# Part II.

## The Rise and Fall of Australia

The British Crown’s assault against the Commonwealth

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**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.

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

But there is an old Chinese proverb which says, “When 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 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 dowed 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 needed. 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.
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 “conditionalties.” 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 feudal 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 anglophilic 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-Coburg-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 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 “politics” 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 shearsers’ 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
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 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.

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 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
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 organizers 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 founded 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 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 rammmed 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

**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, “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 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.”

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 peculation.

“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 predecessors 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.
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 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 savings 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 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 trouble-shooter, 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 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.

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: 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. 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”
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 rehabilitation.” (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 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 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.

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 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 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 redeployed 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 stumped 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 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...

“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)
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, had 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 1949. 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 as 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 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, Einaisleigh, Etheridge, and Gilbert Rivers, which flow west across the Great Dividing Range, to open up huge tracts of inland Australia for agriculture, cattle grazing, and population growth.

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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.)

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The post war reconstruction of Australia
POST WORLD WAR II RECONSTRUCTION PROJECTS

APPORXIMATE AREAS OF POTENTIAL BENEFIT

EXISTING SCHEME

PROPOSED SCHEME

PROPOSED ELECTRICITY GRID

Part of the Clarence Scheme included an electricity grid linking Newcastle and Brisbane.
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 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.
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 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.

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 “pom-mie 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 “pom-mie 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 sections of the Labor Party, as many rank-and-file members 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:

“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 aluminium is controlled
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
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.

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.

Australia owed $5.9 billion in 1975/76. We payed $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.

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 biographies 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.
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 annum 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.”

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.”

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: HVT

...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)
Over 30% of Australia’s land has been taken under various “conservation” or Aboriginal land rights pretext (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. Robinson’s The Convict Settlers of Australia. Robinson 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 who transported were listed as guilty of political crimes, one might ask Mr. Robinson “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 transportees, were already 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 free-trade slave labour system, they became productive, useful citizens, just as is normal for


5. Ibid., p. 157-58.


9. Queensland Minister for Home Affairs and Health, later to become Premier, Edward M. Hanlon, identifed the origins of the Brisbane Line in a speech to a Labor Party conference in May 6, 1939. Queensland researcher Hugh McOnister, who is preparing a book on the Brisbane Line, tracked down every 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.


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.”

47. Ibid., p. 237.

48. Ibid.

49. Elphick, op. cit.


52. Ibid., p. 287.


54. Ibid.

55. Ibid.

56. Ibid., p. 107.

57. MacArthur, op. cit., p. 298.


60. Ibid., p. 175.


65. Ibid., p. 250.


“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 structure 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 thorough 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 depend-encies. 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 impedi-ment 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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