The Potter Foundation is chaired by Charles B. Goode, chairman of ANZ, and president of the IPA from 1984-93. Potter's board also includes John B. Gough, former chairman of ANZ, and the acknowledged mentor and creator of Jeff Kennett. Also on the board is Nobby Clark, Chairman of Coles Myer, and the boss of the NFF's \$100 million "Fighting Fund" dedicated solely to union-busting.

The Potter Foundation represents the wealth amassed by the raving Anglophile stockbroker, Ian Potter, who lived from 1902 to 1994, and who was a key figure in the IPA. Potter was launched on his stockbroking career by Edward Dyason, the founder of the Royal Institute of International Affairs' Australian subsidiary, the Australian Institute of International Affairs. When Ben Chifley tried to nationalise the banks in 1947, in order to keep credit flowing to development, one of his chief opponents was Ian Potter. As recorded in the book, *Century of Change*, Potter "worked day and night with Leslie McConnan, the chief manager of the National Bank of Australasia who was chairman of the Associated Banks, in preparing the private banks' defence." Potter's labours paid off: "The banks' appreciation and this association are said to have been of inestimable value in attracting float to Potter in the post-war period." In 1949, Potter linked up with the British-owned merchant bank, Anglo-Australian Corporation, a partner in the City of London's Morgan Grenfell and Lazard Bros. That merger produced what one historian called "the dominant merchant bank of the next two decades, Australian United Corporation." By the early 1950s, Potter's firm became the largest brokering and underwriting house in the country. When Potter finally left his own firm, he founded the notorious Tricontinental Bank, which crashed in late 1989, with \$1.3 billion in bad debt.

The ANZ Board

Charles Barrington Goode, Chairman ANZ Banking Group since 1995, Director since 1991; Director Pacific

Dunlop Ltd.; Director CSR Ltd.; Chairman Ian Potter Foundation.

John McFarlane, ANZ Group Managing Director and CEO; Former Group Executive Director, Standard Chartered plc, London; former head of Citibank, UK.

Dr. B.W. Scott, Chairman, Australia-Korea Foundation; Director James N. Kirby Foundation

J.K. Ellis, Chairman BHP Co.Ltd.

R.B. Vaughan, Chairman MIM Holdings Ltd. and Queensland Sugar Corporation Ltd.

C.J. Harper, Chairman CSL Ltd.; Director North Ltd.; former Chairman Legal and General Australia Ltd.

Dr. Roderick Deane, Chairman and Managing Director Telecom NZ Ltd.; Director Fletcher Challenge Ltd.; former Chairman State Services Commission; former CEO Electricity Corp. of NZ Ltd.; Alternate Executive Director, IMF; former Deputy Governor Reserve Bank of NZ.

J. F. Ries, Executive Director; former Managing Director ANZ Grindlays plc

M.A. Jackson, Director BHP Co. Ltd., Pacific Dunlop Ltd., Qantas Airways Ltd.

J.C. Dahlsen, Director Woolworths Ltd. since 1992; Director ANZ Banking Group since 1985, Director John Holland Group Pty. Ltd., 1991-92; former Deputy Chairman Myer Emporium Ltd.; former Chairman HWT (Herald & Weekly Times).

The Cormack Foundation

For years this foundation has been one of the Victorian Liberal Party's one or two largest donors, and donated \$1.5 million to it in the last year for which records are available. The Cormack Foundation has always adamantly refused to reveal the source of the huge funds it was pouring into the Liberals. Finally, in 1997, after a lengthy battle with the Australian Electoral Commission (AEC), which insisted it was affiliated with the Liberal Party, and not merely a "donor", Cormack coughed up a few facts. Its directors are all powerhouses in Mont Pelerin fronts in Australia, and include: Hugh Morgan, Managing Director of Western Mining and founder of the H.R. Nicholls Society; ANZ Bank chairman Charles B Goode, president of the IPA from 1984-93; John Calvert-Jones, brother-in-law of the Tasman Institute's Rupert Murdoch. Most telling, aside from the \$1.5 million which Cormack poured into the Liberal party in 1993, *the only other thing it poured its money into were local fronts for the Crown's Mont Pelerin Society*, including \$15,000 to the Institute for Public Affairs, \$15,000 to the Centre for Independent Studies, and \$10,000 to the Institute for Private Enterprise.

The return which the Foundation finally reluctantly filed with the AEC shows the source of its huge funds. It received:

\$105,288 from JB Were Capital Markets; \$664,077 from JB Were and Sons (the stockbroking arm of JB Were); and another \$487,936 from "investment receipts" in a number of blue chip companies. These included \$79,126 from CSR; \$29,131 from Coles Myer; \$27,900 from West Australian Newspapers; \$31,335 from News Corp; \$37,700 from CRA. These are apparently dividends on shareholdings held by Cormack, which takes no donations, but gets all its income from investments.

The \$664,077 from JB Were and Sons and \$105,288 from JB Were Capital markets also illustrates how the old British ties work. In 1911, Francis Wellington Were invited his great-nephew, Staniforth Ricketson to join the staff of the prominent Melbourne stockbroking firm, J.B. Were and Son. Ricketson soon became the dominant figure in Were, which was the Australian connection for the London stockbroking firm of R. Nivison and Co., which traditionally underwrote Australian government loans, that is, determined the interest rates and terms at which it would squeeze Australia, just like the IMF squeezes its victims today. Through the Nivison connection, J.B. Were soon became the largest underwriter of Australian government loans. Throughout the 1930s, Ricketson was a bitter opponent of Labor Party moves to try and create jobs and keep social welfare payments going to those in need. At one point, when Frank Anstey, John Curtin and Jack Lang were pushing for a federal debt moratorium on Australia's usurious debt to the London banks, Ricketson begged Nivison's chairman, Lord Glendyne, for funds to set up an "anti-Labor Party" in Australia. Though Ricketson allegedly did not get the funds, he did play a crucial role in setting up the All-For-Australia League (AFAL) of Labor turncoat Joe Lyons, and then of what was to become the Liberal Party. Ricketson sponsored R.G. Menzies' entrance into politics, and remained his controller for many years. As Menzies himself wrote to Ricketson in 1935, "You are the finest and most lovable man I know, and your influence upon me is exceedingly great." Or, as Opposition leader Dr. H.V. Evatt once remarked, "What Mr. Ricketson says today, Mr. Menzies says not long after." Together with the firm of Sir Ian Potter, J.B. Were dominated stockbroking in Australia for much of the postwar period. Ricketson campaigned ceaselessly to break up the old Commonwealth Bank, in order to create a separate (privately controlled) Reserve Bank, in which he was successful in 1959, with the passage of the *Reserve Bank Act*.

Executive Directors of Rio Tinto Plc, London:

(Australian Directors' names are highlighted*)

Robert P. Wilson, Executive Chairman since 1997; Director RTZ since 1987; Director CRA since 1990; Chairman of the Community and Environmental Relations Committee; non-executive Director Boots Company plc.

* **Leon A. Davis**, CEO; Managing Director and CEO CRA since 1994; Director RTZ from 1991-94; Director Freeport-McMoRan Copper & Gold Inc.; joined CRA in 1956.

Robert Adams, Executive Director since 1991; Director CRA since 1995.

Christopher R.H. Bull, Executive Director since 1991; Director of Schroder Split Fund plc.

* **R. Leigh Clifford**, Executive Director; RTZ Director since 1995; CRA board since 1994; Chairman, Comalco Ltd. and Director Freeport McMoRan Copper & Gold Inc; responsible for the Australian/Pacific operations.

Lord Holme of Cheltenham, CBE; Executive Director RTZ since 1995; Director CRA since 1995; formerly with Unilever; responsible for Human Resources (union busting); Given life peerage in 1990.

Jonathan C.A. Leslie, Executive Director since 1994; Director CRA since 1995; responsible for PNG, Japan and India.

* **Michael O'Leary**, Executive Director since 1995, Director CRA since 1992; Director responsible for government and corporate relations in Western Australia; Director Bank of Western Australia Limited.; joined CRA in 1952.

Gordon H. Sage, Executive Director since 1995; Director CRA since 1995; member of the Council of the Confederation of British Industry.

Non-Executive Directors:

* **John Uhrig, AO**, Deputy Chairman since 1995; Chairman CRA Ltd. since 1987; non-Executive Director CRA Ltd. since 1983; Chairman Westpac Banking Corp.; Santos Ltd.; and the Australian Minerals and Energy Environment Foundation; foundation member National Companies and Securities Commission; Chairman of the Inquiry into the Industries Assistance Commission.

Lord Armstrong of Ilminster, GCB, CVO, non-Executive Director since 1988, and of CRA since 1995; Director Shell Transport & Trading Co plc; Director N.M. Rothschild and Sons Ltd.

Richard V Giordano, KBE; Director since 1992; Director Georgia Pacific Corp. (U.S.).

Sir Martin Jacomb, Director since 1988; Chairman British Council; Prudential Corp. plc; Delta plc; Director Marks and Spencer.

* **Sir Gustav Nossal, AC, CBE**, Director since 1995; non-Executive Director CRA since 1977; Vice Chairman Council for Aboriginal Reconciliation; President Australian Academy of Science and Fellow of the Royal Society; member Prime Minister's Science and Engineering Council in Australia.

* **Gary M Pemberton**, Director RTZ and CRA since 1996; Chairman Qantas Airways Ltd.; Commonwealth Bank 1989-93; CEO Brambles Industries Ltd. 1989-93.

* **Richard Searby, QC**, Director since 1995 and CRA since 1977; Director Shell (Australia) Ltd.; National President of Australian Institute of International Affairs (Australia's Chatham House).

Hon. Raymond G.H. Seitz, RTZ and CRA since 1996; U.S. Ambassador in the U.K. 1991-94; Vice Chairman Lehman Brothers International (Europe), Director British Airways; Cable & Wireless; General Electric.

Sir David Simon, RTZ and CRA board since 1995; Chairman British Petroleum and member of the Court of the Bank of England; Advisory board of Deutsche Bank and the Supervisory Board of Allianz AG.

Beginning January 1996, an intensive assault was launched against Lyndon LaRouche's cothinkers in the Citizens Electoral Council via the news media and prominent individuals like Mark and Isi Leibler, an attack taken up by Deputy Prime Minister Tim Fischer in May and June of that year, when he claimed that "LaRouche was behind" the huge anti-gun control demonstrations in Melbourne and around the country; Fischer had just met with LaRouche adversary Sir Leon Brittan, the British deputy head of the European Union, hours before he launched his wild charges. LaRouche was asked, in the *EIR Radio Talks* of January 31, 1996, what the attacks on the CEC were all about. He replied:

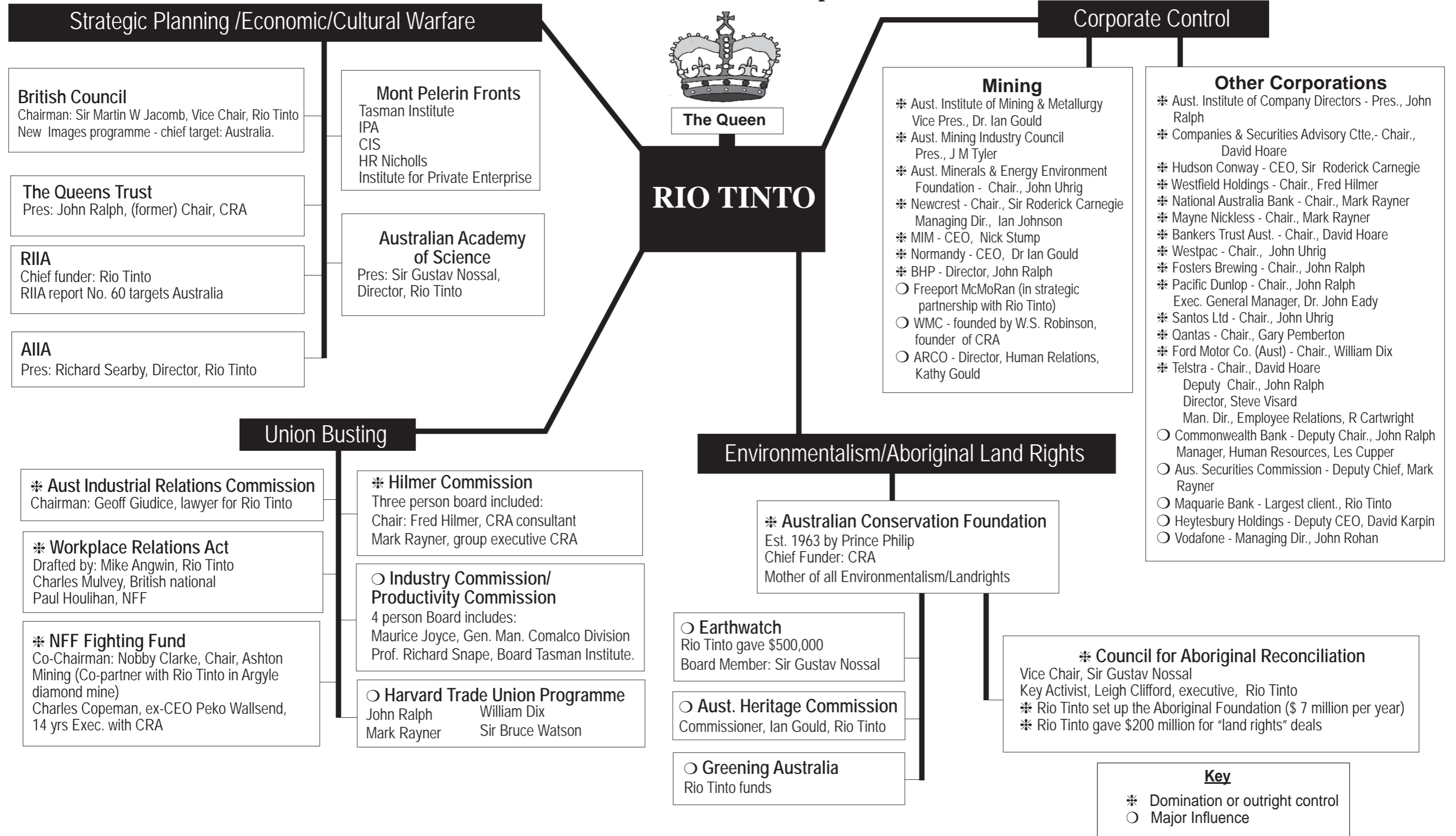
"This is British Intelligence. Remember that what I represent—first of all, Australia is being set up to become the South Asia kingpin of a revived British Empire. That is, the British policy now is to drop the mask of the Commonwealth, which they've had in much of the postwar period, particularly since 1960, since the so-called "Winds of Change," and go back to being an empire again. For the entire growth area of the Asia-Pacific and Indian Ocean area, they have picked on

Australia and New Zealand—but especially Australia—as the base of their operations for the British Empire throughout East Asia and South Asia.

"We represent, in the United States, as in Australia, we represent a tradition, which in Australian terms translates to the alliance of Prime Minister Curtin with President Franklin Roosevelt, and General Douglas MacArthur, against the *policy* of Winston Churchill during 1942, 1943. Churchill's policy was to turn over all of Australia, except for a little southeast corner, to a Japanese invasion. And MacArthur, Roosevelt, and Curtin, in cooperation with a very special series of battles like the Battle of the Coral Sea, and the Guadalcanal, the Solomons' operation, and the New Guinea operations, launched a counteroffensive which defended Australia, and launched the "island hopping" operation of MacArthur, which achieved the greatest degree of conquest, in the shortest time, with the least loss of life, in all history.

"Now, we represent *that* tradition; Isi Leibler and what he represents, represents the Churchill tradition, and that's what the fight is really all about".

The Rio Tinto Octopus



The flow chart above is by no means complete. Rio Tinto's power is much more comprehensive, in fact, so much so, that it warrants a Royal Commission investigation into its overt and covert control over Australia.

Part II. The Rise and Fall of Australia

The British Crown's assault against the Commonwealth

Editor's note: This section of the pamphlet was originally printed, under the same title, in the New Citizen, Vol. 4, No. 1, 1995. The first part of the Introduction here, "Australia needs a true, not a 'banana' republic", was the front-page editorial of that historic edition, and the rest follows as it first appeared. Though the Introduction, which discusses then-current political events, is now three years old, it is as timely today as the day it was written, with perhaps the substitution of the name "Howard" for "Keating" here and there. The graphs have not been updated, but have, in all cases, continued to show ever-worsening trends since 1994-95.

Introduction

Australia needs a true, not a "banana" Republic

Our current constitution, as we demonstrate in this issue's feature story, "The Rise and Fall of Australia", was designed by the British Colonial Office to ensure dictatorial control over this country by the British Crown. The Crown preferred to act subtly, but would swing the naked fist when necessary, such as when it sacked Jack Lang and Gough Whitlam in 1932 and 1975, respectively.

But the current proposed "republic" would be more of the same tyranny, and even worse, just under a different label.

The "republic" crowd intends to rewrite the constitution to enshrine "multiculturalism," "anti-racial discrimination," "indigenous rights", the effective elimination of the states, and various other monstrosities that even the Crown and its associated "Money Power", as the labour movement used to call it, had not thought of in 1901.

Right now, one-third of Australia has been grabbed in perpetuity by Prince Philip's combined "conservation/Aboriginal land rights" frauds; we have the highest foreign debt per capita in the world; most of our vast mineral resources are owned overseas, many by Crown-controlled companies such as Rio Tinto Zinc or Anglo American; our sovereignty in law has been ceded to the United Nations, via some 2500 treaties signed by our federal government; and our industries and farms are collapsing at an accelerating rate.

So to speak of a "sovereign republic" is a cruel joke.

After all, do we really think we will get sovereignty at the hand of Paul Keating, the man who presided over the worst foreign debt blow-out (now officially at \$206 billion, actually much worse) in our nation's history? Or perhaps from Malcolm Turnbull, whom Keating appointed to head the Commonwealth Advisory Committee on a Republic, who, as Kerry Packer's former in-house lawyer, brought Playboy magazine to Australia, and who was the lawyer for the Rothschild family's bought-and-paid-for author and spy, Peter Wright?

When you kick the tyres of this lemon, the wheels fall off.

But there is an old Chinese proverb which says, "When



Prime Minister John Curtin and General Douglas MacArthur. The British had planned to hand Australia to the Japanese to set up a 15-year bloody meatgrinder war in the Pacific between the Americans and the Japanese. The Australian-American collaboration which these two great men led, saved Australia and changed the entire course of the war in the Pacific.
Photo: Image Library, State Library of New South Wales

you are offered two choices, take the third." And so we do. The third choice is to create a true republic, on the model of the first great republic in history, the United States of America. It doesn't mean that we would necessarily do everything precisely the way the Americans did. But it means to take seriously the word "commonwealth," which is what Australia is supposed to be, and what America in fact was created to be, as a "temple of hope" and a "beacon of liberty" for the world.

The notion of a "commonwealth" originated when King Louis XI of France, in the wake of the great Council of Florence of 1439-41, created the first nation-state in history between 1461 and 1483. To have a commonwealth, the state must provide a high quality of universal classical public education, without which one cannot have a literate, responsible citizenry; it must provide the conditions for the rapid growth of the physical economy, anchored on extensive infrastructural development; and it must foster continual new waves of science and technology.

And it must do one more thing.

A nation cannot survive without a great moral purpose to which its citizens dedicate themselves. For us, this means

to commit our nation to the vision which Prime Minister John Curtin and President Franklin Delano Roosevelt had of postwar Australia—not only the taming and development of this vast continent of ours, a great and glorious task in itself—but to commit Australia, as an outpost of Western civilization, to help lift up the hungry, the poor, and the downtrodden of the great masses of Asia, the victims at various times of Japanese, Dutch, French, and of course, mainly British, colonialism.

But in order to embark on this grand mission we must settle some things at last within our own souls. The staff of this newspaper and the Citizens Electoral Council have been engaged for the past several months in intensive research, in an extraordinarily exciting process of discovering Australia's true history. We have read extensively, and delved deeply into various archives. This issue of the newspaper is dedicated to the fruits of that research.

What we discovered is that there has always been a ferocious battle between those who wanted to establish a true commonwealth on these shores, many of whom, as in the early labour movement, specifically wanted a republic, and the British Crown, which constantly intervened to frustrate those noble aspirations. We have discovered that we have a tremendously rich history, that Australians such as John Dunmore Lang, Frank Anstey, King O'Malley, John Curtin, Jack Lang, Ben Chifley, and many more, fought

courageous battles against the "Money Power", in order to give this nation freedom.

They didn't always agree with each other. Nor were they perfect. But they were patriots, who grew in the course of the struggle. Look at John Curtin, who overcame alcoholism, personal insecurities, and many a "black dog day" of depression, to lead this nation to change the course of world history, and to meet his own immortal destiny.

