

# Will Australia follow USA's lead on a national bank?



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Lead Editorial

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10 June—A new bill introduced in the US Congress, the [National Infrastructure Bank Act 2020](#), can finally deliver the trillions of dollars of investment that is desperately needed to repair and revitalise America's infrastructure. Two Democrats sponsored the bill, which illustrates the bipartisan potential of the policy, as President Trump's 2016 election platform also included a national investment bank to invest \$2 trillion in infrastructure.

Given the growing support in the Australian Parliament for a national investment bank—from Bob Katter, One Nation, the Greens, and outspoken individuals in the major parties including LNP Queensland Senator Gerard Rennick—will Australia's major party politicians drop their discredited neoliberal economic ideology and also legislate a national bank that can invest in the infrastructure and industries Australia desperately needs to get back to work?

The US bill seeks to establish a bank with \$500 billion in capital that can lend upwards of \$4 trillion for infrastructure projects. It provides for \$100 billion in capital to come from the US government in the form of Treasury bonds transferred to the bank, and the balance of \$400 billion from the private sector by exchanging privately held Treasury bonds for capital stock which pays 2 per cent above the Treasury bond rate. The bill highlights the American Society of Civil Engineers' 2017 report that gave the current condition of US infrastructure a grade of D+, and estimated investment of \$4.59 trillion "is needed by 2025 to bring the following systems to a state of good repair".

Section 2 states:

1. *Throughout our Nation's history, national banks have played a crucial role in financing our Nation's public infrastructure, which in turn contributed to the United States becoming the world's leading producing nation.*
2. *Canals, the Transcontinental Railroad, the Hoover Dam, rural electrification, and the national system of roads and bridges are all examples of investments in infrastructure that created the conditions for improved productivity, job creation, and economic growth.*
3. *Four previous national banks financed such infrastructure, each according to a development plan: The First (1791-1811) and Second (1816-1836) Banks of the United States, President Lincoln's national banking system, and President Franklin Roosevelt's Reconstruction Finance Corporation (1932-1957).*

The state of disrepair of much US infrastructure is truly horrifying, as illustrated by [crumbling subway tunnels under the Hudson River](#) in New York City. Australia's infrastructure is not in quite the same state; nevertheless, Australia has a massive infrastructure deficit that Infrastructure Australia in 2019 estimated to be \$600 billion. And that doesn't include visionary nation-building infrastructure such as high-speed rail between cities, a Melbourne to Darwin fast freight line, and water projects like the Bradfield Scheme to supply inland irrigation and add water to the Murray-Darling Basin.

In a [must-watch 29 May interview with the Citizens Report](#), experienced economist Dr Peter Brain, Executive Director of the National Institute of Economic and Industry Research, credited China's state development banks with that nation's incredible economics success, because they ensure capital flows into economically strategic areas that ensures, over time, a far better outcome than the neoliberal ideology of letting capital go wherever it will, which has given Australia a dangerous property bubble and casino banking system. Citing other countries as well, including Norway—which managed an Australian-style resources boom in a way that boosted domestic manufacturing, rather than sacrifice it as Australia did—Dr Brain emphasised that national development banks become a focus of a wide range of technical, industrial, financial and international trade expertise that fosters the development of infrastructure and industries. "If you make decisions sensibly", he said, "success

purely depends on going for it.”

Australia is now in an official recession, with a looming unemployment crisis when the COVID-19 support payments end. Only the private banking cartel and ideological neoliberal zombies oppose a national investment bank—demand Parliament follow this US initiative to revive our economy.

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