

Citizens Electoral Council of Australia

Postal Address: PO Box 376, Coburg Vic 3058

Phone: 1800 636 432 Fax: 03 9354 0166

Home Page: www.cecaust.com.au Email: cec@cecaust.com.au



Authorised by R. Barwick, 595 Sydney Road, Coburg, Victoria 3058. Printed by Citizens Media Group Pty Ltd., 595 Sydney Road, Coburg, Victoria 3058.

Independent Political Party

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We don't need to sell off Australia to fund infrastructure, we need a national bank

Treasurer Joe Hockey is meeting with state treasurers today, to convince them that privatising their public assets is the only way to fund new infrastructure.

This is a lie.

The only guaranteed beneficiaries of privatisation are the parasitical investment banks who earn huge fees for brokering the sales—investment banks which are well represented in Hockey's office.

(It's no coincidence that many politicians who have championed privatisations in Australia have gone on to work for such investment banks: Paul Keating went on to chair former CS First Boston privatisation wizard John Wylie's boutique investment bank Lazard Carnegie Wylie; Victorian Treasurer Alan Stockdale and NSW Premier Bob Carr both went to work for Macquarie Bank, etc.)

The public always lose, because privatisation lumps the public with extra costs, as the new private owners increase their charges in order to service any debt incurred to buy the asset, and make a fat profit.

The national bank solution

With a national bank, the government can use public credit to build the infrastructure Australia needs.

Australia had a national bank in the original Commonwealth Bank, until Menzies gutted it in 1959.

The Commonwealth Bank functioned at its peak during the war years 1942-1945, when it directly issued the credit to finance the massive increase in government expenditure required to fight the war.

Since the 2008 GFC the world's major central banks—the U.S. Fed, the Bank of England, and the Bank of Japan—have created trillions of dollars, pounds and yen out of thin air and pumped them into the bankrupt banking system to keep it afloat. This money creation, called quantitative easing (QE), has fattened

the recipient banks, but it hasn't led to an economic recovery, because they haven't on-lent it into the real economy. (In fact, bank lending has decreased—please go online for a pdf article exposing QE, "Worse than Weimar" http://www.larouchepub.com/eiw/public/2013/eirv40n46-20131122/04-10_4046.pdf.)

If the central banks had instead issued this money to their governments to build and repair infrastructure, it would have created millions of jobs and significantly boosted productivity.

Unlike central banks, which are controlled by the private banking system, a true national bank is government-owned-and-controlled, and therefore can use this same power to create credit, but to benefit the people of the nation.

The control on this power is that it can only be used to finance investments that measurably increase national productivity, which is the development of physical infrastructure, and capital improvements to productive industries (i.e. low interest loans to farmers and manufacturers for new plant and equipment).

If Abbott and Hockey were genuine about infrastructure, and not just creating opportunities for private banks to profit, they would establish for Australia, once again, a national bank.

The CEC is pushing to introduce legislation into Parliament to establish a new national bank, to be called the Commonwealth National Credit Bank, which will issue credit for grand water, power and transportation infrastructure projects that will once again make Australia an agro-industrial powerhouse. The CEC's infrastructure vision is contained in its *New Citizen* Special Report called *The Infrastructure Road to Recovery*.

If you are prepared to fight to stop Hockey's mass-privatisation agenda, and bring back national banking in Australia, join the CEC.

ORDER FREE NC

For a free copy of the CEC's special issue of the *New Citizen*, which is an expanded form of our February 2002 Special Report, *The Infrastructure Road to Recovery: Let's Build Our Way Out of the Depression!* Vol 5 No 6 April, 2006 **Australia's Blueprint for Economic Development**, call toll-free 1800 636 432, or send this coupon to: **CEC, PO Box 376, Coburg, Victoria, 3058** and please leave ALL your details.



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To defeat the Money Power and guarantee Australia's economic future:

2010.01.14

Re-establish a true national bank

On 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: "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.