We must, now, grasp to our breasts the precious legacy of all those Australians who came before. We must give up the "littleness" with which Australians are so often cursed, and take up our responsibilities to our ancestors, to our fellow citizens, to those hundreds of generations of Australians yet unborn, and to those elsewhere in the world who cry out for our help.

And to do that, we must understand, at long last, our true history, freed from the lies or just plain dribble which the British and their anglophile lackies here, have given us. Because only if we know our true history, do we really understand who we are, and who we can be.

We stand now at the edge of the greatest financial crash in all of human history. Only as we develop true sovereignty within ourselves, and within our nation, will we be prepared to meet that challenge.

And then, we must, at long last, finally establish a republic.

At the crossroads

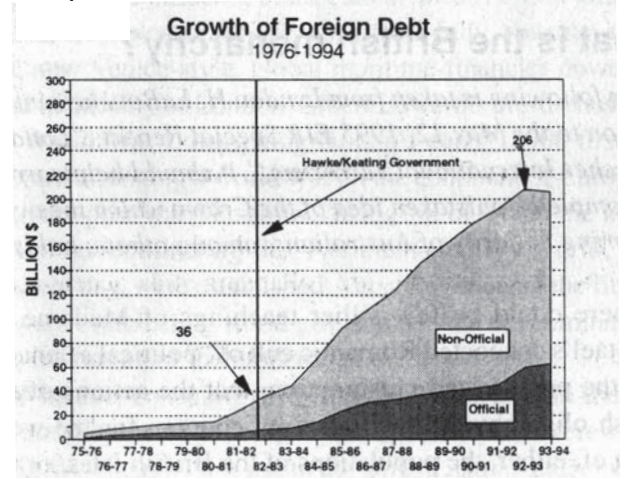
Just shy of a century after the six British colonies on the Australian continent were federated in 1901 to form a new nation, Australia stands at a crossroads where its very existence is at stake.

In a speech on June 7, 1995, culminating nearly a decade of discussion of "constitutional reform," Prime Minister Paul Keating announced his Labor government's intention to transform the Commonwealth of Australia, a constitutional monarchy whose head of state is Queen Elizabeth II of Great Britain, into a republic. This transformation should be accomplished, said Keating, before the centennial celebrations in 2001.

This apparent move for long overdue sovereignty is a cynical fraud.

As Treasury Minister for the Hawke-Keating Labor government, which came to power in 1983, Keating deregulated Australia's financial system and presided over the growth of a foreign debt officially admitted to stand at \$206 billion today (in reality it is much higher). Australia has the highest per capita foreign debt of any country in the world. Thanks to Keating's policies, Australia is firmly in the grasp of what his Australian Labor Party itself used to call, for most of this century, the "Money Power"—the world financial oligarchy. Even Keating had declared in

Graph 1



Source: International Investment Position ABS 5306.

Queen Elizabeth II sacked Prime Minister Gough Whitlam in 1975 to stop Whitlam's ambitious industrialization program. The anglophile Prime Minister Malcolm Fraser who replaced him oversaw the beginnings of Australia's foreign debt blow-out. The debt really took off as the Hawke-Keating government implemented the "Campbell Committee" report for radical financial deregulation, then being pushed by Fraser's Treasurer John Howard, now leader of the Liberal Party, Labor's "opposition." The author of the report, Sir Keith Campbell was knighted for his efforts.

1986, that the rising foreign debt would soon turn Australia into a “banana republic.”

If Australia were really about to assert its sovereignty, the country’s leaders would be planning to revive the Commonwealth Bank, an institution that stimulated, as the present report will show, the growth of the nation early in this century. Keating, however, during his presentation of the budget in late May, declared that his government would sell off its remaining 51% holdings in the Commonwealth Bank.

Long known as “the people’s bank,” the Commonwealth Bank was established in 1911 on the model of U.S. Treasury Secretary Alexander Hamilton’s First National Bank of the United States. Although the bank had long been gutted of its credit-creating, directive powers, the announcement of its sale sent a shock wave through Australia. Even before Federation, a large portion of the electorate understood the establishment of a national bank to be the cornerstone of true national sovereignty. The Labor Party included creation of such a bank in its national platform already in 1893.

Since 1788, when the First Fleet unloaded its cargo of convicts and political prisoners from Britain onto a vast continent inhabited only by some 200,000 Aborigines, the British Crown has carried out an unrelenting war against the nation of Australia, against the possibility that an American-style republic, “conceived in liberty and dedicated to the proposition that all men are created equal,” could be established on the Australian continent.

Throughout the 19th and 20th centuries, right up until the Crown dismissed the Labor government of Prime Minister

Gough Whitlam in 1975, there were consistent attempts, particularly by the Australian labor movement, to establish such sovereignty. Inevitably, the battle was joined over the issue of who would create and deploy credit, and for what purposes. Being the social rallying point for the world’s financial oligarchy, the Crown usually preferred to rule with a velvet glove, exploiting the residual anglophilia of the Australian population, the labour movement included, as leverage. But, when necessary, the Crown swung its mailed fist—as in 1932 with the dismissal of New South Wales Premier Jack Lang and again in 1975 against Whitlam—to crush the republican aspirations associated with national banking and industrial growth. The question before the nation now is, will Australia continue to be a “self-governing colony” of the Crown, while donning the new “republican” mantle Paul Keating offers, or will its citizens mobilise themselves, at long last, to establish true independence?

Australia confronts this choice at the moment of the greatest *worldwide* financial and economic crisis in 550 years. All over the world, forces dedicated to the heritage of the European Renaissance—the institution of the sovereign nation-state—are challenged in this way. Only sovereign nation-states, wielding such tools as national banking to foster the growth of infrastructure, industry and agriculture, can reverse the planet’s slide into a New Dark Age. Australia has a precious, powerful heritage to mobilise in that universal fight.

What is the British monarchy?

The following is taken from Lyndon H. LaRouche’s introduction to the May 12, 1995 EIR Special Report, “London Launches International Terrorism.” It should help correct the completely mistaken idea of the Crown which the overwhelming majority of Australians, among others, holds

There could be few sillier teachings of Madame de Stael’s concocted Romantic cult of “political science,” than the popularized presumption, that the actions of the British oligarchy are motivated by concern for the well-being of, either, the populations of the British Isles, or the components of the former Empire or present Commonwealth. To correct such popular presumption, one had but to examine the downward 1964-95 trends in welfare of the average Briton since the Profumo scandals which downed the government of Prime Minister Harold Macmillan.

The British Empire was never a regime by or for the British people; the role of that population itself was, as Field Marshal Douglas Haig once demonstrated so lavishly, to provide “cannon-fodder” when need be. Britain itself, like Australia or Canada today, is essentially a colony of

that global financier oligarchy which, typified by Royal Dutch Shell, rallies itself around the modern “Doge of Venice,” the Anglo-Dutch monarchy of such consorts as H.R.H. Prince Philip Mountbatten, the “Doge” of Edinburgh, and Prince Bernhard of the Netherlands. Britain is less a nation than a “feudal estate”; it is not an estate of a “landed aristocracy,” but, rather, an estate ruled by a Venice-style, “Lombard” financier nobility and its lackeys.

The British people and their interests, have but little more control over their institutions and conditions, even their own opinions, than do the exhibits in a badly-managed zoo.



Lyndon H LaRouche

Please have the kindness not to attribute to the British people their own opinions; even their own, private opinions are supplied to them through sundry mechanisms of social control, including so-called “traditions,” and, as in the U.S.A. itself, the barely distinguishable mass entertainment and “news” media. For a fair comparison, consider the relationship to the overlords of the proverbial “95%” of the poor subjects of a medieval feudal domain. Those poor feudal subjects also had what they may have regarded as “my own opinion” on sundry matters, an opinion which conformed with curious congruence to the beliefs which were required of the people by the class of their overlords.

Once that point is clarified, one can then more readily grasp the nature of the present-day incarnation of the worldwide British Empire.

Consider any relatively arbitrary selection from among the nations of the world today. What is the controlling consideration in shaping those governmental policies which affect the conditions of life of the people to the greatest degree? Throughout the world today, that consideration is International Monetary Fund, or World Bank “conditionalities.” The concerted action of major financial markets, such as the City of London, in collusion with the IMF and World Bank, to manipulate the prices of currencies, and the internal financial, economic, and social policies of formerly sovereign nations, is the dominant feature of life in every nation of the world today, including the United States.

Who stands behind the IMF? It is the international oligarchy centred around the British monarchy’s role as present-day, Venetian-style “Doge” of the international financier “nobility.” The distinction between a feudalist landowner aristocracy and a Venetian-style financier nobility, was crucial for understanding why the Holy Alliance, once it had served its mission, was overthrown by the Mazzinian revolution which Britain’s Palmerston unleashed against the continent of Europe: London’s oligarchy represents the tradition of its founder, Venice’s Paolo Sarpi. London’s ruling interest was predominately an Anglo-Dutch replication of the Venice financier nobility; the Holy Alliance, although a tool of that same interest, was, sociologically, rooted in a feudal landowner tradition, the latter akin to the anglophile Fronde heritage of Physiocrats such as France’s Dr. François Quesnay. That social-political-economic distinction is crucial for understanding every vital strategic issue of the

planet today. It is this concert of central bankers and their financial-community constituencies, not the British Isles, or British people, which is represented collectively by the IMF and World Bank. The world centre of that financier nobility as a social institution, is the Anglo-Dutch monarchy, dominated, since the early Eighteenth Century, by imperial London. It is that social arrangement, not the British people, which defines the function and organic self-interest of the British monarchy today: It is the function and interest of that monarchy to serve as de facto Venetian-style “Doge” for an international, financier-nobility-dominated oligarchy.

That is the basis for the continuing conflict which Kissinger has repeatedly identified as the opposition between the British monarchy’s imperial tradition, and that monarchy’s hereditary adversary, the United States’ constitutional heritage. Kissinger expresses a conflict between two global titans, a conflict between the two principal social systems of the world today: the republican, typified by the U.S.A.’s constitutional heritage, versus the financier-nobility sort of oligarchical heritage, represented by the British monarchy still today.

During his Welf mother’s early and prolonged dotage, her Palmerston-trained heir, Albert Edward of Saxe-Cobourg-Gotha, introduced alarming changes in the constitution of Britain, first as de facto monarch, while still Prince of Wales, and, later, from 1901, as crowned King Edward VII. The rising, corrosive influence of the Fabian Society typifies the process of transition of Britain itself, to a fully Venetian model: the new Venice-style, global maritime-financier power centred in the City of London. Albert Edward’s pre-orchestration of World War I, beginning Britain’s early 1890s first steps toward arranging a world war on the continent of Europe, led into the post-war Versailles Treaty, out of which the new institutions dominating the Twentieth-Century world, to the present day, were established. Versailles became the first step toward establishing world government and the elimination of the institution of the modern nation-state.

Whatever consoling delusions the British man-in-the-street might propose to the contrary, the present-day interest of the British monarchy lies not in the British nation-state, but rather in its oligarchical interest in establishing the London-centred financier oligarchy’s perpetual world government over the planet as a whole.

1. A new nation is born

Our republican tradition

When Captain Arthur Philip landed at Botany Bay in 1788, all of Western civilisation was convulsed by the titanic struggle between the new American republic and its international allies, and the international oligarchy grouped around the British Crown. The latter was the Anglo-Dutch monarchy installed in London in the so-called Glorious Revolution of 1688, the outcome of a nearly two-century-long project to transfer the vast family fortunes of Venice to new seats of power in Holland, and then England.

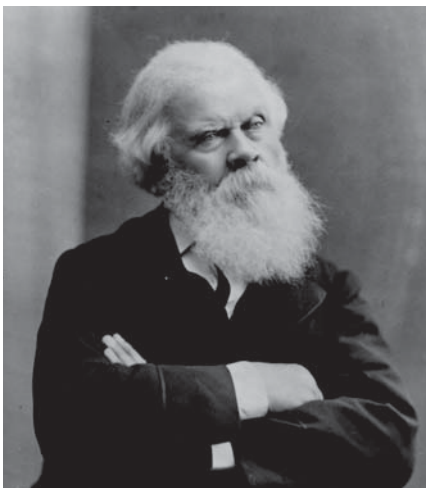
Despite the protests of William of Orange himself, who was co-monarch of England with Queen Mary (1688-1701), this modern form of the British Crown was established not as an absolute monarchy, but as the social pole of an oligarchy; its place was like that of the “Doge,” the pre-eminent oligarch in Venice. The British Crown became the central institution of an *international*, not a “British,” oligarchy. And the basis of its economic power was *financial*, as opposed to merely land-ownership, as with feudal aristocrats. The centre of world finance shifted from the Venetian-founded Bank of Amsterdam, which dominated the world in the 17th century, to the Bank of England, established in 1694 in The City of London. The Bank of England was a component of the “Dogal system” of 1688.

The success of the American Revolution disrupted the Crown’s practice of shipping prisoners to the American colonies.

Australia became the penal colony of choice. Between the landing of the First Fleet in 1788 until the practice was stopped in 1868, some 160,000 men, women, and children were “transported,” as the punishment was known, to Australia. At least 50,000 of them were Irish, mostly Catholic.

In recent decades, voluminous treatises have attempted to show that these convicts were almost all hardened criminals, thus to “dispel the earlier myths” that the settlers were political prisoners. (1)

These bean-counting “scholars” ignore the fundamental reality of that period of world history: the great conflict of the new, republican system with the oligarchy. It was reflected in the sale of one million copies of American founding father Tom Paine’s *Rights of Man* in the United Kingdom itself. It could only be intensified, as republican sympathisers confronted social conditions of late Eighteenth and early Nineteenth century England, produced by



Sir Henry Parkes. The “father of Federation,” the slavishly anglophile NSW Premier Parkes was a puppet of NSW governor Lord Carrington.



Lord Charles Robert Carrington, Marquis of Lincolnshire. An intimate of the degenerate King Edward VII, Carrington was the secret architect of Federation.

the oligarchy’s “free trade”, slave-labour policies. In the 1830s, more than 10% of England’s working population was officially classified as paupers.

Most of the transported Irish were shipped out in the wake of Ireland’s “Great Rebellion” of 1798, or under the near civil war conditions in 1815-1840 Ireland, as the Irish struggled against “the Ascendancy”, as the brutal English aristocratic domination over Ireland since the days of Cromwell in the Seventeenth century, was known. Almost 20% of them, records show, were convicted of “political crimes” including riot and sedition, while many more “politicals” were simply picked up with no charges, and sent across the world. For them, as for the great majority of the “hardened criminals” who, once they were in a country where they had a chance to live as human beings, never committed another crime, the dream was to establish a new nation on Australian shores, free of the oligarchical financial and social system which strangled the population of the British empire.

By 1841, in the major British colony of New South Wales, 44,710 of the population (39%) were either convicts or emancipated convicts, 28,657 (24%) were colonial born, and 43,621 (37%) were free immigrants, the latter obviously comprising some of the boldest and most hardy spirits of the old country. (2)

The “Ascendancy” was partially reproduced in the new country, however, particularly in the “squatter” landowning class, immortalised in the song “Waltzing Matilda,” which functioned in alliance with the banks of Melbourne and Sydney, all closely tied to British capital.

This set the stage for the two major waves of “radical nationalism,” as pro-British historians usually refer to it in Australia. The first, in the 1850s, was led by the republican,

historian and clergyman, John Dunmore Lang. Having spent time in America, Lang wrote about the notion of a nation-state on the American republican model: “It is the very soul of society, which animates and exalts the whole brotherhood of associated men.” (3) The British, ever mindful of the American experience, granted a limited degree of self-government to the colonies of New South Wales and Victoria in 1855, to forestall the assertion of more drastic republican demands.

The extraordinary economic growth of the country from the 1850s until the 1880s, in part fueled by discovery of gold in Victoria, gave birth to a powerful labor movement, one with republican leanings.

But at the end of the 1880s, British capital, which had poured in over the previous decades, was suddenly pulled

out, resulting in the greatest strikes in Australia’s history, the maritime and shearers’ strikes of 1890-1891. Crushed at the workplace, the unions redoubled their efforts in the political realm. By 1899, the “first labour government in the world” took power briefly in Queensland.

In the meantime, with no social welfare system, people starved or committed suicide, while armies of homeless unemployed moved around the country in a desperate search for work. The crisis culminated in the “Panic of 1893,” when more than half of Australia’s banks crashed, wiping out much of what small savings remained. This experience was to shape the minds of the Labor Party’s leadership into the late 1940s, on the necessity for a government-controlled national bank.

“A self-governing colony”

The British Colonial Office had long been in favor of the federation of the six colonies, but was anxious to avert at all costs the development of a “United States of Australia,” as the danger was often described. As the Prince of Wales, Edward Albert, de facto king (and future King Edward VII) during Queen Victoria’s long dotage after the death of her husband in 1861, began his drive for World War I during the 1890s (see *EIR* March 24, 1995), the Crown’s need for a federated Australia as a logistical and manpower base heightened. *The drive for a federated Australia was run directly out of the British Royal Household.*

The so-called “Father of Federation,” was the slavishly anglophile Premier of New South Wales, Sir Henry Parkes. As the ruler of the first and still most powerful of the British colonies, Parkes began to campaign for federation in the late 1880s. He acted entirely, as his diaries confirm, at the behest of the Crown’s personal representative, the Governor of New South Wales, Lord Charles Robert Carrington, Marquis of Lincolnshire, great-uncle of the present Lord Peter Rupert Carrington (himself a British High Commissioner in Australia in the 1950s). Carrington pulled the strings not only in New South Wales, but, as his Australian Dictionary of Biography entry notes, “Carrington’s diplomatic work through the governors in Victoria and South Australia was crucial in paving the way for the Federation Conference of 1890.”

Carrington’s concern was to head off a U.S.-modelled republic. As Parkes put it, “There are disruptive organizations here in favour of pure republicanism... to those who

think most loosely, the lodestar is the United States.” (4)

Trade unionists routinely denounced the drive for federation as a “British imperial plot”.

Although all the colonial Governors represented the Crown, some were much closer to the Royal Family than others. Lord Peter Carrington records in his autobiography, *Reflect on Things Past*, that both the Governor-General, “Uncle Charlie,” and his brother, “Uncle Bill,” were “intimates” of the Prince of Wales, later Edward VII. “Uncle Bill” also served as Equerry to Queen Victoria, Comptroller for the Prince and, after 1910, Keeper of the Privy Purse. An extraordinary delegation of ten members of the Royal Family attended “Uncle Charlie’s” wedding. When Edward VII died in 1910, Carrington became Lord Great Chamberlain to King George V.

When the Crown plans for Federation succeeded in 1901, the Imperial Chamberlain, Lord Hopetoun, arrived to be



Lord Hopetoun. He was Australia’s first Governor-General, despatched from his position as Imperial Chamberlain to the Royal Household.



Sir Samuel Griffiths. The anglophile Griffiths was a favourite of the Colonial Office. His draft of our constitution was rewritten in London

Australia's first Governor-General.

The Australian constitution was largely written by anglophiles such as Sir Samuel Griffiths, a favorite of the Colonial Office and later the country's first Chief Justice, but it was secretly re-written by the Colonial Office to expunge elements that smacked too much of American constitutional principles. George Reid, who had replaced Sir Henry Parkes as Premier of New South Wales, was instructed in constitutional negotiations in London in 1897 to submit under his own name, the changes demanded by the Colonial Office. (5)

The most crucial of these changes were aimed to ensure the all-powerful rights of the Queen, both directly and by "right of appeal" to Her Majesty's Privy Council. The Colonial Office motivated this right of appeal by concern for British investors, that Australian judicial decisions might be influenced by "local prepossessions." As one Colonial Office memorandum put it, "It cannot be for the benefit of the colonies to alarm those investors. They are also very numerous and powerful and the amount invested is very large. They will no doubt oppose any proposal to abolish the appeal to the Queen in Council." (6)

The Commonwealth of Australian Constitution Act 1900 of the British Parliament, which created the new country, ensured that it was to be "self-governing" in name only. Although the Commonwealth could make laws internally, it had no power to contract treaties with foreign states

Britain prepares for World War I

At the beginning of the Twentieth Century, the Crown's chief political adviser was the homosexual degenerate Lord Esher, who wrote daily letters of advice to King Edward VII from 1901-1910. (7) Esher was one of the original three-man executive committee of Cecil Rhodes' Round Table group and, from 1905 until his death in 1930, was the de facto chairman of the Committee of Imperial Defence which reorganized the armed forces of the Empire in preparation for World War I. Esher sent Lord Kitchener to Australia in 1910, as part of a tour of the "colonies," to identify and develop trained manpower for the holocaust which Edward VII had been preparing for decades.

A Royal family intimate, Kitchener had begun his political life in the 1870s with the elite Palestine Exploration Fund, a project of the Crown. (8) By the 1880s, he was accounted a "personal friend" as well as aide-de-camp to Queen Victoria, and was patronised by the most powerful families of the realm, including various ducal families and the Cecils. He was particularly close to the Duke of York, the future George V.

