



Australian Citizens Party

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MEDIA RELEASE

Tuesday, 16 January, 2024

Demand Treasurer Chalmers use his power to cut interest rates and save households

[\(Watch DFA Live Tonight 8:00 PM – Q&A: The People Versus Financial Tyranny: With Robbie Barwick – see below.\)](#)

Treasurer Jim Chalmers is betraying Australian households by trying to give away the Treasurer's power to overrule the Reserve Bank's interest rate decisions, in legislation currently before a Senate inquiry.

Instead, Australians should demand he use the power to save households and force the RBA to cut interest rates to relieve the crushing financial pressure which has plunged record numbers of households into mortgage stress.

The Australian Citizens Party (ACP) is calling on Australians to make submissions to the current Senate Economics Legislation Committee inquiry into the RBA Reforms bill demanding the Treasurer's veto power must be used, not removed.

ACP Research Director Robert Barwick said today: "What do you call a fireman who refuses to fight a house fire, but instead tries to destroy the fire hose to sabotage the firefighting effort?"

"The Treasurer is the economic fireman: Chalmers has the power to protect households from the fire of rising interest rates, but not only is he refusing to use his power to do so, he's trying to sabotage the power by legislating it away so neither he nor any future Treasurer can use it.

"He's pretending to be a fireman, but he's burning Australia's households!"

The ACP charges that not only is Chalmers betraying Australian households, he's also betraying the legacy of his own Labor Party predecessors John Curtin and Ben Chifley, who in the 1930s and 1940s fought for, and implemented, this power precisely so the Treasurer could protect the people from brutal banker-imposed austerity, as suffered in the Great Depression.

When Chifley served on the 1936-37 Banking Royal Commission, he argued against raising interest rates on indebted households to control inflation.



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"I disagree with the contention often made that the raising of interest rates is a suitable or effective method of checking undesirable expansion [i.e. inflation]", he wrote in his dissenting comments to the final report. "In my opinion, this end can better be achieved by restricting the volume of advances [loans]."

In 1945, Curtin and Chifley legislated for the Treasurer to have the power to overrule the interest rate decisions of the Commonwealth Bank, which was the central bank back then.

They also legislated for the Commonwealth Bank to have the power to determine the lending policy of private banks, so the Commonwealth Bank could restrict lending into economic activities that were causing inflation.

In 1959, when Robert Menzies split off the central banking function of the Commonwealth Bank into the Reserve Bank, he retained both of these powers in Section 11 of the *Reserve Bank Act 1959* (the Treasurer's veto), and in Section 36 of the *Banking Act 1959* (the RBA's power to direct the lending policy of private banks).

These are the two sections Jim Chalmers is trying to repeal in his Treasury Laws Amendment (Reserve Bank Reforms) Bill 2023!

In the face of the inflation crisis, which Australian households didn't cause but which they are being punished for through the most rapid interest rate hikes in history, Chalmers should not be removing these powers, he should be using them!

The Treasurer should:

1. Order the RBA to lower interest rates by between 1 and 2 percentage points (100-200 basis points) to give immediate relief to indebted households in mortgage stress; and simultaneously
2. Order the RBA to direct the private banks to heavily restrict lending to investors, including foreign investors, to ensure the reduction of interest rates doesn't fuel more investor speculation in housing that makes house prices unaffordable for genuine homebuyers.



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Robert Barwick said: “Chalmers has the power to save households. Now’s the time it must be used, not removed.”

Senate submissions close on 2 February.

How to make a submission

Submissions to the Senate Economics Legislation Committee’s inquiry into the Treasury Laws Amendment (Reserve Bank Reforms) Bill 2023 [Provisions] close on 2 February—prioritise making a submission ASAP.

Submissions are simply letters to the Committee, and can be as long or as short as you like. Simply identify yourself and make the point that you strongly oppose removing the Treasurer’s veto power over the RBA in Section 11 of the RBA Act 1959.

[Click here](#) for the inquiry website for address and email details, or to upload your submission online.

DFA Live Tonight 8:00 PM - Q&A: The People Versus Financial Tyranny: With Robbie Barwick

At 8:00 PM tonight, AEDT, join Martin North for a live discussion on the important issues for 2024 with Robbie Barwick from the Citizens Party.

The Senate will be delivering their report on Regional Banking, and it will be important to ensure access to cash is protected in an era of CBDC. And we need to ensure the Government does not outsource its fiscal and monetary authority to the Reserve Bank. Behind these issues is the question of power, and tyranny. Who is setting the agenda, and who is in control?

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[Click here to join the live Q&A.](#)