Memo to governments: Put people first or lose!

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It will keep you updated of strategic events both in Australia, and worldwide, as well as the organising activities of the CEC.

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Though it might not seem so at first glance, the government is up against the wall on its “cash ban” legislation. Despite having rammed the Currency (Restrictions on the Use of Cash) Bill 2019 through the House of Representatives, it is facing an internal revolt from its own ranks over the policy. And despite Labor not making at least a principled stand against the bill, given it didn’t have the numbers in the House to stop it, the decades-long economic policy consensus was dented when the ALP sent the bill to a Senate Inquiry. Our campaign also moved Independent MP Andrew Wilkie, who had initially dismissed the affair as something that merely rankled conspiracy theorists. His speech on the floor shows he dramatically shifted, demanding to know the real agenda behind the bill—because it is definitely nothing to do with reducing the black economy!

By intensifying the heat on Liberal and Labor MPs, the government could either be forced to pull the bill, or, out of sheer desperation, try to ram it through the Senate before the Inquiry reports. Choosing the second option would be a grave miscalculation. They would face more than a revolt within their own parties—it would spread throughout the entire population, as is happening overseas.

A 24 October Reuters article, “Global protests gaining attention in financial markets”, went bonkers over the potential for disruption of the accepted policy consensus, reporting on the “alarming spread of street protests and civil unrest across the world in recent weeks”. Investors are worried it might “force embattled governments to loosen purse strings” to adequately cover healthcare and education or solve unemployment. Unrest from Hong Kong to Chile has been exacerbated by low economic growth which will “only deepen” if the world slips into recession. “Forced fiscal loosening in a world already swamped with debt and heading into another downturn may unnerve creditors and bond holders, especially those holding government debt as an insurance against recession and a haven from volatility.”

Reuters quoted a Standard Chartered Bank strategist saying there is “a pattern of rising political risks … in almost all geographies” driven by popular outrage at austerity policies. As the impact of monetary interventions weakens and debt bubbles unravel, governments will “desperately need to borrow money to prop up their economies—particularly as social unrest rises, as we are witnessing”, an ADM Investor Services strategist warned. Meanwhile, S&P Global Ratings agency added that “The risks of contagion are rising in the Indian financial sector and any failure of a large shadow lender could lead to a solvency shock to banks”, according to Bloomberg News on 23 October.

Demonstrations are occurring from Iraq and Lebanon to Ecuador, and political earthquakes have been set off in Italian and German regional elections. Argentinians have just turfed out the perpetrator of vicious IMF austerity policies, Mauricio Macri, to elect Alberto Fernandez, the former chief of staff of past President Nestor Kirchner, whose widow, former President Cristina Fernandez de Kirchner, is Fernandez’s running mate.

As Nestor Kirchner often said, “The dead don’t pay their debts.” Austerity as a “solution” to indebtedness will not be tolerated by populations if they see an alternative—and there is one. US Treasury Secretary under George Washington, Alexander Hamilton, showed how debt repayments can be transformed into an instrument of nation-building. Establishing a national bank capitalised by national debt certificates, he invested in developing the industrial and agricultural potential of the young American republic, as we need in Australia today. Aspects of the national banking approach are seeping into even Australian policy. *AFR* reported on 28 October that Treasury has suggested the Reserve Bank could provide cheap loans to banks “where they can demonstrate they are, in turn, making loans for productive investments”. The mere suggestion of directing the banking system for productive purposes is a sign of the times!

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