Enraged at the Mahdi's defeat of General Charles Gordon at Khartoum (Sudan), the British oligarchy sent Kitchener to avenge the loss; in reward for the slaughter that resulted, he

and—until 1942—was forced to conduct any negotiations with foreign powers through the Colonial Office.

The executive power of the Commonwealth lay with the Queen through her representative, the Governor-General—the virtual dictator of Australia. He could withhold assent from any laws passed by the parliament, thus nullifying them, or simply "reserve them for the Queen's pleasure," delaying indefinitely. The Queen also maintained the right to overturn any law within a year of its adoption. The Crown prefers not to act in such blatant ways, but has the power to do so if necessary, as demonstrated in 1932 and 1975, when popularly elected governments were dismissed by the Crown's representative, employing "the reserve powers of the Crown."

The Queen's dictatorial powers, embodied in the Governor-General, are no mere vestige of history, maintained by hoary tradition. The *Banking Act of 1959* conferred still further powers on the Governor-General: the power to impose a trade embargo on all exports from, and imports into, Australia; the right to carry out any act whatsoever with respect to foreign exchange, "the protection of the currency or the protection of the public credit or revenue of Australia," or any foreign investment in Australia or Australian investment abroad; or to "make regulations *not consistent with this Act*" (emphasis added)—in other words, to do whatever he wants.

was titled "Field Marshal Viscount Kitchener of Khartoum." (See *EIR*, June 9, 1995) A reputed homosexual and good friend of the paedophile founder of the Boy Scouts, Lord Baden-Powell, Kitchener demanded that his military staff be composed entirely of unmarried young men, whom he called "my boys." He later commanded the British force at Fashoda, which in 1898 sealed the British-French alliance for World War I. At the behest of Lord Esher, Kitchener was to re-organise the "imperial forces," including those of New Zealand, Australia and South Africa, for the coming world war.

He completely overhauled Australia's defences, set up a permanent professional army, and established Australia's strategic defence posture in a secret portion of his 1910 memorandum, "The Defence of Australia." This document first articulated the plan which became notorious in World War II as "the Brisbane Line." (9) It called for ceding to a potential invader all of Australia north of a line drawn southwesterly from Brisbane on the east coast to Adelaide in the south, after implementation of a scorched-earth policy to destroy any towns or installations of any value in the abandoned area.

Kitchener was fêted and idolised everywhere. The visit of



Lord Kitchener and King George V and Queen Mary. The homosexual Kitchener, on the far right, was an intimate of the Royal Household. He was sent to Australia to train the manpower for World War I, and his secret defence strategy became, in World War II, “the Brisbane Line”.

such an “august personage” was a crucial part of the political mobilisation for the war, and his word was law. As Prime Minister Deakin put it in a speech on Feb. 14, 1910, “Lord Kitchener’s report to the Commonwealth Government will be available in the course of a few days. The Government has appealed to Caesar, and we shall be prepared to defer to Caesar’s judgement.” (10)

Kitchener’s picture was later to adorn the recruitment posters which plastered Australia and other Commonwealth countries: “Lord Kitchener Wants You”. When the war came, Australians volunteered en masse: over 60,000 of them were killed, many in senseless slaughter in Gallipoli and at the Somme in France, and 137,000 were wounded, a casualty rate of 64.8% percent, the highest of any of the Commonwealth armies.

Notwithstanding that 40% of all men between 15 and 40 volunteered for service, the war was not universally popular in Australia. Two referenda to introduce mandatory conscription, which were sponsored by the anglophile prime minister Billy Hughes (who was made a privy counsellor by King George V in 1916, on the eve of the first conscription

campaign), both lost. The labor movement waged fierce campaigns against them.

Among the opponents of conscription were two of the outstanding figures of the Australian Labor Party in the first half of the Twentieth Century—the American-born King O’Malley, and Frank Anstey, editor of the newspaper, *Labor Call*. Anstey’s protégé, future Prime Minister John Curtin, was the national secretary of a union-created anti-conscription organization, and was thrown in jail for his scathing denunciations of conscription. Early in 1915, Anstey gave his evaluation of the war:

“This war will put a millstone of debt around the necks of the producing classes of every country. It will grind them to degrading slavery. It will make the monetary power more powerful and opulent than ever. All who remain alive from the slaughter will toil to pay the parasitical classes annual tribute for the money invested in blood. All wars—all international wars—are the instruments by which iniquities re-establish their crumbling thrones, by dissipating on battlefields the human virility that threatened their existence.” (11)



The famous World War I recruitment poster of Lord Kitchener.



"Still Hungry For Our Best". This was the caption accompanying the April 6, 1916 *Labor Call* caricature of Lord Kitchener's appeal.

2. The labour movement against the “Money Power”: The battle for the Commonwealth Bank

Within the Australian Labor Party at the turn of the last century, there emerged a pleiad of brilliant organisers and statesmen, dedicated to the economic development of the nation and the improvement of living conditions for its people. Such figures as King O’Malley, Frank Anstey, their banker ally Denison Miller, and, in the next generation, John Curtin deserve to be remembered and their accomplishments studied not only in Australia, but in any country where thinking citizens are interested in how to shape institutions, such as a national bank, on which national sovereignty can depend.

These Australian Labor leaders were putting into practice the principles of economic policy, known around the world

in that era as “the American System,” at the very time when those principles went into eclipse in the United States, with the establishment of the Federal Reserve system (1913) — after the assassination of three “American System” U.S. presidents: Lincoln, Garfield and McKinley. Like the partisans of “the American System,” or “National Economy,” Friedrich List in Germany and Sergei Witte in Russia, the Australians fought tenaciously, and effectively, against the British doctrine of free trade.

The beginnings of industrial strength they were able to construct as a result, served as the basis for Australia’s do or die mobilisation during World War II.

King O’Malley founds the Commonwealth Bank

One of the most extraordinary figures in Australian history is the American born King O’Malley. Too often history books have portrayed O’Malley as just a quaint eccentric, based upon his renowned sense of humour and “Yankee” flamboyance. From shortly after his arrival in Australia in the late 1880s, O’Malley campaigned non-stop, first in the South Australian state parliament and then in the federal parliament after 1902, for the establishment of a Hamiltonian national bank.

After several years of his travelling around Australia to address crowds of thousands at a time on the necessity of such a bank, O’Malley’s detailed banking proposal was accepted as part of the Labor Party’s “Fighting Platform”—its non-negotiable principles—at the party’s Brisbane conference in 1908. At this same meeting, the party adopted the American spelling of “Labor,” instead of the British “Labour,” for its name.

O’Malley said in Parliament in September of the following year: “We have before us the greatest question that has yet been submitted for our consideration. It involves Australia’s national supremacy in finance, and the peace, good government, and prosperity of generations yet unborn.”

In a five-hour speech on his proposed national bank on Sept. 30, 1909 he emphasised, “The private banking system of the Commonwealth is only a legalised monopoly for the



King O’Malley. The founder of the Commonwealth Bank, O’Malley called himself “the Alexander Hamilton of Australia,” after Hamilton, who was the first U.S. Secretary of the Treasury, and the founder of the anti-British “American System of Political Economy.”

gathering of wealth from the many, and its concentration in the hands of the privileged few.” (12) The Hamiltonian system should be counterposed to this, he said, adding, “I am the Hamilton of Australia. He was the greatest financial man who ever walked this earth, and his plans have never been improved upon. Honourable members can read his history and his books in the Library...The American experience should determine us to establish a national banking system which cannot be attacked.”

Over the opposition of the Party’s leadership, including Prime Minister Andrew Fisher and then-Attorney General Billy Hughes, who had together negotiated a secret deal with the Melbourne banking establishment not to allow such a

bank, O'Malley rammed the bill through the Labor caucus. Since Labor controlled the parliament, the bill became law in 1911. Though more limited than the bank of "issue, reserve, exchange and deposit" which he had envisioned (it would be some years before it got the right to issue the national currency or maintain the private banks' reserves) the new Commonwealth Bank rapidly accomplished several things: It stopped a bank crash on the eve of World War I; it financed, at much lower interest charges than prevailed in London, much of Australia's participation in that war; and it provided capital for infrastructure and other projects in the physical economy.

O'Malley emphasised the difference between actual physical wealth, and fictitious capital, which he called "fog wealth." Responding to the observation of a colleague regarding the slavery resulting from usurious finance, O'Malley said, "Yes, and it is a more subtle slavery than that of the negroes in the South. Permanent wealth is produced by a slow and laborious process of industry, with skilful manipulation of capital; while fog wealth is produced by the rapid process of placing one piece of paper in the possession of a fiduciary institution as collateral security for four or five other pieces of paper, which are well watered, and passed off to a credulous public. Some of this fog wealth will sooner or later collapse, and then there will be consternation in the

Commonwealth." (13)

O'Malley had a keen sense of who Australia's enemies were. One of his speeches was an hour and a half denunciation of "The Fly-Blown Aristocracy," and he attacked "the tendency of the wealthy everywhere to ape the fashions, the values and the tyrannies of Feudalistic Europe." (14) He said that "English snobbish cads" had migrated both to Australia and to the U.S., "continuing to thrive marvellously and constituting the chief conservative party in both countries." (15) He commanded an extensive knowledge of history, which he brought into the Parliament, remarking in one parliamentary debate, that "The Bank of Venice was for six hundred years the most powerful banking institution in all Europe." (16)

As Minister of Home Affairs and Public Works in the 1910-1913 Labor Government, O'Malley was responsible for the foundation and design of the national capital of Canberra, and for the construction of the Transcontinental Railway tying Western Australia to the more populated east coast. On Sept. 14, 1912, at the breaking of the sod for that great project, he said, "The harnessing of water power by steam is making it possible to apply nature's boundless resources of energy to human progress...Politicians and statesmen should seek to educate people day by day ...to reason more profoundly, to think more clearly, to act more justly, to increase their faith in those divine ideals which underlie all human society."

Frank Anstey fights the "Money Power"

One of O'Malley's closest associates was Frank Anstey, an editor of the newspaper, *Labor Call*, and a federal parliamentarian for over two decades. Anstey printed many of O'Malley's articles on banking, and his own writings and speeches on the subject were to have a lasting impact on the labour movement and on the country. One of those informed by Anstey was John Curtin, Labor Prime minister during World War II, who said of Anstey at a memorial service after his death,



Frank Anstey. Anstey was the editor of *Labor Call*, an MP for 25 years from Brunswick, and the mentor of John Curtin. Anstey, Curtin, and Jack Lang were allies in fighting for a debt moratorium against the British in 1930-32.

"I find it very difficult to speak about Frank Anstey. He was a remarkable figure. Very humbly I make the statement that of all the men who have influenced me, he influenced me most. He introduced me to the Labor Movement. He set my mind going in the direction in which he wished it to go, and in quite a humble way, I sought to play the role of a supporter, and aider and abetter of the cause in which he instructed me, believing it to be the greatest cause in the world." (17)



Frank Anstey and John Curtin. Said Curtin of his mentor Anstey, "He was a remarkable figure. Very humbly I make the statement that of all the men who have influenced me, he influenced me most."

Born in London in 1865, Anstey at age 11 stowed away on a ship bound for Australia. He spent much of the next ten years as a seafarer in Asia and the Pacific, joining the Seamen's Union. He became a leader in the labor movement and helped to found the Tramway Employees' Association, of which he was president for many years. From 1902 to 1910 he was a state parliamentarian from the working-class Melbourne suburb of Brunswick, and then a federal MP from 1910 to 1934.

The labour movement had developed, in part through the experiences of 1893, an understanding of what it called the “Money Power,” the most bitter enemy of Australian sovereignty. Typical of this conception was a January 5, 1907 editorial in the *Brisbane Worker*, one of numerous trade union-affiliated papers:

“The Money Power! It is the greatest power on earth; and it is arrayed against Labour. No other power that is or ever was can be named with it...It attacks us through the Press—a monster with a thousand lying tongues, a beast surpassing in foulness any conceived by the mythology that invented dragons, wehr wolves, harpies, ghouls and vampires. It thunders against us from innumerable platforms and pulpits. The mystic machinery of the churches it turns into an engine of wrath for our destruction.

“Yes, so far as we are concerned, the headquarters of the Money Power is Britain. But the Money Power is not a British institution; it is cosmopolitan. It is of no nationality, but of all nationalities. It dominates the world. The Money Power has corrupted the faculties of the human soul, and tampered with the sanity of the human intellect...

“And that is why Labour men and women should stand religiously to their principles, and refuse the baits of compromise and expediency. The Labour party represents the one Movement able to cope successfully with the Money Power; the one moral force not vitiated by it; the regenerative agency destined to pull down the crime stained walls of the Old Order and build up an enduring City of Righteousness.”

In his own extensive writings on the subject, Anstey made clear that “Capitalism” was not the problem: “The ‘Money Power’ is something more than Capitalism....These men constitute ‘The Financial Oligarchy.’” (18)

He elaborated, “This group of speculators (financiers) properly designated and distinguished as the ‘Money Power,’ controls the whole mechanism of exchange, and all undertakings in the field of industry are subject to its will and machinations. It wields an unseen sceptre over thrones and populations, and bloody slaughter is as profitable to its pockets as the most peaceful speculation.

“No nation can be really free where this financial oligarchy is permitted to hold dominion, and no ‘democracy’ can be aught but a name that does not shake it from its throne.” (19)

Eliminate the Money Power, Anstey said, and the “class struggle” will disappear as well:

“It is not a question of class or of class interests. The class struggle will disappear with the exterminated interests of the predatory cliques. It is a question of the capacity of the State to meet the rising tide of its responsibilities. It is a question of the economic reorganisation on lines that will

furnish its people with an attractive existence and attract others from abroad. It is a question of how, and by what means its territory shall be utilised, its resources developed, its wealth multiplied, so that by its wealth and its people—the abundance of the one and widespread ownership by the other, the essentials of a self-sustained community will be secured.” (20)

One of the first major blows to the “Money Power” was the Labor Government’s 1910 *Australian Notes Bill*. Until then, the private banks had issued all paper currency, which they could loan, or not, to the government or anyone else, at interest rates of their choosing. The *1910 Notes Bill* assigned to the federal government the sole right to issue currency. Anstey’s maiden speech in the federal parliament, on August 19, 1910, concerned this bill, and he cited its precedents in the American colonies:

“It is well known—indeed, it has never been controverted—that for fifty years, until the British Government suppressed its issue in 1773, the Colony of Pennsylvania enjoyed the highest degree of prosperity upon a paper currency which represented nothing but the security of those who wanted the medium of exchange.”

He then described at length the issuance of greenbacks by President Abraham Lincoln to prosecute the Civil War, in a situation where “Gold disappeared, while France and England supported the slave States” and vitiated any attempts of the United States government to raise money in Europe. Anstey concluded that the notes succeeded in the purpose for which they were issued, although private bankers did drive down their value somewhat: “It was not the action of the Government which reduced their value, but the rapacity of men who neither fought for their country nor lent money to it. Greenbacks were at their lowest price when the Union forces were most successful, and this was due to the influence of the banking corporations,” led by “Mr. Gallatin, President of the Gallatin Bank of New York, [who] headed the opposition to the measure...”

“In conclusion,” said Anstey, “let me say that I support this Bill, but not because it goes as far as I wish it to go. I have no hesitation in saying that I am an advocate of a National Bank to utilise our national credit, free from the limitations and restrictions of any private corporations whatsoever. I hold strongly to the opinion that that bank should precede any note issue...it is sufficient for me to know that we are at least taking one step towards the realization of the definite policy which this party has been advocating for twenty-five long years.”

The next year, in 1911, the Commonwealth Bank was established, albeit without the full powers Anstey’s associate O’Malley had called for.

The British assault the Commonwealth Bank

In June 1912, one of Australia's most senior bankers, Denison Miller, resigned his post at the Bank of New South Wales to head up the fledgling Commonwealth Bank. The private bankers, who had been fiercely opposed to the establishment of the state bank, felt they now had one of their own in control, but Miller had been recommended for the job by King O'Malley, and did not disappoint the latter's hopes. Miller envisaged the new bank as "the most powerful in the southern hemisphere". O'Malley told him, "You have a chance to make history, Brother Miller. Australian history, which will become world history. Think the matter over deeply. And accept the job. Decide to make history—I'm sure you're the man to do it." (21)

Miller opened up savings branches of the Commonwealth in all the country's post offices, thus raising the capital for the bank while incurring no debt except the interest paid to his depositors. The state bank rapidly forced the private banks to abolish their charges on current accounts and to lower their interest rates. It financed agricultural production and



Sir Denison Miller. One of the few "Sirs" who was not slavishly subservient to the Crown, his death in 1923 opened the way for the British to destroy the Commonwealth Bank.

new home construction, and provided funds for roads, tramways, harbours, gasworks, electric power plants and other infrastructure. It also provided £350 million for Australia's war needs, greatly reducing the debt the country would have incurred, had all loans been raised, as usual, in London.

Miller died in 1923. His passing coincided with a change of



The Commonwealth Bank. Sir Denison Miller, its first governor, intended the Commonwealth to be the cornerstone of national sovereignty, and "the greatest bank in the southern hemisphere."

government in Australia. After the December 1922 election, Billy Hughes (the advocate of conscription for the British war machine during World War I and opponent of the Commonwealth Bank) resigned, but asked the Governor-General to request another anglophile, the Cambridge-educated Stanley Melbourne Bruce, to form a government. Notorious in Australia for his clipped English moustache and spats, Bruce was destined to be made Lord Bruce of Melbourne in 1947, and become the first Australian-born citizen to take a seat in the British House of Lords.

Shortly after the election, Bruce was summoned to England for an Imperial Conference. After being wined and dined by Britain's financial elite, led by Lord Glendyne of the House of Nivison, underwriters for the Australian government, Bruce was sent back to Australia with orders to rein in the Commonwealth Bank. In the account of Jack Lang, Premier of New South Wales from 1925-1927, "On [Bruce's] return from London, he was under an obligation to do something about the Commonwealth Bank. The Economic Conference had decided to bring the Dominion banks under the control of the Bank of England. The idea of a world-wide system of central banks was the core of the plan. The British Government had set up a Currency and Exchange Commission to work out the details. It comprised Lord Cunliffe, Governor of the Bank of England, Lord Inchcape, Chairman of the P&O Shipping Line, R.W. Jeans, of the Bank of Australasia, Sir Charles Addis, of the Bank of England, Sir John Cadbury, Secretary to the Treasury, and R.H. Goschen, Chairman of

the Bankers' Clearing Committee." (22)

In 1924 the Bruce government introduced an amendment to the *Commonwealth Bank Act*, designed to prevent a nationalist governor from ever again deploying credit the way Miller had done. It mandated that the bank be run by a directorate including the governor, the secretary of the Treasury, and six persons from the "business community." Anstey harshly attacked the measure, while Labor Party leader Matt Charlton, Anstey's close friend, told the House that "The Bill was nothing less than an attempt to kill the Bank." (23)

In 1927, Comptroller of the Bank of England Ernest Harvey arrived in Australia to "advise the Commonwealth Bank as to certain phases of Central Banking." (24) The general deposits of the bank at the time were \$64 million, but the key to its capital was the \$94 million from its sav-

ings bank. Harvey insisted that the savings bank "did not come within the ambit of the functions of a bank of central reserve," whereupon the Bruce government obliged with the *Commonwealth Bank (Savings Bank) Act 1927*, which split off the Savings Bank and put it under the control of three directors appointed by the Queen's representative, the Governor-General.

Charlton summed up the effect: "It took away the Bank's cash reserve, which enabled it to compete with private banks, terminated its trading operations and reduced it to a banker's bank, not a reserve bank, because no bank was compelled to keep its reserves there, so that it became neither a trading bank, nor a savings bank, nor reserve bank, but a thing of shreds and patches, at the mercy of private institutions, and which could be destroyed at any time."

The Crown sends out the bailiff

By early 1929, the prices paid in England for Australia's largely agricultural exports began to plummet, hampering its ability to pay £55 million in interest per annum, as well as its imports of manufactures and other goods. Interest payments on the debt were devouring 50 to 60% of government revenues. In October, the Labor government of J.H. Scullin came to power and "the British moneylenders stopped the flow of overseas loans to Australia which had averaged £30 millions a year since the end of the First World War." (26) The private banker-controlled Commonwealth Bank began to call in its advances and overdrafts, even where the bank held securities of three times the value of the overdrafts.

E.G. Theodore, Treasurer in the Labor Government, introduced two measures to deal with the situation: a *Central Reserve Bank Bill* to establish a new Reserve Bank, which would control the note issue and the gold reserve and would mandate all other banks to keep 10% of their current accounts and 3% of their reserves with it; and the *Commonwealth Bank Act Amending Bill*, which would have abolished the Bank Board and replaced it with a single governor as originally provided, and would have enabled the Commonwealth to compete with the private banks. Both were killed in the anglophile-dominated Senate, as were Theodore's attempts to print a fiduciary note issue to finance public works and a wheat pool for desperate farmers.

