

Re-establish a true national bank

Fifty years ago today—14th January, 1960—Prime Minister Robert Menzies committed an act of treachery on behalf of his private banker friends, and neutered Australia's national bank, by removing the Commonwealth Bank's central banking powers, and reducing it to a mere trading and savings bank.

The powerful central banking function, by which the Commonwealth Bank had regulated and leashed the private banks, was renamed the Reserve Bank of Australia, and placed under the control of a private board of directors; its first Governor, H.C. "Nugget" Coombs, boasted that he was a member of "the international freemasonry of central bankers".

The City of London-directed private banker fraternity, including Menzies' best friend, financier Staniforth Ricketson of J.B. Were & Son, whom the patriots in the early Labor Party called the "Money Power", had finally achieved what they had strived for since the Commonwealth Bank's establishment in 1911—the end of sovereign government control over banking.

Today, Citizens Electoral Council leader Craig Isherwood called on Australians to rejoin "old" Labor's fight against the Money Power, and demand the re-establishment of a true national bank like the Commonwealth Bank.

"If Australia is to have a prosperous economic future, we must harness the nation's credit to build large-scale water, power and transport infrastructure, and foster essential agricultural and manufacturing industries, which means we need a true national bank, owned and run by the government for the common good," he said.

"The early Labor Party fought against the Money Power's private control of banking, because they understood that a government only had true sovereignty, if it exercised ultimate control over the monetary system through a national bank.

"Thanks to the influence of pro-American forces in the early Labor Party and among the writers of our Constitution, Australia is a unique country, in that we are the only nation outside of the U.S. to have had a true, Hamiltonian-style national bank, which was expatriate American and Commonwealth Bank architect King O'Malley's intention when he created it, going so far as to proclaim, 'I am the Hamilton of Australia...'" [Alexander Hamilton was the 1st U.S. Treasury Secretary under President George Washington, and the inventor of national banking.]

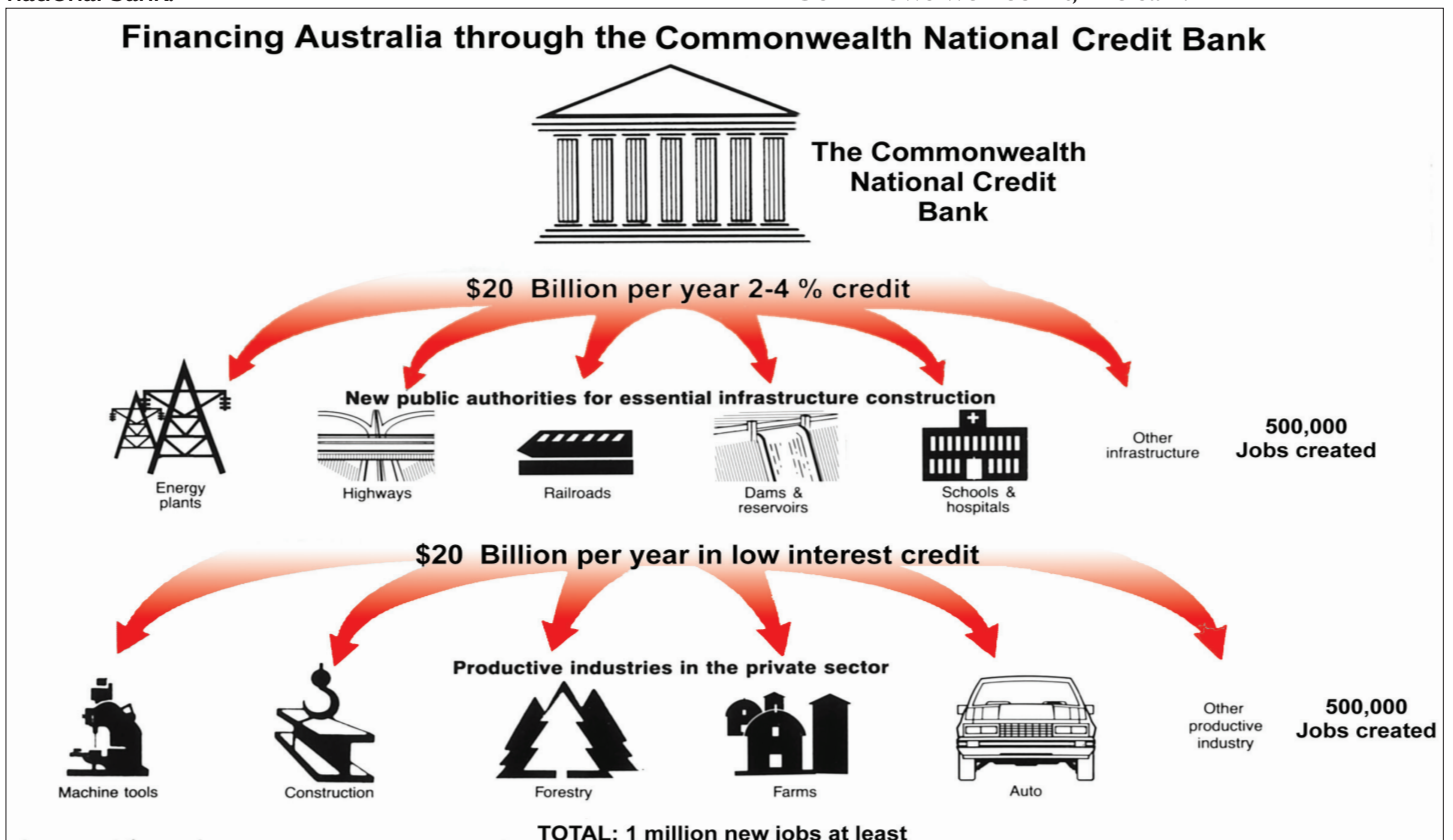
In the two periods when the Commonwealth Bank was able to function as a true national bank under government control and directing finance for the public good, 1912-1923 (under the governorship of Sir Denison Miller) and 1941-1945 (under the Labor government during WWII), its achievements were stunning:

- * The Trans-Australian Railway;
- * Financing the national wool clip in WWI;
- * Stopping a run on the private banks during WWI;
- * Financing Australia's miraculous war-time economic mobilisation in WWII;
- * Zero war-time inflation during WWII.

