



Australian Citizens Party

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MEDIA RELEASE

Tuesday, 30 March, 2021

Breakthrough! Government inquiry recommends a national development bank!

The death-knell of neoliberalism in Australia is sounding louder, with a landmark policy recommendation inserted in the end of a Parliamentary report handed down mid-March. The [report](#) of the Joint Standing Committee on Trade and Investment Growth's inquiry into Diversifying Australia's Trade and Investment Profile, chaired by LNP MP George Christensen, urged in its 21st and last recommendation:

"The Committee recommends that the Australian Government consider the establishment of a national development bank to assist in the development of Australian manufacturing capacity."

This is a very significant political breakthrough, coming as it does from a government-chaired inquiry. The Citizens Party, Katter's Australia Party, One Nation, and the Greens have pushed very hard for many years for a return to national banking, but the Coalition parties and the ALP have been addicted to the neoliberal Kool-Aid they imbibed 40 years ago. That was when they signed on to the neoliberal ideology that opposes all government participation in the economy, enshrined in the 1981 Campbell Financial System Inquiry Report, which demanded the privatisation of all government credit institutions. This was achieved by 1996, with the sale of the final tranche of the Commonwealth Bank and its subsidiary Commonwealth Development Bank.

The high-water mark of this neoliberal madness was reached in early 2009, when then-Liberal Party Shadow Treasurer Joe Hockey proclaimed in Parliament that the lesson of the global financial crisis that had erupted a few months earlier was that "governments should not be involved in banking". Not only was this ludicrous, given the actual cause of the GFC was unbridled financial speculation by deregulated too-big-to-fail banks, it was also famous last words—Joe Hockey would achieve absolutely nothing for Australia when he was Treasurer in a Coalition government except the shut-down of the car industry, and now a Coalition government inquiry is recommending a return to a government development bank!

The Christensen report quoted the people and organisations who promoted a national development bank in their submissions to the inquiry:

"The Committee received a number of submissions supporting the creation of a national development bank to fund long-term infrastructure projects, rebuild domestic manufacturing capabilities and limit reliance on foreign investment. Individuals such as Maria Sevo, for example,



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outlined that a national development bank could: ... *make crucial investments in reviving domestic manufacturing, which is the best way to diversify our trade both in terms of trading partners and in terms of trade complexity, ensuring only beneficial Free Trade Agreements, and successfully avoiding any geopolitical tensions and consequently trade wars.*

"The Australian Citizens Party similarly outlined the potential benefits of a national development bank: A national development bank would both stimulate an expansion of manufacturing capacity in existing and new industries that would naturally find new export markets, which would diversify Australia's trade, and be able to harness the \$3 trillion pool of Australian superannuation funds to invest in Australian economic development, reducing our dependence on costly foreign investment.

"The NCC [National Civic Council] highlighted that there were 400 development banks across the globe, representing 10 per cent of annual global investment. The NCC gave examples of countries with development banks, such as Germany, France, Spain, Italy, Austria, Russia, Japan, China, Singapore, South Korea, and India.

"Similarly, Dr [Mark] McGovern [QUT] suggested following the examples of the German development banks, the Asian Development Bank, the World Bank, and the revolving line of credit in the US, which have all contributed to funding development opportunities."

The report concluded: "The Committee believes that there is a greater role for domestic investment in the Australian economy. Domestic investment opportunities include Australia's superannuation savings, which could (with the right incentives from government), contribute to essential infrastructure and industry projects. A national development bank, which could reduce reliance on foreign investment and stimulate domestic economic activity, is another option that warrants consideration."

Political engagement works!

This recommendation for a national development bank is yet another example of the potency of public engagement in the political process. This inquiry was called last year amid the climate of growing economic tensions with China, and there was a danger the inquiry would descend into a political exercise, complaining about Australia's economic dependence on China without actually



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offering genuine solutions. [The Citizens Party set out to influence it in the positive direction of a national development bank](#), calling on Australians to make submissions on that issue, and it worked. The acknowledgement in the report of the submissions the Committee received on a national development bank includes the following footnote of just a sample of those submissions:

"Ms Monica Mesch, *Submission 29*, pp. 2-3; NCC, *Submission 62*, pp 14-15; Alfred Leaver, *Submission 94*, p. 1; Kathryn Murray, *Submission 134*, p. 2."

The [Citizens Party's submission](#) explained its draft legislation for a dedicated national development bank, modelled on relevant aspects of the original Commonwealth Bank, the Commonwealth Development Bank, and the legislation introduced into the US Congress on 31 March 2020 for a National Infrastructure Bank. The draft legislation provides for a bank with \$100 billion in capital to be provided from the Treasury and by selling guaranteed bonds to superannuation funds, which at a conservative lending ratio of 10 to 1 would be the basis of up to \$1 trillion in loans to industry and for infrastructure. The bank would:

- support Australia's existing industries, which currently suffer from their reliance on credit from the private banks that are more interested in lending for over-inflated housing than in serving the special needs of farmers and independent manufacturers;
- foster new industries through being available for innovators and entrepreneurs to approach for financial and marketing support for their ideas, which too often are lost to Australia because the innovators can't get any backing here but are picked up overseas (one high-tech CNC-aided engineer explained the potential of this sector to the Citizens Party by saying that if the government divided a \$5 billion grant among 1,000 small Australian engineering firms to advance their ideas to production, while some would fail, many would succeed, and about 10 would become bigger than BHP!);
- lend to local, state and federal agencies for infrastructure projects that would create massive demand for Australian steel and cement and machinery, boosting industries that value-add to Australia's resources.

A Citizens Party representative, upon meeting with politicians in Canberra in February, also found evidence of the seachange away from neoliberalism in the near-universal and enthusiastic support among all parties for the policy of a postal "people's bank". One Liberal Party MP said: "The



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paradigm of how we have managed the economy in the past three decades has failed, and we need real change." A post office people's bank and a national development bank would complement each other and be cornerstones of a national banking system, the purpose of which is to ensure banking again serves the people and industries in the real economy. We are winning this fight!