The Commonwealth Bank was chaired at this time by the arch-conservative anglophile Sir Robert Gibson. The Scullin administration asked Gibson to issue £18 million in notes to fight the depression, in particular for the construction of public infrastructure. Gibson replied, "Mr. Prime Minister



Sir Otto Niemeyer. Niemeyer was the bailiff sent out by the Crown and the Bank of England to slash Australian living standards to pay usury to British bondholders, and to break the Australian will to resist the City of London, as a lesson to other countries.

and Members of the Cabinet, you ask me to inflate the currency ... My answer is that I bloody well won't." (27)

Finally, with his back to the wall, Scullin was forced to "request" that the Bank of England send an "adviser" to Australia. Down came its top troubleshooter, Bank of England head Montagu Norman's deputy Sir Otto Niemeyer, who arrived in Melbourne on July 19, 1930. A graduate of Balliol College, Oxford, Niemeyer had been knighted for his work as chairman of the postwar League of Nations Financial Committee, and was Britain's director of the Bank for International Settlements (BIS), which was set up to handle reparation and debt payments. He and Norman

would soon arrange the financial contributions to bring the Nazi party to power in Germany, as documented by historian Anton Chaitkin. In 1939, as the chief operations director of both the Bank of England and the BIS, Niemeyer would hand over the gold supply of Czechoslovakia, which had been delivered to the Bank of England for safe-keeping in anticipation of a German invasion, to the Nazis.

After a trip around the country playing golf, watching horse races and dining in swanky private clubs, Niemeyer on August 18 laid down the Bank of England's demands to a meeting of the federal Deputy Prime Minister (Scullin was sick) and Treasurer, and the state premiers, lecturing them like schoolchildren: Australia's living standards are much too high and must be slashed; tariffs must be cut; governments must balance their budgets; loans must be cut back; and there is to be no borrowing for capital works programs to absorb the unemployed.

But the central point of Niemeyer's harangue was that Australia's policy of protectionism, which had led to a growing manufacturing base, was changing its traditional role as a supplier of cheap rural commodities to Britain. This change would not be tolerated. "Australia must," Niemeyer intoned, "reassure the world as to the direction in which she is going..." (28)

On August 21 the Commonwealth government and the state premiers signed on to Niemeyer's proposals, in what became known first as the Melbourne Agreement and later, with some token "equal sacrifice" cuts in interest rates, as the Premiers' Plan.

Jack Lang: A debt moratorium against the British

The most stunning response to the Bank of England however, came in state elections in New South Wales. Former state premier and Labor Party leader Jack Lang made rejection of "Niemeyerism", his central campaign plank. He argued that the needs of the disabled, the widows and orphans, and the growing army of homeless, as unemployment soared toward 28%, must be provided for, before the debt. "The one God-given, inalienable right of man is the right to live. If man or woman is denied the right to work, they still retain the right to live. The Government that fails to realise that has forfeited the right to exist," charged Lang. (30)

With the help of John Curtin, one of his chief campaigners, Lang swept to an overwhelming victory on October 25. On Nov. 6, 1930, a motion in the federal Labor caucus that a £27 million loan repayment be deferred for 12 months, put forward by Anstey and Curtin, carried on a vote of 22-16.

By February 1931, New South Wales Premier, Lang specified three points of action, in a proposal which soon became known nationwide as "the Lang Plan":

1. Until Britain agreed to cut interest rates on Australia's foreign debt from 5% to 3%, as the Americans had done for the British, Australia should make no further debt payments to Britain. Australia had incurred enormous war debts, Lang argued, and had lost 60,000 of her finest young men fighting to defend the British Empire, and Britain, having forgiven most of the sizable debts of France and Italy, should acknowledge that moral debt to Australia.

2. All internal government interest rates should be reduced to 3%.

3. The London-rigged gold standard should be replaced with a "goods standard."

Strategically, Lang understood precisely what forces he was taking on: "The City of London [which had] for more than two hundred years dominated the financial affairs of the world." (See Appendix A for Lang's view of The City)

The federal Labor government split into three factions. The first, grouped around J.A. Lyons, adopted Niemeyerism wholesale. The second, around Scullin and his treasurer E.G.

The same day, however, a "Special Conference of Unions and the Australian Labor Party" passed an emergency resolution calling for a five-year moratorium on overseas interest payments, the cancellation of all war debts, and "the mobilisation of the credit of the community to work or sustenance for the unemployed and for the revival of industry." The resolution was widely believed to have been authored by Frank Anstey. (29)

As part of the same effort, future Prime Minister John Curtin issued his pamphlet, "Australia's Economic Crisis and the £55,000,000 Interest Bill: How the Years of Money Power Extortion have brought Misery to the Nation."



Jack Lang. New South Wales Premier from 1925-27 and from 1930-1932, Lang won a landslide victory in 1930 by running against "Niemeyerism." He declared a debt moratorium against the City of London in order to pay wages, widows' and orphans' benefits, and old age pensions. Photo: Fairfax

Theodore, basically adhered to the Melbourne Agreement, but tried to get a note issue for public works. The third grouping, led by Anstey, supported the Lang Plan. As Anstey told the cabinet, "If I have to make a choice between this government, constantly belly-crawling to the banking power, and John Lang, then give me John Lang." (31) Anstey was dumped from the federal Cabinet.

As the crisis remained unresolved, a London-Melbourne financial axis moved to break up the Labor government and install Bank of England puppets. The process was dictated by Lord Glendyne, the London chairman of Nivison Co., which had floated most of Australia's loans. Telegrams flew back and forth between Nivison and the leading Melbourne stockbroker and financier, Sir Staniforth Ricketson, the chief figure in an elite circle known as the "Melbourne Group," which included Ricketson's next door neighbor, the wealthy barrister and King's Counsel Robert G. Menzies, future prime minister of Australia. Menzies' biographer A.W. Martin stated that Ricketson was the "primary single influence" in the "transformation of Menzies the politician"



Sir Philip Game. Game was the Governor of New South Wales and a close friend of Niemeyer. The Crown directed him to sack Jack Lang in 1932 before Lang's resistance to the British spread nationwide.

in the first decade of his political career.

In one telegram, Ricketson begged for British capital to create a political movement to stop Lang, et al., and in a second, "accompanying message sent on behalf of group intensely anxious regarding Australian financial position and urgent necessity for urgent London support." (32) Glendyne goaded Ricketson to take immediate action, warning that there was "no hope of inducing anyone to subscribe fresh capital for Australia" until Lang was brought under control, and the government "formulated sound proposals for gradual rehabilitaton." (33)

The Melbourne Group set up a political front, the "All For Australia League" (AFAL), chaired by E. Turnbull, managing director of the British Dominions Film Co. The Group convinced the head of the National Party opposition to resign, and replaced him with former Labor man J.A. Lyons. Out of the AFAL and other groups, it formed the new United Australia Party headed by Lyons, the purpose of which was to take the federal government in elections in late 1931. A propaganda blitz to create the image of "Honest Joe" Lyons and to smear Lang, was organised by the publisher of the *Melbourne Herald*, Melbourne Group insider Keith (later Sir Keith) Murdoch, the father of current press baron, Rupert Murdoch.

Under the slogan "Man Before Money," Lang's supporters promised to implement a national bank to break the "sinister grip" of the private banks. They termed the late-1931 federal elections a chance "to strike a blow for economic freedom by releasing Australia from slavery to the financial ring dominated by the Bank of England." (34)

The major purpose of the Lyons government which came to power on Dec. 19, 1931, was to stop Lang at all costs. Besides his threatened debt moratorium against the British, Lang had implemented an *Anti-Eviction Bill* to halt the massive number of evictions underway; a *Moratorium Act* to save farmers, home-owners and shop-keepers; measures to support an increasingly desperate hospital system, and so on.

In March 1932, he refused to pay the next payment due to the British bondholders. As Lang later put it, "We were spending £3 millions a year from State taxation on relief of distress. If we sent £3 and 1/2 millions overseas to meet interest payments, we would have to stop issuing dole tickets, and put men off public works being maintained for the relief of the unemployed. I had no intention of doing that. So the bond-holders would have to wait their turn. It was simply a question of whether the unemployed would be left to starve or whether the bond-holders went unpaid." (35)

The Lyons government paid New South Wales' debt. Later, Lang refused to meet a second British payment. The Lyons government again paid, but passed a law enabling it to seize NSW's income taxes to pay the debt. The Melbourne Group meanwhile organized a run on the central financial pillar of Lang's government, the Government Savings Bank of New South Wales, which, with 1,300,000 depositors, was the second largest savings bank in the world. Most of its depositors were low-income workers or farmers; it provided extensive financing for farms and home mortgages.

The Melbourne Group and their friends also organized fascist paramilitary gangs to attack Lang's supporters in the street, and to prepare for the contingency of an armed coup against the Lang government. The primary gang was the 10,000-strong New Guard, led by Hitler and Mussolini supporter, Eric Campbell.

Without the New South Wales income taxes, Lang could not govern, so he specified that the taxes should be paid only in cash and placed in the state's Tax Office, which he barricaded and guarded with state police. The High Court upheld the Lyons government's legislation. Lang still refused to pay. On May 13, 1932 he was dismissed from office and the state government dissolved by the Queen's Governor of New South Wales, Sir Philip Game.

On June 5th, the largest crowd in the history of Australia, estimated at between 300,000 to 500,000 of Australia's total population of less than seven million, turned out in a rally at Sydney's Moore Park to support Lang.

As one historian summed it up: "He [Lang] went from office convinced he was right...Right he may have been in that his action of repudiating debts, if followed at the federal level, would have so alienated Britain and Australia from each other that some form of an Australian Republic could have eventuated." (36)

From 1930 until Lang's dismissal in May of 1932, the Bank of England was terrified that an Australian debt moratorium could initiate a chain reaction internationally. Indeed, after his success in Australia, Niemeyer became the Bank of England's top international troubleshooter, dictating similar measures to New Zealand, to Brazil in 1931, to Greece and Egypt in 1932, to Argentina in 1933, and to India in 1935.

But the early 1930s crushing of Labor and Labor's plans for industrialization of the continent left Australia in a greatly weakened position, as World War II loomed on the horizon.

3. World War II: British treachery in the Pacific

The Brisbane Line

The British strategy for World War II in the Pacific was to give Japan all of Southeast Asia, including all of Australia, at least down to the “Brisbane Line.” (See Map 1, also *EIR* Special Report, *Britain’s Pacific warfare against the United States*, *EIR*, May 12, 1995). Japanese control of this extensive territory and of its raw materials deposits (urgently required by the resource-poor island nation of Japan) would, the British expected, lead to a bloody war in the Pacific between the U.S. and Japan which would last until 1955, with huge casualties on both sides. This strategy was defeated by the heroic collaboration between the Australian nation led by Prime Minister John Curtin, and General Douglas MacArthur, the U.S. commander of the South West Pacific theatre. It was Australia’s great fortune to be led during the war by Curtin, a man whose political identity had been forged during the struggle of Jack Lang and his tendency in the Labor Party against Britain’s prolonged assault on Australia’s sovereignty and development potential.

From the time of the Anglo-Japanese Alliance of 1902 until the end of World War II, the British maintained an unbroken, sometimes formal, sometimes informal, alliance with Imperial Japan. The alliance had immense strategic ramifications for the United States, as was recognized in the U.S. War Plan Red-Orange for the eventuality of a simultaneous war on two fronts, against the Japanese and against the British. War Plan Red-Orange was on the books up until the verge of World War II.

For Australia, the British strategy put into question the national existence. Leading British permanent civil servant Edwin Montagu acknowledged as much in a cynical comment to Prime Minister Herbert Asquith in 1915: “I would far rather cede Australia to the Japanese than cede to Australia anything the Japanese want.” (37)

Ever since 1902, Australians, particularly those suspicious of British intentions, had pointed with alarm to the growing reach of the Japanese fleet. Foremost among these were King O’Malley’s two closest parliamentary associates, Dr. William Maloney and J.H. Catts. Said Maloney, “In this decade or the next ... the East [Japan] will most assuredly insist on what she may regard as her rights; and those rights may include the



Prime Minister John Curtin and General Douglas MacArthur.

domination, if not the occupation, of the Eastern Hemisphere. How stand we then?” (38) Maloney called for a massive defence build-up and a strategic alliance with the United States. In 1908, Prime Minister Alfred Deakin had invited the American “Great White Fleet” on a tour downunder, tweaking the British nose. In 1909, Deakin made “a proposition of the highest international importance” to the British Colonial Office, namely that the American Monroe Doctrine—the prohibition of foreign imperial presence—should be extended to cover the South Pacific. (39)

At the Versailles conference after World War I, to the consternation of the Australians, the British arranged to give the former German possessions in the Pacific, including the Mariana, Caroline, and Marshall Island groups, to the Japanese.

Throughout the 1930s and particularly after the Japanese invasion of Manchuria in 1931, as the shadows of war grew across the globe, the British constantly assured the Australians that they would be defended, if necessary, by a British fleet dispatched to the great naval base in Singapore, the anchor of Britain’s Pacific empire. Australia could either begin to take measures for her own self-defence, or rely on those British promises. In 1936, John Curtin, as leader of the Labor Opposition, argued that “The dependence of Australia on the competence, let alone the readiness, of British statesmen to send forces to our aid is too dangerous a hazard on which to found Australia’s defence policy.” (40) What was required,

said Curtin, was the build-up of an Australian army, and most importantly, an air force. Naval power would be insufficient in this war; air power would also be needed to keep an enemy from Australia's shores.

The conservative governments of Lyons, Menzies and Fadden, which ruled from 1932 until late 1941, however, accepted British assurances. And after the declaration of war on Sept. 3, 1939, former First Lord of the Admiralty, Prime Minister Winston Churchill repeatedly assured Prime Minister Robert Menzies that a British fleet would be sent to Australia if necessary. Stripping Australia of virtually all its trained manpower, Menzies in 1940-41 sent the Australian 6th, 7th, and 9th divisions to North Africa and the Middle East, soothing the Australian people with British assurances *which both he and Churchill knew to be lies*.

Already in 1919, the former First Sea Lord of Britain, Lord Jellicoe, had rendered a formal judgement that a British fleet would not be sent to Singapore to meet a threat in the Pacific, if there were a simultaneous threat in Europe. (41) In the 1930s, it was widely acknowledged that it was precisely a conflict in Europe, which would encourage the Japanese to move in the Pacific.

The indefencibility of Singapore was not merely theoretical. The British Chiefs of Staff had determined in May 1940, with the fall of France imminent, that no British naval force could be sent to East Asia. On June 13, 1940, Secretary of State for Dominions Lord Caldecote sent Menzies a most secret message, stating that Singapore was no longer the second pillar of British defence, and that "It would be most unlikely that we could send adequate reinforcements to the Far East." (42)

Then, in late 1940, a joint conference of Australian, New Zealand and British military representatives in Singapore determined that the defence of this base, *which had no ships and no air cover*, was hopeless. Furthermore, despite intelligence reports of large Japanese troop concentrations in south Indo-China in August 1941, indicating near-term attack, nothing was done to fortify the Malayan peninsula, at the southernmost tip of which lies Singapore. (43)

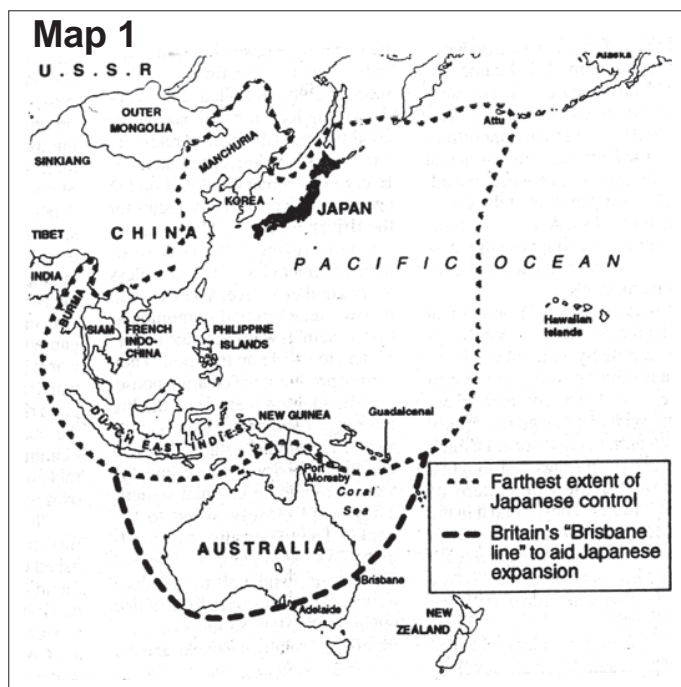
Menzies, who described himself as "British to the bootstraps," was more than willing to accede to British demands

Curtin against Churchill

On December 7 (Dec. 8, Australian time), Japan wreaked massive destruction on the U.S. Pacific fleet at Pearl Harbour. Churchill exulted that "greater good fortune has rarely happened to the British Empire than this event..." (44)

He had shortly before sent two capital ships, the Prince of Wales and the Repulse, to Singapore with no air support, a move the British Admiralty denounced as "a major strategic blunder fraught with the gravest of risks." (45) On December 10, these were sunk by the Japanese off Thailand. (46)

In December, Churchill and his senior defense staff



The Brisbane Line. The British intended for the Japanese to occupy Australia at least down to this line, as part of their strategy to have the Americans and Japanese exhaust themselves in a 15-year war in the Pacific. In furtherance of this strategy, Churchill induced Menzies to send virtually all of Australia's trained manpower to the Middle East and North Africa.

for Australian troops. Elements of the British establishment had dangled in front of this vainglorious fool, the possibility he might become Britain's wartime prime minister. At the end of January 1941, he left for a four-month visit to Britain to pursue that fantasy.

Menzies, who had argued that Hitler had "reasonable" goals in Europe, not only disarmed Australia, but had arranged to ship 300,000 tons of scrap iron to raw materials-starved Japan. Many Australians argued that the iron would come back to Australia in the form of bombs, as it indeed did; this episode earned Menzies the nickname, "Pig Iron Bob."

Thus, when John Curtin became Prime Minister in October 1941, Australia had no tanks, no airplanes except for a few Whirraway trainers, no pilots (Menzies had also sent them overseas), and virtually no battle-ready troops to defend the Australian continent.

travelled to Washington. There, over Christmas, the joint U.S.-British Commonwealth Basic War Plan, "Rainbow Five," was cemented. It called for a "Germany first" strategy of putting all resources into defeating the Nazis first, and only then turning to the Pacific.

By that time the Japanese had taken Hong Kong, had landed in the oil-rich British colony of Sarawak, had taken the American possessions of Guam and Wake Island, and were besieging General Douglas MacArthur in the Philippines, the fall of which was expected imminently.

On December 27, Prime Minister John Curtin made the following statement to the Melbourne *Herald*:

“I make it clear that Australia looks to America, free from any pangs about our traditional links of friendship to Britain.

“We know Britain’s problems. We know her constant threat of invasion. We know the dangers of dispersing strength—but we know that Australia can go and Britain still hang on.

“We are determined that Australia shall not go. We shall exert our energy towards shaping a plan, with the United States as its keystone, giving our country confidence and ability to hold out until the tide of battle swings against the enemy.

“*We refuse to accept the dictum that the Pacific struggle is a subordinate segment of the general conflict.* The Government regards the Pacific struggle as primarily one in which the United States and Australia should have the fullest say in the direction of the fighting plan.” (emphasis added)

Churchill bitterly denounced Curtin. The Australian leader had not only definitively broken with the British, but had broken with the Churchill, as opposed to the Roosevelt, version of the “Germany first” doctrine, under cover of which the British intended to cede all of the Pacific to the Japanese.

The December 1941 U.S.-British defence consultations in Washington had established the South- West Pacific military theatre, commanded by the British General Wavell. Wavell’s area of responsibility *excluded Australia and New Zealand*. Curtin wired Churchill that the result of the strategy was to offer Australia as a “sacrificial offering” to the Japanese, who were being virtually encouraged to “avoid main allied concentration in South West Pacific Theatre and attack the Australia Area which will be weakly held.” (47) To Churchill’s response that Wavell’s job was to protect Australia as well, Curtin replied that the Australian Chiefs of Staff were “unable to see anything except endangering of our safety by proposal to exclude Australian mainland and territories from South West Pacific Area.” (48)

In January, Curtin started to demand that Churchill return at least some of Australia’s battle-hardened divisions. On February 15, Singapore fell, and 15,384 members of Australia’s Eighth Division, who had been shipped in just days before, were taken prisoner. More than a third of them would die under brutal conditions on the Burma railway or in the Changi prison camp. Churchill blamed the fall of Singapore on the Australians, who, he said, “came of bad stock.” On February 19, the Japanese launched a devastating air strike against the city of Darwin on Australia’s northern coast, inflicting extensive damage to the port and airport, sinking 8 vessels in the harbour, killing 243 people, and causing large-scale panic.