In 2001, the CEC published its book, *What Australia Must Do to Survive the Depression*, which includes ready-to-enact legislation for a new national bank, the *Commonwealth National Credit Bank Bill*, and an explanation for how a new national bank would function to be as successful as its predecessor.

Mr Isherwood concluded with a challenge: "Next year, 2011, is the 100th anniversary of the 22nd of December, 1911 passage of the *Commonwealth Bank Act*, the single most important piece of legislation in our history," he said.

"Join the CEC's fight to re-establish a national bank, and let us set that anniversary as the deadline to achieve it. "God knows we need it," he said.



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Joe knows the banks are stuffed, but only the CEC will act

Sinn Féin's welcome victory in an Irish by-election has escalated the unresolved Irish crisis to the point where the British Inter-Alpha Group of Banks face total bankruptcy and share-price annihilation, which will blow out the Wall Street banks that hold all of their debts, and then what's left of the world financial system, and finally, it may have dawned on Joe Hockey that Australia's banks are in deep s**t, Citizens Electoral Council leader Craig Isherwood said today.

"Joe Hockey seems to have stumbled onto the reality that Australia's banks are stuffed, but unfortunately he has no plans to deal with it," Mr Isherwood said. "Only the CEC does."

Mr Isherwood referenced Hockey's fairly dramatic 22nd November Canberra press conference, when the Opposition Treasurer very soberly stressed, "I think 2011 is going to be a very challenging year in global markets and I think, as I've said in Parliament, you will see a tsunami of government debt hitting the markets over the next 12 months. Australian financial institutions are amongst the biggest borrowing banks in the world for their size. *I say again, Australian banks are amongst the biggest borrowing banks in the world for their size, and Australia is a massive importer of money.* Now, if there is a huge demand for money offshore, with all these governments rolling over their paper and the private sector rolling over its paper, it's going to create real challenges for the cost of funds in Australia, and it may mean higher interest rates again. So let's prepare now." [emphasis added]

In an *Australian Financial Review* column that day, Hockey also highlighted the extent to which Australia's private banks were dependent upon government support:

- Australian taxpayers are guarantor for more than \$850 billion worth of the banks' liabilities—\$690 billion in deposit guarantees and \$163 billion in overseas borrowings guarantees;
- The Reserve Bank of Australia has pumped in \$43 billion in very favourable loans;
- \$16 billion worth of mortgage-backed securities has been purchased by the Commonwealth Treasury, to prop up smaller lenders, using the excuse of promoting "competition".
- His conclusion? "... we have world-class banks and a very good financial system." !!!!!

Mr Isherwood continued, "It goes without saying that

Joe's been reading the CEC's press releases—they all do, don't you Craig Emerson?—but now he's obviously paying attention. It appears to have finally dawned on him, that if Australia's banks owe nearly one trillion dollars overseas, half of that on very short, 90-day terms, Australia is totally exposed to the global financial crisis.

"However, he's prepared to look like an idiot by sticking to the line they are 'world-class', and his proposal for a new 'Son of Wallis' commission into the banking system to encourage more 'competition' amounts to treachery. That's the very deregulation rubbish that caused the crisis—the 1997 Wallis Committee report was the Australian equivalent of the 1999 reform of Glass-Steagall which gave the banks the green light to expand into all sorts of new areas of financial services—but today it is calculated to enable more looting of Australia to bail out the bankrupt Inter-Alpha banks.

"Take notice of what's happening in Ireland," he urged Hockey. "The City of London and the European Central Bank may have thought they could force the Irish government to toe the line and agree to the bailout and thus keep their system up, but the obstinate Irish people have other ideas. Because Sinn Féin—which understands British bastardry better than anyone—refused to sell out Ireland's sovereignty to the banks, they have won the people's support. Consequently, the Irish government is on the brink of collapse, and the bailout, as well as the entire Inter-Alpha Group system, will go with it."

Mr Isherwood concluded, "This is an opportunity for leaders of nations to truly represent the interests of their people, and scrap the globalised financial system which has centred financial control in the City of London and its Inter-Alpha Group of Banks, but can now only continue to exist with government bailouts paid for by brutal austerity imposed on the people. Leaders must write off the trillions in unpayable debts, write off the quadrillions in derivatives obligations and ban their use, protect their people's living standards, their family homes etc., and reinvest in infrastructure and industry.

"Here's an idea Joe: read all the way to the end of the CEC's press releases, click on the link for more information on LaRouche's proposal for a global Glass-Steagall, and get on with actually changing the system and fixing the economy."

To compare the CEC's record to that of the growing chorus of leaders, including PM Julia Gillard, who claim that nobody could have seen this crisis coming.

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