Japanese commander Tomoyuki Yamashita, in reports



The infamous Kokoda track going up the Owen Stanley Ranges.
Australian War Museum Neg. No 26837

back to Tokyo, expressed great surprise at the lack of resistance the Japanese encountered early in the war in Southeast Asia, particularly by the British in Malaya. If the British had taken minimal moves to defend the Malayan peninsula, Singapore would not have fallen. Japanese Lieutenant General Fujikawa later described in his book, *F-Kikan*, the conditions the Japanese faced, the very day Singapore fell: “The Japanese were facing an acute shortage of ammunition ... Yamashita was concerned with a dwindling supply of munitions and increasing casualties, and he could not afford to let the negotiations drag on much longer if he was to avert the crisis that his armies were facing ... If the British had come to know about our shortage of manpower and munitions, and if they had held out for a few more days, they could have defeated the Japanese forces.” (49) The day before Singapore fell, General Yamashita himself had visited the front line to apologise to his troops that they had no ammunition, and to tell them to use their bayonets.

With Singapore gone, the way was clear for the invasion of Australia. Japanese master strategist, Admiral Isoroku Yamamoto drew up plans for five Japanese divisions to invade Australia’s southeast, where Sydney, Melbourne, and the capital, Canberra, are located. He intended to prepare for this by seizing the islands north and east of Australia, most crucially, Papua-New Guinea.

Curtin and MacArthur turn the tide

On February 21, with Australia unarmed and General MacArthur stuck on the island of Corregidor (“the Rock”) outside Manila Bay, Prime Minister John Curtin intervened to change the course of the war. General MacArthur recorded the moment in his *Reminiscences* :

“[T]he cabinet in Canberra had requested my immediate assignment to Australia as Commander of the newly formed South-West Pacific Area. When Prime Minister Curtin’s recommendation reached the White House, President Roosevelt personally sent me a message to proceed as soon as possible to Mindanao. There I was to do what I could to buttress the defences, then go on to Australia.” (50)

MacArthur’s biographer William Manchester observed, “[i]t is almost certain that he would have been left to die on the Rock had Australia not intervened.” (51) Curtin, who had been in radio contact with MacArthur in the Philippines, determined that the general should come to Australia.

Curtin thus forced the hand of Churchill, who, desperate to keep Australian troops in North Africa for the battle of El Alamein, agreed that MacArthur would command the South-West Pacific theatre from Australia and acquiesced to Curtin’s demand that the Australian 6th and 7th divisions, for the return home of which he had been fighting Churchill for weeks, come back to Australia. In exchange, the Australian 9th Division could stay in North Africa. (52)

After a harrowing night time escape from Corregidor, MacArthur landed in Australia on March 17, having sent an aide ahead to assess the combined American and Australian military capabilities on the continent. As he received the report back on the train trip from Alice Springs to Melbourne on March 20, 1942, that there was less than one American division, virtually no planes, and that most of Australia’s experienced troops were still abroad, MacArthur said, “God have mercy on us.” He said later of the conditions bequeathed to him by Menzies, “It was the greatest shock and surprise of the whole war.”

After the fall of Singapore, Churchill, notwithstanding the deal he had struck with Curtin, unilaterally ordered the Australian 6th and 7th divisions, then at sea, to land at Burma instead of Australia. His ostensible purpose was to prevent the fall of Burma to the Japanese, a task that even leading British commanders viewed as hopeless.

When Curtin protested, Churchill snarled, “I am quite sure that if you refuse to allow your troops, which are actually passing [then near Sri Lanka], to stop this gap, and if, in consequence, the above evils, affecting the whole course of the war, follow, a very great effect will be produced upon the President and the Washington circle, on whom you so largely depend.” (53)

Curtin stood his ground, whereupon Churchill simply re-deployed the ships toward Burma anyway, and cabled Curtin, on February 22, “We could not contemplate that you would

refuse our request, and that of the President of the United States, for the diversion of the leading Australian division to save the situation in Burma We therefore decided that the convoy should be temporarily diverted to the northward. The convoy is now too far to the north for some of the ships in it to reach Australia without refuelling.” (54)

Curtin cabled back, “We feel a primary obligation to save Australia, not only for itself, but as a base for the development of the war against Japan. In the circumstances it is quite impossible to reverse a decision which we made with the utmost care, and which we have affirmed and reaffirmed.” (55)

Faced with Curtin’s steadfastness, Churchill had no choice but to send the Australian troops home. But for the following two weeks, as the Australian troop ships were crossing the Indian Ocean without air cover or naval escort, Curtin was racked with nightmares and barely slept. As he told one journalist, “I’m responsible for every life on those ships. If anything like that [his nightmare of torpedoed ships and dying soldiers] happens, it will be because of my decision.” (56)

Under the command of Douglas MacArthur, those Australian troops were to fundamentally change the course of the war in the Pacific.

As inadequately armed and supplied as he was, MacArthur decided within weeks of his arrival, to rip up the infamous British plan for “defending” Australia along Lord Kitchener’s old “Brisbane Line,” ceding everything north of that line to the invader. Instead, MacArthur would meet the Japanese advance in Papua-New Guinea, disrupting their timetable and strategic planning.

Under MacArthur’s command and with American logistical backup established at Port Moresby on the southern side of the island, Australian troops carried out some of the toughest fighting of the war in the swamps, and jungles surrounding the barely passable Kokoda Track over the Owen Stanley Mountain range. In May 1942, American ships stopped the Japanese attempt to round the tip of the island and take Port Moresby, in the Battle of the Coral Sea. With the Battle of Midway in June, where the Japanese lost four aircraft carriers, the momentum of the Pacific war began to shift. In ferocious fighting at Milne Bay in August, the Australian 7th Division stopped another Japanese attempt to round the peninsula toward Port Moresby. This was the first time in the war that the Japanese had been defeated on land.

Japanese commanders reported after the war that they had been stunned by the MacArthur-Australian strike into Papua-New Guinea, and that it had disrupted their entire timetable for the war.

John Curtin died suddenly on July 5, 1945, a month before the Japanese surrender. As MacArthur said of him, “He was one of the greatest of wartime statesmen, and the preservation of Australia from invasion will be his immemorial monument.” (57)

4. The destruction of the Labor Party after the war

Plans for post war

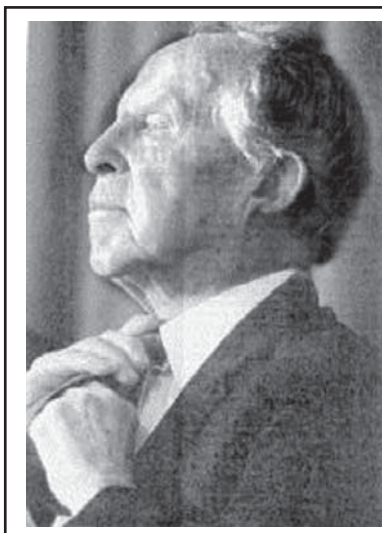
At the time of his premature death in 1945, President Franklin Delano Roosevelt had sketched out an extraordinary vision of the postwar world. The colonial empires of the Dutch, the French, but most emphatically the British, were to be liberated, and their new freedom consolidated by massive programs of U.S.-aided industrialisation. As his son Elliott recorded FDR's exchange with an apoplectic Churchill at their first wartime meeting in August, 1941, "Father broke in. 'Yes. Those Empire trade agreements are a case in point. It's because of them that the people of India and Africa, of all the colonial Near East, and Far East, are still as backward as they are ... You see, it is along here somewhere that there is likely to be some disagreement between you, Winston, and me. I am firmly of the belief that if we are to arrive at a stable peace it must involve the development of backward countries. Backward peoples. How can this be done? It can't be done, obviously, by eighteenth-century methods. Now—

"Who's talking eighteenth-century methods?"

"Whichever of your ministers recommends a policy which takes wealth in raw materials out of a colonial country, but which returns nothing to the people of that country in consideration. *Twentieth-century* methods involve bringing industry to these colonies. *Twentieth-century* methods include increasing the wealth of a people by increasing their standard of living, by educating them, by bringing them sanitation—by making sure that they got a return for the raw wealth of their community." (58)

Australia could be a crucial collaborator of the United States towards this end, rapidly industrialising and developing its continent for its own expanding population, but also by serving as a rallying point, as it had been during the war, for the true liberation of Asia. Plans for such an Australian role were discussed by Roosevelt with Australian representatives in meetings of the Pacific War Council.

By 1945, Australia was a different country, physically and psychologically, than it had been in 1939. It had a much stronger central government, and the large industrial base, constructed to meet wartime needs, had ended the country's status as simply an agricultural commodity producer. As against three firms manufacturing machine tools in 1939, there were 100 already by 1943. Australia was producing all kinds of machinery, including electric motors, internal combustion engines, cranes, locomotives and furnaces. There was a tremendous expansion in steel, chemicals, shipbuilding, and aircraft construction, 2,500 planes being produced by 1944. Australia had supplied 15% of its GNP to MacArthur and the war effort, and was the only nation



Sir Garfield Barwick. Barwick was Chief Justice of the High Court, and perhaps Her Majesty's top operative in Australia. As Privy Counsellor, head of the most important section of the Knights Commander of St. Michael and St. George (KCMG) in Australia, and president of Prince Philip's Australian Conservation Foundation, Barwick gave Kerr the back-up to sack Whitlam.

Photo: News Limited

to return more than it received from the American Lend Lease program.

The great unemployment of the 1930s had been conquered by the war mobilisation, and it was clear to Curtin and the Labor Party leadership that the war-time methods of mobilisation could be used to secure the peace as well. The key to that peace, as it had been during the war, would be Australia's alliance with the United States.

Already as the tide turned against the Japanese in 1942, Curtin began planning for the postwar world. At the end of the year, he set up the Department of Post-War Reconstruction. At home, the battle to win the peace, emphasised three main features: 1) plans to change the physical face of the continent through a series of great development projects, such as the Snowy Mountains hydroelectric scheme in the southeast, the greatest engineering project Australia has ever undertaken, and the Bradfield scheme for irrigating the northern and central areas; 2) plans to populate, through a massive immigration program, the entire continent; 3) plans to reform the banking system, to end the misery caused by private banking once and for all.

While the second point was hugely successful, the first and third were much less so, due to British intervention. The Japanese attacks on the largely empty, northern portion of the country, highlighted urgent need for population growth. A campaign was carried out by veteran Labor Party figure and Minister for Immigration, Arthur Calwell, under the slogan, "Populate or Perish." From 1945, when Australia had a population of 7,000,000, until the immigration program largely ended in 1970, some 2,500,000 immigrants settled in the country, contributing greatly to the country's present population of 18,000,000.

When the flow of war refugees slowed, Calwell and

Dr. J.J.C. Bradfield: “Australia needs vision”

This is Bradfield’s own vision in 1941, of Australia’s future, from *Rydge’s Magazine*, October 1, 1941, p. 586:

“To populate and develop Australia, we must spend money to make money. The money spent would all be for labour and materials of Australian origin. Australia has 2,000 million acres of land of which under 10 percent are alienated. An expenditure of 5 shillings per acre or 500 million pounds, in well thought out schemes throughout Australia during the next 40 years would greatly increase the value of our heritage, and add the population we need to hold what we have. To do this we should endeavour to have a population of 40 millions say 50 years hence. We must plan how to get these millions; closer settlement and common sense in developing our primary and secondary industries will induce people to come here. Australia eventually should easily accommodate 90 million people, 30 per square mile.

“Europe has a population of 121 people per square mile, Belgium has 698 per square mile, the United Kingdom 506, Italy 339, Germany 352 and Russia 58 per square mile. Asia has a population of 73 per square

mile, Japan 398 per square mile, China and India 200. Africa’s population is 13 per square mile, North and Central America 21, South America 13 and Australia 2.3 per square mile

“Australia needs to adopt a long range constructive policy to develop, populate and defend itself.

“Australia must control her own economic independence, not London. A rejuvenated inland, creating employment and settling a population in comfortable circumstances would be one part of such a long range policy.

“The nation without vision perishes, but the heart and mind of any vigorous people responds to the dream of its national destiny and will endeavor to make full use of its heritage. We can hold the Commonwealth only by

effective occupation.

“We must make no mean plans for our future development, for mean plans have no magic to stir any man’s blood or awaken enthusiasm in any one. The cost of the major works should be financed by the Commonwealth without interest, as Australia would be spending money to increase its wealth...



Dr. J.J.C. Bradfield. A highly skilled engineer, Dr Bradfield was one of the great visionaries of Australian history.

“WHITHER AWAY AUSTRALIA?: “By a bold progressive policy of national development rejuvenate our arid lands; provide hydro-electric power for industrial purposes; open up our vast territory by highways, aviation ways and railways; house our people in healthy surroundings; manufacture our primary products into the goods we require; populate, develop and defend Australia; be a free and vigorous people keeping our place in the sun by our individualism?”

WITHER AWAY AUSTRALIA: “Let matters drift, do nothing, depend on other countries and nations, watch our fertile soil be eroded by the wind, and our arid inland become more arid, and probably become 50 years hence or less maybe, the helots of nations who now are made to subordinate themselves body and soul to an all devouring State because we cannot defend ourselves?”

his successors sent emissaries to Holland, Italy, Greece, Yugoslavia and other European countries to recruit more immigrants, providing generous transport and resettlement arrangements. These “new Australians,” as they were called, comprised a good portion of the labour force which would build Australia’s manufacturing and construction industries

in the coming decades. The great Snowy Mountains project, for instance, was built mainly by immigrants.

As for the first point, Map 2 shows only some of the extraordinary “shelf” of plans ready for construction at war’s end.

(Continues page 74)

Key to Map 2

The post war reconstruction of Australia

In December 1942, Prime Minister John Curtin set up the Department of Post-War Reconstruction. He envisioned a series of nationwide great economic development projects as the anchor for a sovereign, rapidly industrialising Australia. With the exception of the Snowy Mountains Scheme, and the partial exception of the Ord River, none of the “shelf” of great projects the Ministry had planned, have been built.

Details of most of these schemes lie gathering dust in the Australian Archives in Canberra, where CEC researchers uncovered them.

1. The Snowy Mountains Hydroelectric Scheme

This was the centrepiece of the government's reconstruction program. Begun in 1949 and completed 10 years ahead of schedule in 1974, it was the greatest project ever undertaken by Australia.

It comprises a complex series of 16 dams, 7 power stations and numerous pumping stations, connected by 160 km of mountain tunnels and 130 km of high mountain aqueducts. It supplies electricity for Victoria and New South Wales, and water from its dams irrigate over one million hectares throughout the Murray and Murrumbidgee River basins.

One hundred thousand people were employed to build the project, many of them returned veterans. 7000 were immigrants whom the Ministry of Post-War Reconstruction had recruited through its offices in capital cities all over the world.

The skilled manpower and immense expertise acquired during the construction of the Snowy are today embodied in the state-owned Snowy Mountains Engineering Corporation. Many expected that, after completion of the Snowy, the Snowy Corporation would just move north and begin work on the Bradfield scheme (see below).

2. Yass-Jervis Bay Regional Co-Development Plan

This project is exemplary of dozens of smaller regional projects planned for all over Australia. It proposed to link the cities of Yass and Canberra with a rail line east to a new port at Jervis Bay. Agricultural villages were planned along its route.

3. The Clarence River Hydroelectric Scheme

In 1947 Country Party leader Dr. Earle Page proposed to “harness the wasting waters” of the Clarence River, to construct a system of multiple purpose dams for hydro-power, navigation and flood control. With 300,000 million cubic feet of water storage and 300,000 hydro-electric horsepower, the project was to be a smaller-scale version of the Tennessee Valley Authority in the southern United States. It would link the great coal producing centre of Newcastle in New South Wales, with Brisbane in Queensland. New industries adjacent to their raw materials sources would be powered through the project. Prime Minister Ben Chifley urged that it go ahead.

The project's centrepiece was to be a dam at Clarence Gorge with an accompanying hydro-electric power station; the newly created lake would be 100 miles long. As demands for new power arose, a further series of dams were to be built on the streams of the tableland headwaters of the Clarence, taking advantage of the huge falls in these streams as they flow toward the coast.

In 1995, the Queensland National Party called for its adoption at long last.

4. The Dawson Valley Irrigation Scheme

The region has very arable soil on both sides of the river and could support a variety of rural and industrial activities, the latter including coal mining and natural gas extraction. The Dawson was to be dammed at Nathan Gorge, downstream from the Upper Dawson catchment, and the captured waters run into a smaller series of dams and canals.

Today, five small dams have been built on the Dawson, a fraction of its potential.

5. The Bradfield Scheme

Dr. J.J.C. Bradfield, the designer of the famous Sydney Harbour Bridge, proposed to irrigate one-third of drought ridden Queensland, and much of central Australia through this plan, which he presented to the Queensland state government in 1938.

It called for the diversion of the Tully, Herbert, and Burdekin Rivers, which otherwise pour their vast volumes of water unused into the Pacific Ocean, west across the Great Dividing Range, to open up huge tracts of inland Australia for agriculture, cattle grazing, and population growth.

Through the Diamantina River and Coopers Creek, the water would eventually flow into the usually-dry Lake Eyre in South Australia. The extensive new areas under crop, together with the creation of some 20,000 square miles of water surfaces, would significantly change the temperature and the weather patterns of as much as 10% of the continent.

In 1949 the Chifley federal government and the Queensland state Labor government agreed to establish a small portion of the scheme Bradfield envisioned by setting up the Burdekin River Authority, modelled on the Snowy Mountains Hydro-electric Authority. “The Burdekin basin is the largest undeveloped river basin in Australia close to well-developed infrastructure,” as Gough Whitlam later appraised it. Menzies scrapped the plan when he came to power in 1949.

Finally, the Burdekin Dam was completed in 1987, but included no plans to transfer water west over the Great Dividing Range.

In 1981, Bob Katter Jnr, the MP for the Kennedy electorate, began a campaign to revive the Bradfield Scheme. Further feasibility studies were conducted and Queensland's Department

of Northern Development assessed the project optimistically.

In July 1993, many shire councils of North and Central Queensland joined together to form the Northern Australia Water Development Council to finally make the scheme a reality.

In early 1995, following perhaps the worst drought in Australia's history, seven federal and state MPs from various parties, including Katter, formed a coalition to push for the construction of a National Water Distribution Scheme, to include the Bradfield and Clarence projects.

6. The Reid Scheme

L.B.S. Reid, an engineer from Brisbane, proposed a series of dams, canals and tunnels to channel the floodwaters of the Walsh, Tate, Lynd, Einasleigh, Etheridge, and Gilbert Rivers, which flow west from the Great Dividing Range, into the Diamantina River, in order to irrigate the Flinders Valley and provide water for the inland via the Diamantina. Extensive new areas would be opened for agro-industrial activity.

7. The Ord River Scheme

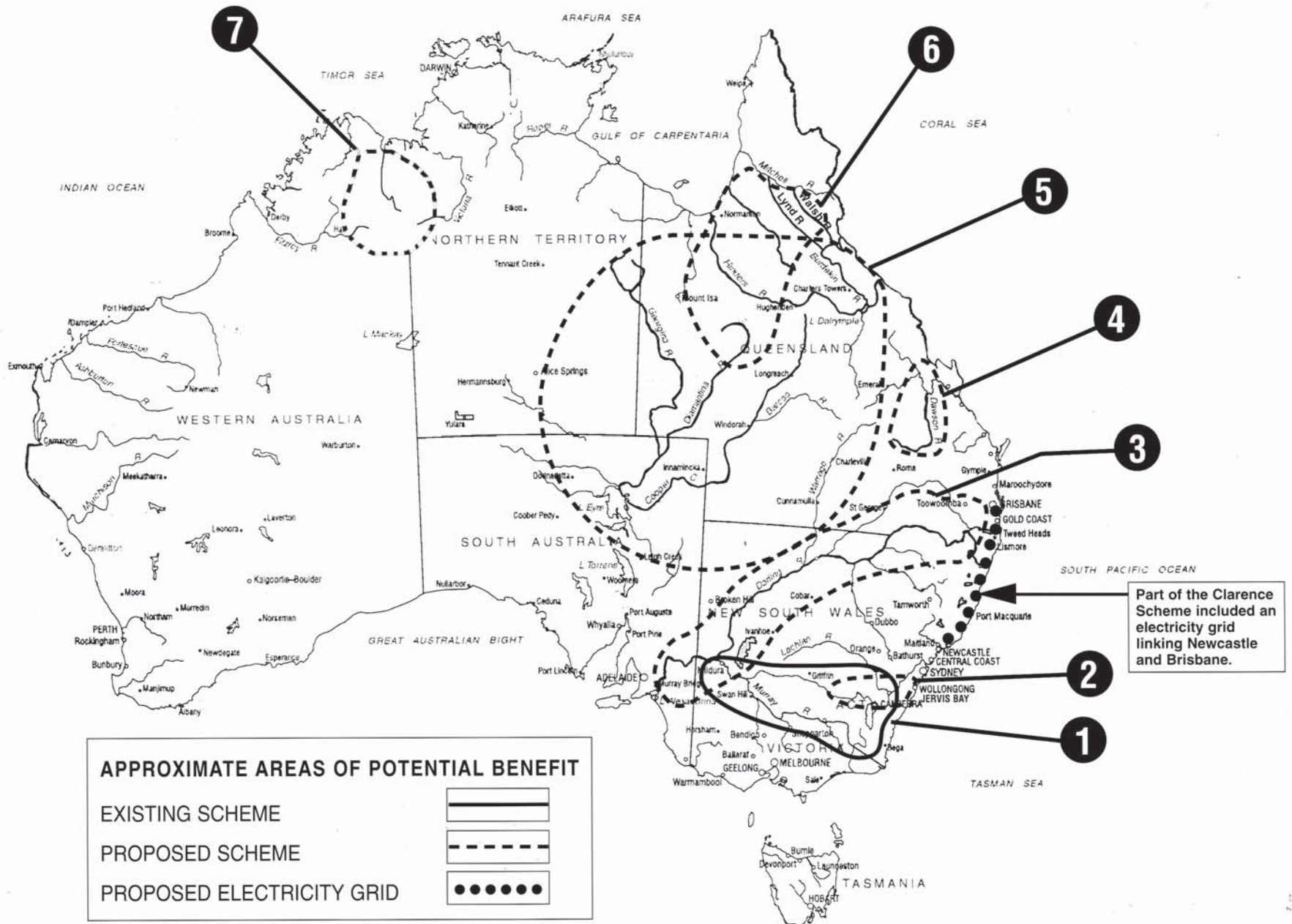
The Department of Post-War Reconstruction saw this project as crucial to help populate, and thus secure, the northern parts of Australia which the British planned to cede to any potential occupier under the Brisbane Line concept.

A main dam with hydroelectric power generation and a diversion dam along the long fast flowing Ord River would provide the necessary power and irrigation capability to cultivate the rich soils of the region.

In 1960, a small portion of the original project was undertaken, resulting in 13,000 hectares now under irrigation.

The Ord River area is only 300 kilometres across the Timor Sea from Indonesia, and is thus an ideal base for agro-industrial exports to South East Asia. (See Over the page for inset.)

POST WORLD WAR II RECONSTRUCTION PROJECTS



One of the most far-reaching projects of those, was the “Bradfield scheme.” Upon completion of the Snowy Mountains scheme, the idea was to transfer the enormous engineering expertise and skilled manpower developed during that project, northward for this second great undertaking.

The scheme was named after Dr. J.J.C. Bradfield, the head of the Sydney Public Works Department’s Sydney Harbour Bridge and City Transit Branch, who designed the famous Sydney Harbour Bridge, the largest single span arch bridge in the world at the time, and the Sydney underground railway system. Bradfield’s collaborator, New South Wales Premier Jack Lang, raised the money for these and other of Bradfield’s ideas which changed the face of Sydney.

Bradfield’s idea was for dams, pipelines and pumping stations to turn water from the huge rivers which pour out into the sea in the northeastern part of Australia, back inland, to drought-proof as much as one-tenth of the continent and open up new areas for agriculture and settlement.

Curtin took great interest in the projects for reconstruction, invariably chairing meetings of the National Works Council himself. All over the country, citizens’ groups were mobilised to propose development programs for their areas, and to discuss these out with the Ministry of Reconstruction.

But, of the array of projects which existed at the war’s end, many of which had the engineering studies completed and were ready to go, only the Snowy Mountains Scheme was actually built.

To initiate action on the third point, reform of the banking system, Curtin’s wartime treasurer, former engine driver, Ben Chifley, had introduced regulatory changes to strengthen the government’s control over the deployment of credit. Back in 1936, Chifley had been a member of the Royal Commission on Banking, whose report stipulated that “the Federal Parliament is ultimately responsible for monetary policy and the Government of the day is the executive of the Parliament ... It is the duty of the Bank ... to carry out the policy of the Government.” (59) Shortly after coming to power in late 1941, Curtin stated that his

Map 3 Ord River irrigation scheme

Map 3

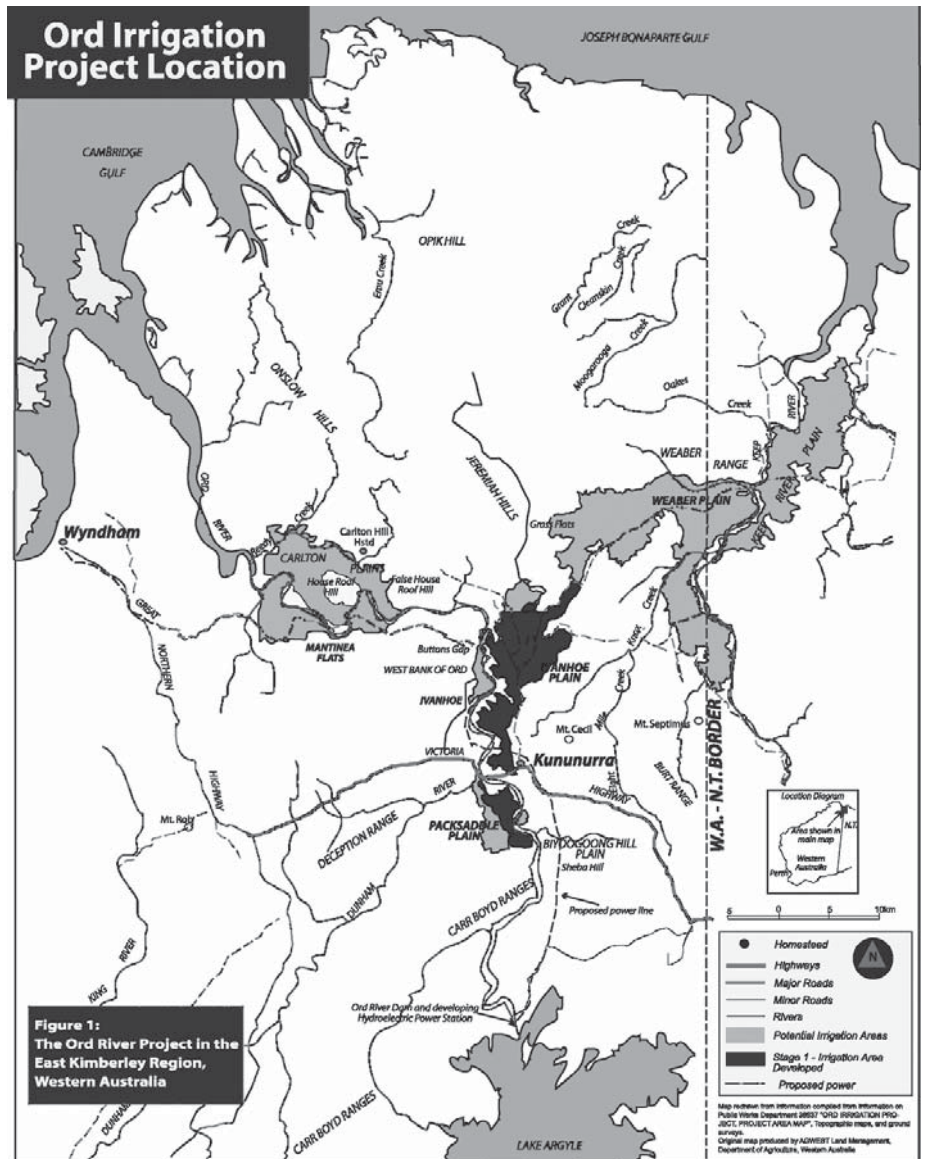


Figure 1: The Ord River Project in the East Kimberley Region, Western Australia

government would “be guided by the recommendations of the Royal Commission.”

The new regulations included interest rate controls. In 1943, the Curtin government set up a Mortgage Bank, attached to the Commonwealth Bank, “as a powerful instrument in post-war reconstruction,” which would “set a standard for long-term fixed loans of this nature which it is hoped other institutions will follow.” (60)

In January 1945, Chifley laid before the Cabinet his banking bill, containing several proposals to make the key wartime controls permanent. During the parliamentary debate on the bill, Chifley said, “The intention of this legislation is to ensure that the banking system of this country shall work in the interests of the people as a whole. It has been planned in such a way as to ensure that final authority

over the monetary policy of the country, shall rest with the Government, which is responsible to the Parliament and to the people. No longer shall we leave the control of the monetary system of this country in the hands of individuals with no special training, whose interests are personal and material and are associated with 'big business.'"

The bill became law and was bitterly opposed by the private banks. In 1947 the anglophile High Court overturned key sections of the Banking Law. Chifley, who had become Prime Minister after Curtin's death, struck back. He introduced a new bill, providing for the Commonwealth Bank to take over all private banks; private banking in Australia from then on was to be illegal.

The purpose of the bill was to develop the immense resources of Australia, as Chifley told the parliament:

"Essentially the task of the new [banking] organisation will be to provide a financial mechanism appropriate to the needs of our rapidly growing economy. Australia is destined to see great developments in the coming years and this process, which is already under way, must be promoted by every means possible. There will be a great increase in our population. Industries will expand in all fields, and we must expand our markets abroad. The basic services of transport and communications, water supply, power, housing, health and education must be enlarged to meet the needs of a larger economy, working at high levels of technique and productivity. The stress everywhere will be upon new forms of enterprise, new methods of production, and new uses of the resources of this country. Finance must cooperate and take the initiative in this progress... .

"The banking system must anticipate these needs and be in the field with the right kinds of facilities to assist and encourage such developments... . A banking system created to serve the welfare of the community, can aid industry by the quality of its advice and the incidental services it renders as well as by the financial accommodation it provides...

The Government...has in view the building up of a highly qualified staff that will enable the Commonwealth Bank to give skilled advice as part of its banking service. Secondary industries, for example, will be able to turn to the bank for the assistance of production engineers and cost accountants ... Primary industries will have the aid of agricultural experts ... It will be free from the cramping limitations of sectional private ownership which bid the private banks to serve this interest but not that interest, and to judge all business from the narrow standpoint of maximum profits for the smallest outlay...Full public ownership of the banks will ensure control of banking in the public interest."

The bill passed both houses. The banks immediately launched an all-out assault upon it in the High Court, led by G.E.J. (later Sir Garfield) Barwick, a Sydney King's Counsel. In August, 1948, the Court, as expected, found for the private banks. So did the Privy Council in London in July 1949.

The key person deployed to make sure that bold plans of reconstruction did not go ahead, as well as to sabotage the deployment of dirigistic national credit, was Bank of England asset H.C. "Nugget" Coombs. The London School of Economics-trained Coombs, who referred to himself as a member of "the international freemasonry of central bankers" established by Montagu Norman, became head of the Department of Post-War Reconstruction in January 1943, and, in 1948, the governor of the Commonwealth Bank. Then he was governor of the Reserve Bank, created in 1959, until 1967 when he retired to become "the father of Aboriginal land rights."

Coombs had been promoted by Chifley, who despite his largely Australian nationalist outlook, was infected by British Fabianism. Over fierce opposition to Coombs, Robert Menzies kept him at his post after his recently-founded Liberal Party defeated the Labor Party in 1949.

Communists and bankers drive Labor from power

President Roosevelt died of a massive stroke on April 12, 1945. Stalin insisted to Elliott Roosevelt, that his father had been assassinated by “the Churchill gang,” and that they had tried to poison him several times as well. (61) Whatever the cause of Roosevelt’s death, his foreign policy died with him.

Roosevelt had planned to collaborate with the Soviet Union to industrialise the developing sector, and to develop the USSR itself. President Harry Truman, under direction of his anglophile controllers, U.S. Secretary of State Dean Acheson and Averill Harriman, opted for the “Iron Curtain” doctrine laid down by Churchill at Fulton, Missouri in 1947. The British oligarchy intended to maintain its power in the postwar world with tried-and-true “divide and conquer” methods by which the Venetians ran the world for hundreds of years.

This British direction was of great import for Australia, since the issue of communism, one way or another, was to define the future of the Australian Labor Party: communist strikes in the coal fields and elsewhere helped drive Labor from power in 1949; a “red scare” provided the margin for keeping Labor out of power in the 1954 elections; and the battle over communists in the trade unions provoked the 1955 Labor “split,” which was to keep a splintered party out of power until 1972.

Stalin reacted to the Iron Curtain doctrine as could be predicted, and deployed his assets, or what he believed to be his assets (including many in the West that were under the primary control of western intelligence agencies), around the world accordingly. During the war, the Communist Party of Australia (CPA) had taken ever greater command over the leadership of the Labor Party’s trade union base, in part because of the alliance with the Soviet Union, but more importantly thanks to patronage and protection from leading members of Australia’s anglophile establishment such as Lady Jessie Street, founder of the Australia-USSR Friendship Society.

From 1947 until 1949, the CPA, through unions it controlled, provoked as much chaos as possible in the coal fields and elsewhere. This not only disrupted the Curtin-Chifley postwar reconstruction programs, but tarred the Labor party with the brush of domestic chaos. In the event, Chifley deployed troops into the coalfields and elsewhere to eliminate the communist sabotage of the economy.

Chifley was hammered by the labor chaos, his own decision to maintain the wartime petrol rationing to “help the British recovery,” and the struggle over the nationalization of the banks. The impact of the latter was characterized by the *Brisbane Sunday Mail* of July 31, 1949, “The decision of the Privy Council against the nationalisation of banking in Australia has touched off an all-out campaign by the

Lady Jessie Street.

The Australian Communist Party was a British asset deployed against the nationalist-oriented Australian labour movement. Street, the patron of the Australian-USSR Friendship Society and later the organiser of the 1967 referendum which ushered in “Aboriginal land rights,” was typical of a section of the anglophile Australian establishment which supported the communists. Other sections, led by Menzies, led an “anti-communist” charge, the better to crush Labor in the middle.

Photo: Image Library State Library of NSW



banks and by bank officers to ‘sink Chifley’ at the Federal elections towards the end of this year.” (62)

In a drive reminiscent of the campaign to eliminate Jack Lang in 1932, the banks poured funds into the opposition parties and deployed hundreds of their own employees as what the *Sunday Mail* called a “full time bank vigilante organisation.” The Liberal-Country Party coalition under Robert Menzies, the friend and protégé of Jack Lang’s mortal adversary, the Melbourne financier Sir Staniforth Ricketson, took power.

Menzies fought the election on the basis of “anti-communism,” in accordance with the strategic line of his British masters. In 1950, he secured passage of the *Communist Party Dissolution Bill*, which the Australian Labor Party, controlling the Senate, did not oppose. The Act was declared invalid by the High Court in March 1951, and Menzies immediately called for new elections. Returning with majorities in both houses, Menzies announced he would hold a national referendum on granting the government power effectively to outlaw the Communist Party.

Herbert Vere Evatt led the charge against the referendum. Attorney General under Chifley and an unstable, manipulable figure, Evatt owed his prominence in Australian politics to having been elected President of the United Nations General Assembly in 1948-49. He was a Privy Counsellor to the Crown, and his best-known legal writing was a book defending the reserve powers of the Crown, the very powers used to dismiss New South Wales Premier Jack Lang in 1932.

Evatt had replaced Chifley as Labor Party leader upon the latter’s death in June 1951. Evatt now led the campaign, against much reluctance from the rest of the party, against

the Menzies referendum. It was defeated by a narrow margin.

In the wake of the referendum, notwithstanding his defence of the CPA in the referendum campaign, Evatt aligned himself with the fiercely anti-communist “Industrial Groups,” or Groupers, as they became known, who were fighting the near-takeover of the unions, and through them of the Labor Party, by the communists. With the backing of parts of the Catholic Church, and the help of a largely lay Catholic organisation known as “the Movement,” led by Melbourne Catholic layman B.A. Santamaria, the Groupers took over one communist-controlled union after another.

By 1954, polls showed that Labor had an excellent chance to return to power. Although Chifley and Curtin were gone and despite Evatt’s leadership, the party was still largely dominated by the nationalist, pro-national banking Labor veterans of previous decades. It was generally conceded that Menzies would lose, unless, as an article in the *Sydney Morning Herald* put it, “he could pull a rabbit from his hat.” The article concluded that those close to him were confident that Menzies had such a rabbit.

In April, just one month before the election, Australia was transfixed by the dramatic announcement that the third secretary of the Soviet Embassy in Canberra, Vladimir Petrov, was a top Soviet spy and had defected to the Australian Security Intelligence Organisation (ASIO). ASIO had been set up by Britain’s MI-5 not long before, and was still run by it.

While Petrov defected, his wife boarded a Soviet plane bound for Moscow. While refueling at Darwin, however, she spoke to her husband by phone and she, too, decided to defect. In a dramatic scene carried on television all over Australia, ASIO agents pulled her from the hands of her burly KGB controllers.

ASIO had been working with Petrov for over close to two years, and his defection was under discussion for all of the preceding year. The timing of the event was fortuitous, to put it mildly, for Menzies, who as head of state was also head of the security services.

In an election where communism had emerged again as a major issue, Labor under Evatt lost by a razor-thin margin.

In the wake of the election, and according to some reports, suffering an emotional breakdown, Evatt suddenly turned 180 degrees and launched an all-out assault on his erst-while allies, the Groupers. This split the Labor Party, with the Groupers and others leaving to form what ultimately became the Democratic Labor Party (DLP). Since the DLP gave its preferences to Menzies’ coalition, the split was to keep Labor from power for the next eighteen years.



Sir Robert Menzies. Menzies is pictured here in his comic opera outfit as “Warden of Cinque Ports”, the position formerly held by Churchill and one of the highest honours the Crown can bestow. The British manipulated him to disarm Australia in the face of a Japanese invasion, by playing on his vanity and his slavish anglophilia. Photo: Bettman

By the time it returned, the ALP had been substantially transformed.

Once again, the change was initiated in Britain, coincident with British Labour Party leader Harold Wilson’s coming to power in 1964, and through the networks associated with Bertrand Russell and British intelligence’s “anti-nuclear” Pugwash movement. As one quasi-official history of the ALP put it, “By the early 1960s Labor was being influenced in new directions by the growing campaigns in Britain and the United States for the banning of nuclear testing in the atmosphere, and for controls on nuclear weaponry. In addition, sections of the ALP had begun to support the adoption of a policy of declaring the South Pacific a nuclear-free zone.” (63)

Together with the new ideology came a flood of “pommie shop stewards,” British trade union officials infected with “class struggle” or Fabian ideologies, who seemed to emigrate to Australia by the boatload. The blockheaded, whining “pommie shop steward” became the subject of popular caricature.

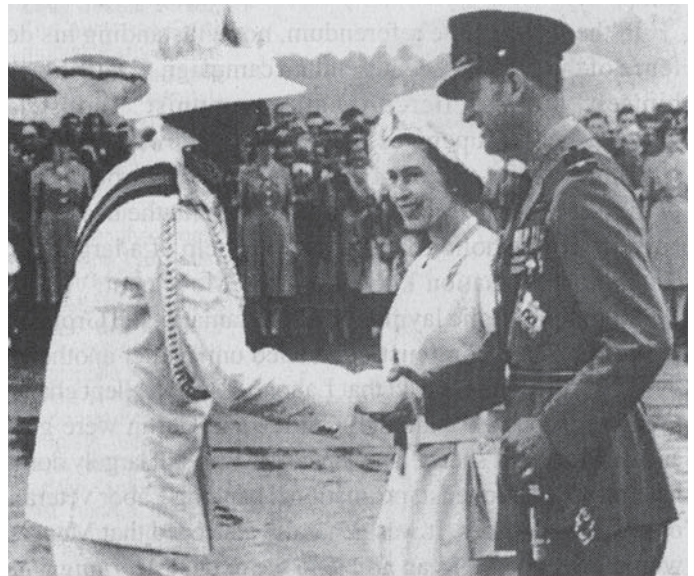
Prince Philip creates the “green” and “Aboriginal land rights” movements

The second input to the Labor Party’s transformation came straight from the Crown itself.

In 1963 Queen Elizabeth and her consort Philip undertook a grandiose Royal tour downunder. As Philip’s public pronouncements and private meetings made clear, an included purpose of the tour was to establish an Australian branch of the World Wild Life Fund (now the World Wide Fund for Nature), founded by Philip in 1961. A combination of two existing institutions, the British Eugenics Society and the Royal Society for the Preservation of the Wild Fauna of the Empire, the WWF’s purpose was, under cover of “environmental” concerns, to radically reduce the world’s population. (See Special Report, “The Fall of the House of Windsor,” in *EIR*, October 28, 1994, and the *New Citizen* Dec. 1994-Jan. 1995.)

Philip’s call to the Australian elite resulted in the establishment of the Australian Conservation Foundation (ACF), the “mother” of the greenie and “Aboriginal land rights” movements in the country. Philip himself chaired this nominally Australian organisation from 1971-76, and was followed in 1977-78 by H.C. “Nugget Coombs,” longtime central bank head and the “father of Aboriginal land rights.” (see “Prince Philip’s ‘Indigenist’ plot to destroy Australia,” *EIR*, April 28, 1995)

The ACF had a constant “open door” to the ruling sec-



Queen Elizabeth, Prince Philip and Governor-General Viscount de Lisle during the Royal Tour of Australia in 1963. Under cover of the usual tea parties and royal hoopla, Philip set up the Australian Conservation Foundation, the “mother” of the entire “Aboriginal land rights, radical greenie movements whose purpose is to destroy Australian sovereignty.

tions of the Labor Party, as many rank-and-filers bitterly noted. Increasingly the party’s ideology, as well as its electoral prospects, depended on the greens.

Whitlam: “Buying back the farm”

Menzies retired in 1966. After a series of Liberal-National Party governments, Labor came to power in December 1972 under Prime Minister Gough Whitlam, the seventh Labor prime minister. The cultural paradigm shift initiated in the 1960s made itself felt in some of Whitlam’s policies, such as his championing of Aboriginal land rights, his 25% cut in tariffs and the abandonment of subsidies for superphosphate fertilisers.

But these were more than outweighed by the extraordinary vision of national water, energy, and minerals development which his government charted, and partially brought to life, together with its bold plans for the development, at long last, of northern Australia.

Throughout the 1960s, new mineral discoveries fueled a mining-based export boom, which complemented, and even began to replace, Australia’s long time reliance on agricultural commodities exports. A drawback was that many of the exports went at bargain basement prices, and most of the companies involved were owned by foreign interests, typically those associated with the Crown’s raw materials companies such as Rio Tinto Zinc and Anglo American Corp. In a speech at the University of New South Wales in 1966, Whitlam summarised the situation:

R.F.X. “Rex” Connor. A fierce nationalist of the old Labor school, Connor was the Minister for Minerals and Energy under Whitlam, and the architect of a vast strategy to “buy back” Australia from the Queen’s multinationals such as Anglo American and Rio Tinto Zinc, and to industrialise the continent.

Photo: Courtesy Rex O’Connor Jnr



“Far from taking credit for the mineral discoveries, our governments should hang their head in shame over the price we have been paying and will have to pay in the future for the exploitation of our mineral resources. The Government is condoning and encouraging the sale of our richest mineral resources to overseas interests. Some of the most amazing mineral discoveries in our history are now in foreign hands. Foreigners do Australians the honour of employing them to dig up their own wealth, to be exported overseas ... the whole of our production potential in aluminum is controlled



Gough Whitlam. Despite some of his destructive Fabian social policies, Whitlam as prime minister had a grand vision of securing Australia's economic sovereignty, for which he was sacked by Queen Elizabeth II.
Photo: National Library

by overseas interests. Almost all the new and rich iron ore discoveries, particularly in Western Australia, have been taken out of our hands. The new coal deposits in Queensland are controlled by overseas interests. Three quarters of the mining and treatment of copper is controlled by overseas interests. Already 70 percent of the mining of lead and 60 percent of the mining of zinc is outside our control.” (64)

Whitlam's Minister for Minerals and Energy—Australia's first—was the tough old patriot R.F.X. (Rex) Connor who pronounced at every opportunity his intention to “to buy back for Australia what is Australia's birthright.” (65) Between them, Connor and Whitlam introduced a comprehensive package of legislation to assure Australian ownership over its raw materials, to give Australia the bargaining power to obtain fair prices from foreign buyers, and to develop a comprehensive national energy grid. In order to do this, Connor, with the backing of the Whitlam Cabinet, set out to borrow U.S. \$8 billion. (66) This was an astonishing sum for the time, when Australia's foreign debt was less than \$5 billion. In the wake of the oil crisis, petrodollars were available for loans on a grand scale; but it is unlikely, given what Connor planned to use the money for, that he would have found the financing in London or New York.

The Cabinet authorisation to borrow funds, later cut down to \$4 billion, and finally to \$2 billion, was for two purposes: 1) “to buy back the farm,” to get back ownership of Australian mineral and energy resources, and 2) to build

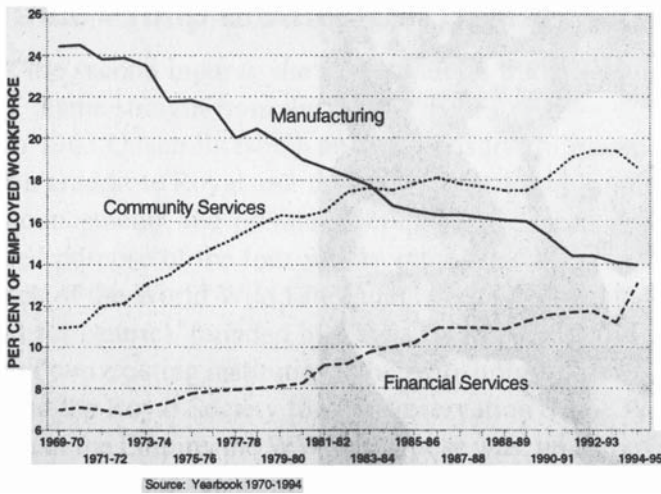
an industrial grid of harbours, railways, pipelines, and water projects, which would have radically changed the face of the continent, most of which were classified as “urgent,” had been engineered, and were ready for construction.

To all of this was added the comprehensive plans for the development of Australia's underdeveloped and underpopulated north, in which Whitlam personally had been deeply involved since 1961, and which was a major plank upon which Labor campaigned for the 1972 elections. After taking office, he set up, for the first time, a Department of Northern Development to implement the plans. It inaugurated, among other things, perhaps the largest and most comprehensive water development program ever undertaken by an Australian government.

While partially accomplished, these plans met with sabotage at every turn, particularly from the bastions of anglophilia in the country, in the High Court, the Treasury, and the media. In particular, the “loans affair” was blown up by the media into a story of intrigue, shady sheikhs, and wheeling-and-dealing middle men. But that only set the stage for what followed.

Faced with this assertion of national sovereignty, and precisely the sort of far-seeing industrial development against which Prince Philip had been campaigning for the previous decade, the Crown's Governor General, Sir John Kerr, used the excuse of the Senate “withholding supply” (money bills which the government needed to function), a problem then in the process of being solved, to suddenly

Graph 2 Decline of Manufacturing Employment



Employment has collapsed in our crucial manufacturing sector. The Bank of England's Sir Otto Niemeyer, in his visit to Australia in 1930, demanded we destroy our manufacturing capacity, demands now made by the British-run IMF.

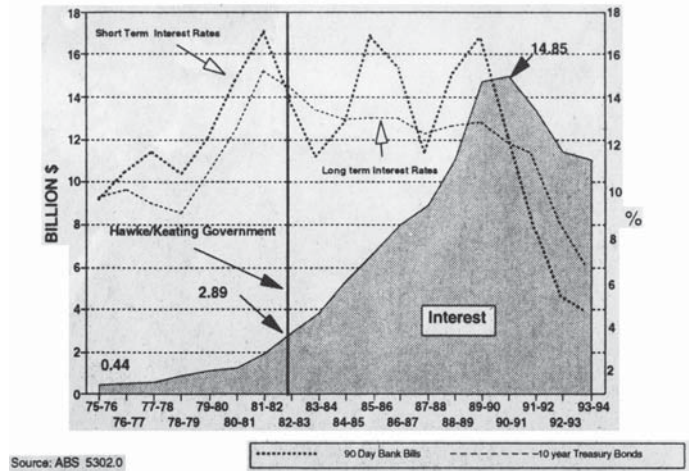
dismiss Whitlam. The chief person Kerr publicly admits he consulted and from whom he received a go-ahead, was the High Court's Chief Justice Sir Garfield Barwick, who had led the onslaught against Chifley's bank nationalisation almost thirty years earlier, and who preceded Prince Philip as head of the Australian Conservation Foundation from 1965 to 1971!

Though Whitlam was outraged, as was much of the Australian population, he never understood what hit him. He telephoned his "good friend," the Queen's Private Secretary, Sir Martin Charteris, to ask if the Queen had been informed of Kerr's action ahead of time. Assured by Sir Martin, Whitlam recorded in his "Truth of the Matter," "It is a fact that the Queen's representative in Australia had kept the Queen in the same total ignorance of his actions as he had the Prime Minister of Australia." (67)

In fact that was the one thing which Whitlam and Sir John Kerr agreed upon. While Kerr spent a considerable portion of his memoirs justifying the "reserve powers of the Crown," he claimed that he had of course not consulted the Queen first.

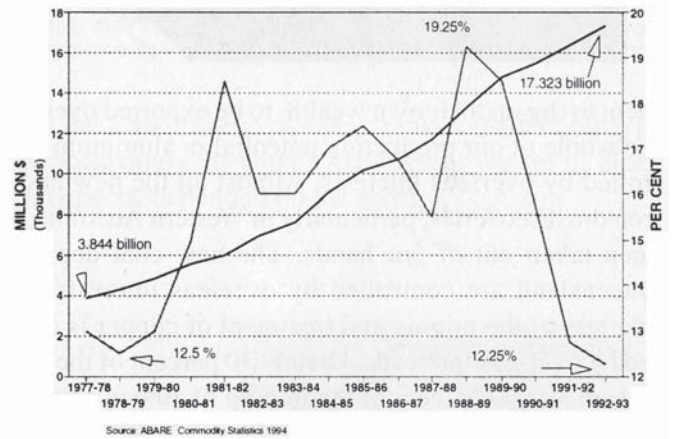
The Labor Party returned to power in 1983 under Prime Minister Bob Hawke, former Rhodes scholar, labor lawyer and head of the Australian Council of Trade Unions (ACTU). By then, the party was a Fabian shadow of its former self.

Graph 3 Interest on Foreign Debt 1976-1994



Australia owed \$5.9 billion in 1975/76. We paid \$111 billion in interest on that debt, and now we owe \$206 billion. \$6 billion borrowed minus \$111 billion paid = \$236 billion still owed—this is known in Latin America as "bankers' arithmetic." Though there was obviously some additional borrowing after 1975, Australia has now entered an impossible debt spiral where we borrow merely to pay old debt.

Graph 4 FARM INDEBTEDNESS IN AUSTRALIA 1978 - 1993



At least when Niemeyer demanded Australia cease industrial production, the country had a strong rural sector. That, too, is now being systematically collapsed. It is no longer just a matter of imperial looting—the clear intent of the "Money Power" centred in the British Crown is to destroy Australia altogether.

One of the first major moves of Hawke and his Treasurer Paul Keating, was to de-regulate Australia's financial system, thus opening the country up for an orgy of speculation and looting. As production collapsed (see Graph 2) foreign debt zoomed to the stratosphere (see Graph 1 on page 51 and Graph 3 above).

Farm indebtedness zoomed also (Graph 4).

Her Majesty's knights of the realm

The American Founding Fathers, in drafting the U.S. Constitution, mandated that no American citizen be allowed to accept any foreign orders of chivalry. Their intent was to prevent Americans from adopting loyalties to any power but the American republic, i.e., from committing treason.

The Australian Labor Party's attitude toward such honours was similar. It was explained by Jack Lang in his book, *I Remember*:

"The Labor Party had been born in an atmosphere where Republicanism flourished as a counter to Imperialism ... the Labor Party believed that having escaped the left-over trappings of feudalism in this country for so long, that it would be far better to abolish all artificial terms of class discrimination. We were a young people. America had proved that titles were not necessary. With education free from the kindergarten to the University, we firmly believed that the opportunities of an Australian child should be limited only by his own capacity and not handed down from some ancestor."

"The left-over trappings of feudalism" were much in evidence in the sacking of Prime Minister Gough Whitlam. To fully understand this, some background on the "Imperial honours" system, which as of the early 1990s was largely replaced by an "Australian" honours system, is necessary.

The highest "honour" the Crown could bestow on an Australian citizen was that of "Privy Counsellor," conferring the appellation "Right Honorable" so-and-so. This was followed by the various orders of knighthood descending from the Most Noble Order of the Garter, established by King Edward III in 1348. The Privy Council was originally the Crown's hand-picked circle of personal advisers. Under the parliamentary system, the primacy of the Privy Council was maintained so that all members of the Cabinet had first to be sworn into the Privy Council. It was common for Australian High Court judges to be appointed to the Privy Council in London, and to sit on its Judicial Committee.

In addition to the Privy Council, one of the highest of the chivalric orders of the Crown is the Most Distinguished Order of St. Michael and St. George, founded after the Congress of Vienna in 1815, in order that the British could integrate the oligarchy of the Venetian territories of the Aegean Sea into what was planned to be the new, world-ruling British Empire. There are 120 Knights Grand Cross (GCMG) and 390 Knights and Dames Commander (KCMG and DCMG).

Now, to the sacking of Whitlam.

Sir John Kerr, had established ties with rarefied levels of British intelligence during World War II, as standard biographical accounts attest. More importantly, as Whitlam noted in his *The Truth of the Matter*, Sir John was "obsessed" with his quest for "honours": "The explanation of Sir John's priorities and preoccupations lies in the complex hierarchy of Imperial Honours." Sir John, KCMG, always stoutly maintained that he never discussed his intent to sack Whitlam with the Queen.

He didn't have to.



Sir John Kerr. One of Her Majesty's Knights of St. Michael and St. George, Kerr sacked Whitlam at the direction of the Crown. In reward, Elizabeth II personally inducted Kerr into her Privy Council, and invested him as a Knight Grand Cross of her elite Royal Victorian Order.

Photo: HWT

He asked the advice of his senior in the Knights Commander of St. Michael and St. George, Sir Garfield Barwick, Chief Justice of the High Court and a top Privy Council operative, who the previous year had become the chairman of the New South Wales and ACT (Canberra) Group of Members of the KCMG, a post he has held ever since. Sir Garfield's royal ties were also evidenced by his presidency of the Prince Philip-founded Australian Conservation Foundation (ACF) from 1965-71. Barwick announced in 1970 that the ACF must become much more radical in its activism and that his judicial office prevented him from playing that role; he was replaced, from 1971-76, by His Royal Highness Philip.

Shortly after he dismissed the Whitlam government, Sir John Kerr was richly rewarded by the Queen herself. As he records in his *Matters of Judgment*, "In Canberra I was sworn in as a member of Her Majesty's Privy Council at a meeting presided over by the Queen at Yarralumla. During an audience on board the *Britannia* in Fremantle harbour, Her Majesty invested me as a Knight Grand Cross of the Royal Victorian Order. (I had previously, in 1975 when the Queen established the Order of Australia of which she is Sovereign, become the first Chancellor and a Companion of the Order and later, when the rank of knighthood was introduced, the first Knight of the Order of Australia. In 1976 Her Majesty had promoted me to the rank of Knight Grand Cross in the Order of St. Michael and St. George.

Throughout my Governor-Generalship I was Prior in Australia and a Knight in the Order of St. John of Jerusalem..." As Whitlam observed dryly in his *The Truth of the Matter*, following the sacking, Kerr "had become in a single *annus mirabilis* the Rt. Hon. Sir John Kerr, A.K., G.C.M.G., G.C.V.O., K.St.J."

The Royal Victorian Order (RVO) bestowed upon Sir John ranks below only two others: the Order of the Garter, the oldest order of chivalry in the world, and the Order of the Thistle. The RVO was established by Queen Victoria in 1896 as "a recognition of personal service to the reigning Sovereign." All three are awarded by the Queen herself *without the recommendation of any of her governments*.

Malcolm Turnbull's republic: Another Crown plot against Australia?

The single figure most responsible for today's project of making Australia a "republic" is Malcolm Turnbull, founder and presently the chairman of the Australian Republican Movement. In April 1993, Keating appointed Turnbull as Chairman of the Commonwealth's Republic Advisory Committee, although they have quarrelled on secondary issues from time to time.

After Turnbull finished his law degree in late 1977, and before he took up his Rhodes scholarship at Oxford, media magnate Kerry Packer appointed him as assistant to Packer's deputy chairman and finance director. Among Turnbull's achievements is negotiation of the establishment of *Playboy* magazine in Australia. In 1982, he became Packer's in-house lawyer, and soon after made his reputation defending Packer at the famous Costigan Royal Commission hearings.

Lawyer Francis X. Costigan, appointed to head a Royal Commission to look into corruption involving the Painters and Dockers Union, soon began to unravel much higher levels of organised crime and corruption. The central figure in a panorama of drug-dealing, tax evasion, money laundering and murder, was code-named by Costigan "the Goanna," after an Australian lizard. Word soon leaked out that the Goanna was Packer.

Packer vociferously denied everything, but as even the shamelessly pro-Packer author of *The Rise and Rise of Kerry Packer*, noted, "Costigan's belief ... that inquiries into Kerry Packer were worth pursuing was heightened by the big businessman's obvious determination to avoid being questioned." (68) Costigan's chief assistant, Doug Meagher, said, "He's a prominent criminal and myself and the Commissioner intend to destroy him." (69)

Among Packer's associates was ACTU head Bob Hawke, who counted himself a "close personal friend" of that "very great Australian" Packer, and was about to become prime minister. Soon after the Hawke-Keating Labor government came to power in 1983, the Costigan Commission was effectively disbanded, and Packer was cleared of all charges.

After defending Packer, Turnbull became the lawyer for British MI-5 agent Peter Wright in the celebrated "Spycatcher" case. Whatever the merit of Wright's charges that former MI-5 head Roger Hollis was a Soviet agent, his book which made

Sir John Kerr's private secretary, who actually read the proclamation in front of Parliament House which dismissed the Whitlam government, was David (later Sir David) Smith, a most honourable man as well. Smith was made a Knight Commander of the Royal Victorian Order (KCVO), for "services to the Royal family." (*Who's Who in Australia 1995*)

Surveying the honourable cabal which sacked a popularly-elected Prime Minister of Australia, one is tempted to recall Jack Lang's observation of several decades earlier: "Some of the recipients of honours had records which would have better qualified them for admission to one of His Majesty's cells rather than to a distinguished order of knighthood."

those accusations was financed by Victor Rothschild, a leading member of the British financial oligarchy and himself a key figure in the Establishment-sanctioned Soviet spy ring that included the famous defectors to Moscow, Philby, Burgess and Maclean. The case was extraordinarily sensitive; it reached right into the Royal Household through ring member Anthony Blunt, Keeper of the Queen's Pictures.

For such a case, the oligarchy would only choose someone upon whom they could rely implicitly. A merchant banker by profession, Turnbull is now the point man for the next Crown assault on Australia, disguised as the "republic."

Australia's present constitution allows for virtually tyrannical control by the Crown, a power used overtly only when things threaten "to go out of control." What Turnbull proposes is something potentially even more hideous: to enshrine in the new document various proposals for "indigenous rights," "multiculturalism," radical environmental controls on agriculture and industry, the effective abolition of the states, and other monstrosities not even dreamed of in 1901. Turnbull claims to be merely replacing the Governor General with a President—who will have the same powers to dismiss a government. But, as he puts it in his propaganda piece, *The Reluctant Republic*, "...as the republican debate increases the level of public awareness of the Constitution, so it empowers the Australian people to debate and consider other proposals for constitutional change. *And that is the truly radical aspect of the republican cause.*" (emphasis added) (70)



Paul Keating. Keating oversaw the Australian debt blow out to \$206 billion (in reality much higher), and thus the loss of any shreds of sovereignty Australia might have had. Now he wants to give us a "republic." Keating has claimed to be from "the Jack Lang" Labor school of politics, but during the last two years of his life, Jack Lang refused to see him.

Photo: HWT

Over 30% of Australia's land has been taken under various "conservation" or Aboriginal land rights pretexts (71); it has the highest foreign debt per capita in the world; its domestic laws including the constitution itself are continually overridden by the more than 2,500 treaties the federal government has signed; and its former bastion of national commitment, the Labor Party, has been turned into a Fabian zoo. Yet Malcolm Turnbull talks about a "sovereign republic."

As for Paul Keating, while selling out most everything the Labor Party has ever stood for to the "Money Power," he has frequently attempted to wrap himself in the mantle of "the old Labor Party", in particular by means of a claimed association, as a young man, with Jack Lang, through whose former base

in the New South Wales Labor Party Keating rose to power.

But in late 1992, a priest named Mick Harfield wrote a letter to *The Independent Monthly* newspaper, which was published in the December 1992-January 1993 issue. Said Fr. Harfield,

"I read Michael Duffy's story about Jack Lang (November *IM*) being the Godfather of Paul Keating. I happened to be the chaplain at Rookwood Cemetery and, with Fr. Flynn, buried Jack Lang.

"What is of interest is that Paul Keating did not attend Lang's funeral, was not invited to be a pallbearer and had not visited Lang (at Lang's request) for two years before the big fella died.

"Not much of a godson eh!"

Footnotes.

1. The most egregious of these is L.L. Robson's 1965 *The Convict Settlers of Australia*. Robson took a random sample of one in every twenty names on the lists of transportees in the Home Office Papers at the Public Records Office in London, and "proved" that one-half to one-third of the convicts were repeat offenders, and that only a tiny number were classed as political prisoners. Leaving aside the fact that many historians acknowledge that something close to one-fifth of the 50,000 Irish who were transported were listed as guilty of political crimes, one might ask Mr. Robson "How big is an idea? How much does it weigh?", since the ideas of justice, freedom, and liberty, which animated a crucial minority of those transported, were clearly spread to others. As for the "regular criminals," once freed from England's free-trade slave labour system, they became productive, useful citizens, just as is normal for human beings, given half a chance.

2. Russel Ward, *The Australian Legend*, (Melbourne: Oxford U. Press, 1978), p. 37.

3. J.D. Lang, *Freedom and Independence for the Golden Lands of Australia*, p. 25, quoted in Robin Gollan, *Radical and Working Class Politics: A Study of Eastern Australia, 1850-1910*. (Melbourne: Melbourne U. Press, 1970).

4. Luke Trainor, *British Imperialism and Australian Nationalism*, Melbourne: Cambridge U. Press, 1994), p. 98-99.

5. *Ibid.*, p. 157-58.

6. B.K. deGaris, "The Colonial Office and the Commonwealth Constitution Bill," in *Essays in Australian Federation*, A.W. Martin, Ed. (Melbourne: Melbourne U. Press, 1976), p. 105.

7. Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time*, (Los Angeles: Wm. Morrison), p. 137.

8. The Palestine Exploration Fund was initiated with a visit of the Royal Family to the Holy Land in the 1860s. Its key official was Sir Charles Warren, later the police chief of London who covered up the notorious "Jack the Ripper" murders, believed to have been committed Edward VII's first son, Prince Albert Victor Edward, "Prince Eddy". Warren also founded the elite research lodge of Scottish Rite freemasonry, the Quatuor Coronati.

9. Queensland Minister for Home Affairs and Health, later to become Premier, Edward M. Hanlon, identified the origins of the Brisbane Line in a speech to a Labor Party conference in May 6, 1939. Queensland researcher Hugh McMaster, who is preparing a book on the Brisbane Line, tracked down each one of the dozen full copies (including the secret portion) of the 1910 Kitchener plan, only to find out that in each case this precious historical document had been destroyed, or had disappeared, sometimes while he was in the very act of locating it. The whole subject has been cloaked in utmost secrecy.

After Curtin Cabinet minister Eddie Ward raised a parliamentary question regarding a missing document on the matter, the resulting uproar provoked both a Royal Commission, and a new federal election in 1943, which returned the Curtin Labor government to power.

10. *Sydney Morning Herald*, Feb. 15, 1910, quoted in J.B. Rye and Horace B. Gorser, *Kitchener In His Own Words*, (London: Fisher Unwin Ltd.)

11. Peter Love, *Labour and the Money Power: Australian Labour Populism 1890-1950*, (Melbourne: Melbourne U. Press 1984) p. 61.

12. Hansard, 30 Sept. 1909, p. 3981.

13. *Ibid.*, pp. 3998-9

14. Larry Noye, *O'Malley MHR*, (Geelong: Neptune Press Pty), p. 20.

15. *Ibid.*, p. 27.

16. Dorothy Catts, *King O'Malley: Man and Statesman*, (Sydney: Publicity Press Pty, Ltd., 1938), p. 97. The author was the wife of one of O'Malley's longtime closest associates, J.H. Catts, MP.

17. Lloyd Ross, "John Curtin for Labor and for Australia", The Inaugural John Curtin Memorial Lecture 1970, Australian National University Press 1971, p. 2.

18. Frank Anstey, M.P., *The Kingdom by of Shylock* (revised), p. 2.

19. *Ibid.*, p. 7.

20. *Ibid.*, p. vii.

21. Catts, op. cit., p. 174.

22. J.T. Lang, *The Great Bust: The Depression of the Thirties*, (Melbourne: Angus & Robertson, 1962), p. 43.

23. D.J. Amos, *The Story of the Commonwealth Bank, Self-published (revised) 12th edition, 1948*, p. 19.

24. *Ibid.*, p. 22.

25. *Ibid.*, quoting Hansard, Vol. 116, p. 805.

26. Lang, op. cit., pp. 38-41.

27. *Smith's Weekly*, Nov. 4, 1930, quoted in Amos, op. cit., p. 29.

28. Love, op. cit., p. 100.

29. *Ibid.*, p. 101.

30. Lang, op. cit., p. 235.

31. R.T. Appleyard and C.B. Schedvin (eds.), *Australian Financiers: Biographical Essays*, Reserve Bank of Australia, 1988, p. 270.

32. *Ibid.*, p. 318.

33. *Ibid.*

34. Love, op. cit., p. 128.

35. Lang, op. cit., 403.

36. John Molony, *The Penguin History of Australia*, (Victoria: Penguin Books Australia, 1987), p. 265.

37. Peter Spartalis, *The Diplomatic Battles of Billy Hughes*, p. 2.

38. Humphrey McQueen, *A New Britannia*, (Victoria: Penguin Books, 1986), pp. 61-62.

39. *Ibid.*, p. 63.

40. Molony, op. cit., p. 285.

41. David Day, *The Great Betrayal: Britain, Australia & the Onset of the Pacific War 1939-42*, (New York: W. W. Norton & Co., 1989), p. 8.

42. Peter Elphick, *Singapore: The Pregnable Fortress*, (London: Hodder & Stoughton, 1995)

43. *Ibid.*

44. Day, op. cit., p. 203.

45. *Ibid.*, p. 211.

46. Dispatching the ships without air cover may have been insane, but their sinking did have some practical benefits for the British, as historian David Day noted, "The dramatic loss of the ships did have a beneficial effect for Britain in one respect, namely allowing her to avoid the charge of betraying her interests in the Far East. She could always point to these two ships and claim that she had made a real effort to resist the Japanese." *Ibid.*

47. *Ibid.*, p. 237.

48. *Ibid.*

49. Elphick, op. cit.

50. Douglas MacArthur, *Reminiscences*, (New York: Crest Books, 1965), p. 152.

51. William Manchester, *American Caesar* (New York: Dell Publishing Co, 1982), p. 287.

52. *Ibid.*, p. 287.

53. Norman E. Lee, *John Curtin: Saviour of Australia*, by Longman Cheshire, Australia, p. 106.

54. *Ibid.*

55. *Ibid.*

56. *Ibid.*, p. 107.

57. MacArthur, op. cit., p. 298.

58. Elliott Roosevelt, *As He Saw It*, (New York: Duell, Sloan, and Pearce, 1946), pp. 35-36, emphasis in original.

59. L.F. Crisp, *Ben Chifley: A Political Biography*, (Melbourne: Angus and Robertson) p. 171.

60. *Ibid.*, p. 175.

61. Elliott Roosevelt, "Why Stalin 'Never Forgave' Eleanor Roosevelt", *Parade Magazine*, Feb. 9, 1986.

62. Crisp, op. cit., p. 339.

63. Brian McKinlay, *The ALP: A Short History of the Australian Labor Party*, p. 125.

64. Gough Whitlam, *The Whitlam Government, 1972-75*, (Victoria: Viking, 1985), p. 239.

65. *Ibid.*, p. 250.

66. Authors' discussion with Rex Connor, Jr.

67. Gough Whitlam, *The Truth of the Matter*, (Middlesex, England: Penguin Books Ltd., 1979), p. 119.

68. Paul Barry, *The Rise and Rise of Kerry Packer*, (Sydney: Bantam Books, 1993), p. 266.

69. *Ibid.*, p. 284.

70. Malcolm Turnbull, *The Reluctant Republic*, (Melbourne: Reed Books Australia, 1994), p. 11.

71. Feb.-Mar., April-May-June, 1995 the *New Citizen*.

Jack Lang on the City of London (from *The Great Bust*, 1962, pp. 38-41)

“The City of London for more than two hundred years dominated the financial affairs of the world. It had mastered the technique of the management of money. London was the exchange hub of the world. With the Bank of England, Lloyds of London, the great investment brokers, the underwriters, the insurance combine, and its shipping trusts, it was able to gather together all the intricate strands of the world’s most efficient money machine. Most countries paid their tribute in the form of dividends, interest and premiums. The sun indeed never set on the far-flung dependencies of the City of London.

“From the time I first came into contact with the system, as Treasurer of the then sovereign State of New South Wales, I had many opportunities to study the machine in actual operation. One could not help but admire its expert handling of the smallest details of a deal. At the same time, it was impossible to ignore the inescapable conclusion that it was leech-like in its methods.

“It was the City of London that had established what was known as the Mercantile System out of the industrial revolution. The Victorian era had been one of great commercial expansion. With that rare genius for political invention, Gladstone, Disraeli and other British statesmen sought a substitute for the old system of Crown Colonies. They found it in the British Empire. *The formula was to hand to the colonies the right to govern themselves providing they did not break the financial nexus with the City of London.*

“The City of London provided all the capital required for the development of the colonies. The City controlled the ships, the wool and wheat exchanges, the insurance houses and all the other machinery of trade and commerce... .

“The Old Lady of Threadneedle Street, as they called the Bank of England, presided over the financial dynasty of the Empire. It was supported by the Big Five, the major private banks. If a government in the Dominions or the colonies wanted to raise money, it had to go through approved channels. The financial world was divided into zones of influence. The Houses of Nivison, Rothschild, Barings and Morgan, Grenfell, all had their respective rights. If a government in the colonies wanted to raise money, it could only approach one firm. It had to meet a rigidly controlled scale of underwriting fees. It had to accept the conditions and the interest rates dictated by its London representatives. Every Government had its London agents, who were actually agents for the British investors. There was no room for argument. It was a case of taking it or leaving it. It was useless to try another source. The City had its own underground communication system. It was left to the underwriters to divide up the spoil. They simply produced the clearing house.

“In addition there were the big mortgage companies, who had invested in colonial estates, handled colonial primary produce and advanced money to colonial settlers. They were

closely allied to the banks. They specialised in mortgages. As they invariably reserved the right to handle all the produce as well, they perfected a form of tied business that left no loopholes for the client. Usually the banks and the mortgage companies had interlocking directorates, who specialised in colonial business.

“So, in Australia, the graziers, the farmers, as well as most of the import houses, the principal mining companies as well as banks, insurance companies and shipping, all led directly back to the City of London. That had been the complete picture when Australia entered the First World War. All our railways, our power plants, our school buildings and even our police courts and gaols had been built with money supplied by the City of London. We were a debtor nation. The bondholders never permitted us to forget it.

“But during the First World War the centre of gravity changed slightly. War finance is always inflationary. That is the only way it is possible to pay for war. It is a non-productive enterprise. So money is pumped into circulation for which there is no corresponding build-up of assets. When the war is over the debt remains, but there is nothing to show for it on the books. It has been dissipated in cannon fodder, in keeping the army in the field and in paying for the havoc generally. So overseas investments in war are not regarded as a good risk... During the war it had got out of hand. Because war loans were not regarded as a good risk, the City had refused from the outbreak of war to underwrite Dominion loans. The colonies were told that they should finance their own war requirements.

“In Australia the war had been financed by the then newly established Commonwealth Bank. It had found all the money to keep the armies abroad, and also to finance the producers at home. It had financed the Commonwealth Shipping Line deal for Hughes. Denison Miller had gone to London after the war had finished and had thrown a great fright into the banking world by calmly telling a big bankers’ dinner that the wealth of Australia represented six times the amount of money that had been borrowed, and that the Bank could meet every demand because it had the entire capital of the country behind it. The Bank had found £350 millions for war purposes.

“A deputation of unemployed waited on him after he arrived back from London at the head office of the Commonwealth Bank in Martin Place, Sydney. He was asked whether his bank would be prepared to raise another £350 million for productive purposes. He replied that not only was his bank able to do it, but would be happy to do it.

“Such statements as these caused a near panic in the City of London. If the Dominions were going to become independent of the City of London, then the entire financial structure would collapse. The urgent problem was to find ways and means of re-establishing the financial supremacy that had been lost during the war.

“The City was again ready to lend to the overseas dependencies. But it had to meet a changed set of circumstances. If London was to meet the monopoly of finance, it had to deal with such upstart competition as that threatened by Denison Miller. Canada, South Africa and other Dominions were causing a similar amount of concern.

“Basically it was a problem of banking. Some formula had to be devised which would enable such local institutions as the Commonwealth Bank of Australia to be drawn into the City of London’s net. The financial experts studied the problem deeply. Out of their deliberations emerged the plan to centralise the control of all banking throughout the Empire by channeling it directly into the supervision of the Bank of England.

“The Bank of England was to become the super Bankers’ Bank. The Commonwealth Bank of Australia was to be responsible for the local administration of Bank of England policy. It was to be the junior Bankers’ Bank. The first step was to take control of the Note Issue Department away from the Treasury and hand it to the Commonwealth Bank, as was

the case in Britain. The Commonwealth Bank thus obtained a monopoly over the note issue, and if this could in turn be controlled, the effective currency pool of the country could be operated like a bathroom tap, to be either allowed to run free or turned off entirely.

“The Bank of England took up the idea of Empire control most enthusiastically. It was even decided to aim at a World Bank, to be run by the League of Nations, which would direct the credit of the world. The grand idea was that one single Board of Directors would make the decisions which would determine the economic policy of the world. The bankers were to be the supreme rulers. Naturally, the Governor of the Bank of England expected to be at the apex of the system.

“If, for example, the Bank of England could control the Commonwealth Bank of Australia there should be *no impediment in the way of controlling the Government* of the country as well...The death of Miller removed at a critical moment the one man capable of defending the citadel of Australian financial independence.” (emphasis added)

Appendix B

The Australian Ideology

Situated in world history, the history of Australia can be freed from the myths that have afflicted even many of the key protagonists of that history. Grasping the nature of the struggle to define a sovereign Australia, where the British Empire had intended an eternal colony, makes it possible to answer the question, “What does it mean to be an Australian?”

Why should Australians ever suspect themselves to be lower-class Britons, or second-class Americans? Why does Australia have the highest suicide rate in the Western world? Why have courageous Australians again and again been sent off to die in all the wrong wars, in all the wrong places — from the desert of the Sudan in the 1880s, to the rolling veldt of South Africa in the “Boer War” of 1899-1901, to the bloody escarpments of Gallipoli and trenches of the Somme in World War I, to the rice paddies and jungles of Vietnam?

In the one war, World War II, during which Australia temporarily asserted sovereignty apart from the wishes of the British Crown, Australia, in alliance with the United States of America, changed the course of world history for the better.

We can view the struggles in Australian history and its gift to humanity during World War II, in the manner Friedrich Schiller advised in his lecture, “What Is, and to What End Do We Study, Universal History?” (1789): “Only from history will you learn to set a value on the goods from which habit and unchallenged possession so easily deprive our gratitude; priceless, precious goods, upon which the blood of the best and the most noble clings, goods which had to be won by the hard work of so many generations! And who among you, in whom a bright spirit is conjugated with a feeling heart, could bear this high obligation in mind,

without a silent wish being aroused in him to pay that debt to coming generations which he can no longer discharge to those past? A noble desire must glow in us to also make a contribution out of our means to this rich bequest of truth, morality, and freedom which we received from the world past, and which we must surrender once more, richly enlarged, to the world to come, and, in this eternal chain which winds itself through all human generations, to make firm our ephemeral existence.”

Here, in Australia’s true history, is the antidote to the tragic flaw of *littleness* which has, so far, kept this nation from living by the republican ideals present in the minds of her greatest thinkers and statesmen. The self-conception of a “little” person, for whom history is always defined by someone else, comes out in Australia’s de facto national anthem, “Waltzing Matilda.” Under economic depression conditions, the jolly swagman may steal a jumbuck from the local squatter to survive, and he escapes retribution — but only by drowning himself in the billabong.

King O’Malley, founder of Australia’s national bank, once wrote about his countrymen with this insight, as recorded by his friend and first biographer, Dorothy Catts: “The Australian is such a lovable fellow, the salt of the earth. So vigorous physically, but dulled mentally for want of sharpening up with knowledge. How he could expand! What a God-given heritage there is here! But Australians sleep on. If only the people here would realise what they own; what is theirs by the grace of God! Trouble is it came to them without a fight.... But they’ll wake up good and proper some day. Then let the rest of the world look this way—there’ll be something to see! That I’ll promise you.”

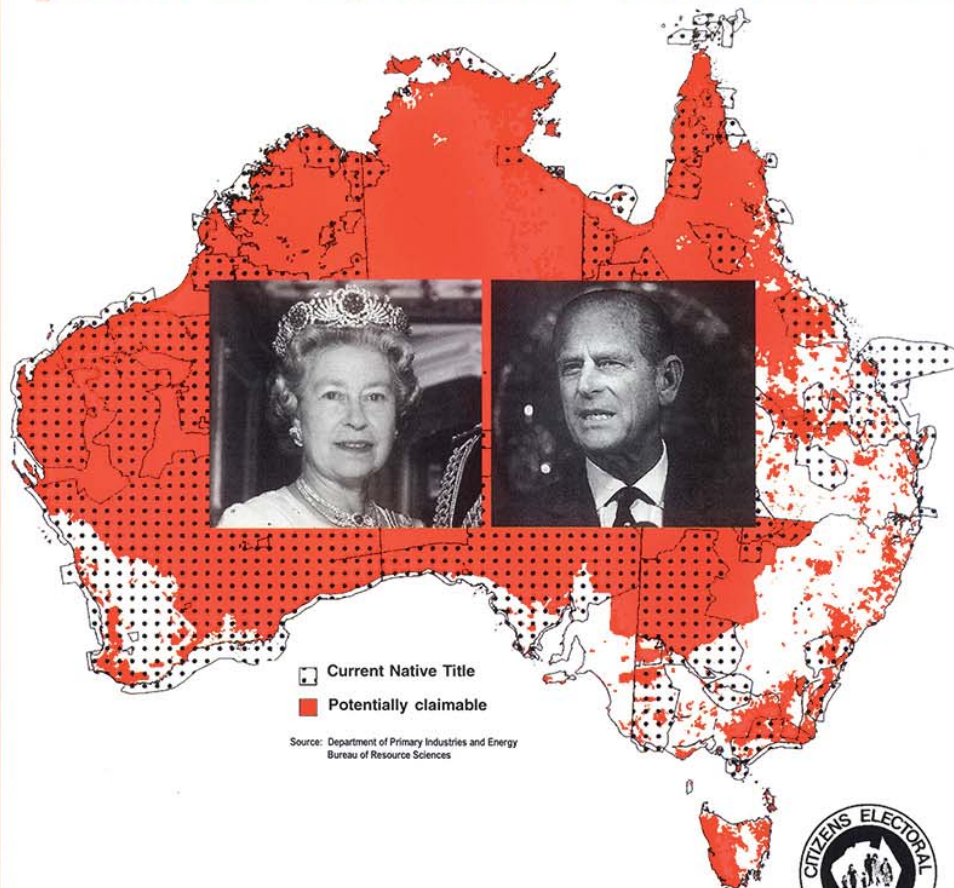
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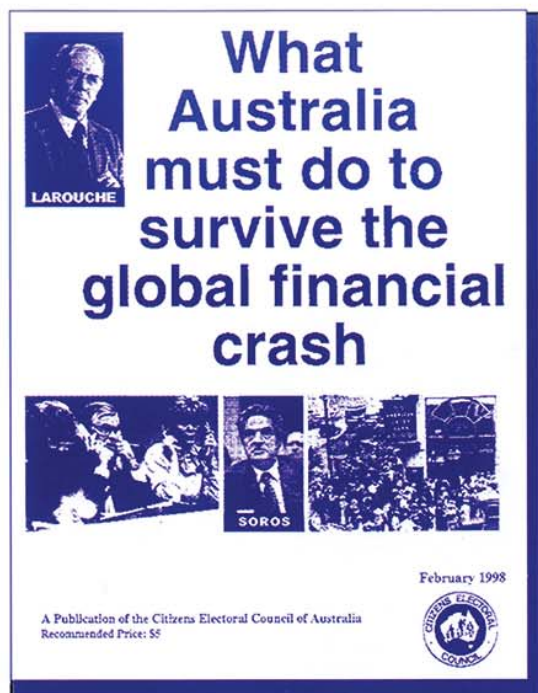


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