



## Australian Citizens Party

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### MEDIA RELEASE

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## Australian Unions should think bigger and support a national development bank

Australian Unions, the nation's peak body representing all trade unions, has issued a promising [National Economic Reconstruction Plan](#) to revive the economy from the impact of the COVID-19 pandemic. The unions are showing they are committed to cooperating with a nationally-led program to create jobs, build infrastructure and expand manufacturing. The main problem with their plan is their specific proposals are too small—Australian Unions should get behind the moves in the federal Parliament to legislate a national development bank that can invest hundreds of billions of dollars into the infrastructure projects and industry initiatives Australia needs.

The Australian Unions plan has been prepared in collaboration with Dr Jim Stanford from the Australia Institute's Centre for Future Work. [As ABC News reported 23 July](#), Dr Stanford has analysed the manufacturing self-sufficiency of all OECD countries—which are the world's *developed* (as opposed to developing) economies—measuring the amount of goods they manufacture compared with the amount of manufactured goods they consume. Australia ranks last among all OECD countries!

"Most other industrial countries have manufacturing sectors that are successful and large enough to, in aggregate, meet their own domestic needs for manufactured products," Dr Stanford explained to ABC. "In Australia's case, however, we're using more manufactured goods all the time but we're producing a smaller and smaller share of those." In aggregate, the quantity of goods Australia manufactures is around two-thirds of the quantity we consume (the top 10 OECD countries all produce over 110 per cent).

Dr Stanford's figures reflect Australia's plunge down the Harvard Kennedy School's [ATLAS Index of Economic Complexity](#), from 55th in 1995 to 87th in 2018, between Uganda at 86 and Burkina Faso at 88 (we fell as low as 94th in 2013). The ATLAS Index measures the diversity and complexity of a country's exports, which reflects that country's productive knowledge. ABC reported the Centre for Future Work's figures that show in 2019 Australia exported \$58.3 billion of simple manufactures and \$37.7 billion of elaborate manufactures, but imported \$62.2 billion of simple manufactures and \$216.7 billion of elaborate manufactures. The majority of Australia's export income, almost 75 per cent, is primary products, mainly raw materials such as iron ore and coal.

"Australia has one of the most underdeveloped manufacturing sectors of any industrial country in the world," Dr Stanford said. "I think there is a mistaken assumption that if you're a rich, high-wage, industrial country you just can't do manufacturing. After all, it's much cheaper to do things in China or Thailand or some other low-wage country. We found that traditional assumption is absolutely false." He estimated to ABC that if Australia set a goal of increasing manufacturing self-sufficiency to 100 per cent (in aggregate capacity, not to replace all imports), new manufacturing output could increase by \$180 billion a year, boost GDP by \$50 billion or around 2.5 per cent, and create more than 650,000 direct and indirect jobs.

Dr Stanford's example of lithium illustrates Australia's potential. Australia is the world's biggest exporter of lithium in its raw form, which is currently worth US\$750 a tonne. But we are selling ourselves short, because manufactured into batteries the same amount of lithium is worth *\$150,000 a tonne!* This should not be something we are only discovering now: back in 1970, the Gorton government decided to establish the Australian Industry Development Corporation to invest in aluminium smelting, on the basis of a Cabinet submission that showed in 1970 dollars exporting one million tonnes of bauxite earned \$5 million dollars; processed into alumina it earned \$27 million; processed into aluminium it earned \$120 million; and processed into aluminium products it earned \$600 million! This was when Australia was committed to manufacturing to take advantage of our immense raw materials wealth, which commitment Hawke, Keating and Howard shredded in their mad embrace of neoliberalism and free trade, degrading our economy into a colonial-style raw materials exporter.

### National Economic Reconstruction Plan

Australian Unions' National Economic Reconstruction Plan is a five-part plan that seeks to create jobs and address the manufacturing failings Dr Stanford has identified. Part 4 is a National Reconstruction Investment Plan, which calls for investment in infrastructure, and Part 5 is a Sustainable Manufacturing

Strategy. Aside from over-emphasising the trendy mantras of “renewable energy” and “sustainability”, the weakness in the otherwise promising plan is precisely that—it’s too weak. Australian Unions should think much bigger.

For instance, the plan identifies the collapse in annual infrastructure investment from the 8 per cent of GDP invested in the 1970s, to 4-5 per cent in recent years (it fell as low as 2 per cent in the 1990s). This collapse in investment has created an infrastructure deficit, which is at least \$600 billion that should have been invested in infrastructure but wasn’t. However, the Australian Unions plan only aims to recover half of that fall to get infrastructure investment back to 6.5 per cent for the next decade. This is an extra \$30 billion per year. We must think bigger: not only should Australia get back to 8 per cent, we should immediately build big, nation-building projects like the Bradfield Scheme to start making up for the missed investment opportunities.

Likewise, the Australian Unions manufacturing plan calls for adding \$1.5 billion to the capital base of the Clean Energy Finance Corporation for zero-interest loans to renewable energy projects linked to manufacturing; \$2 billion to the CEFC’s Grid Reliability Fund to upgrade electricity infrastructure; \$500 million for technology grants from the Department of Industry; \$60 million over three years for Sustainable Manufacturing Clusters; and \$1 billion initial capital in a Superpower Investment Fund to co-invest in new manufacturing.

These initiatives are way too small! They will not get Australia to Dr Stanford’s goal of 100 per cent manufacturing self-sufficiency. The Citizens Party is working with MPs and Senators to introduce legislation for a Commonwealth Infrastructure and Industry Bank with \$100 billion in capital that can lend up to *\$1 trillion* for transformative, nation-building infrastructure, and to the legion of industrial innovators across Australia who have incredible pent-up potential to start a massive expansion of Australian manufacturing, if only they had support. Australian Unions should throw the support behind the campaign for this national development bank!

### **Make a submission**

Parliament’s Joint Standing Committee on Trade and Investment Growth is taking submissions to its Inquiry into Diversifying Australia’s Trade and Investment Profile for just one more week, until 31 July. Everybody who supports a national development bank should make a submission straight away to urge the committee to look at the benefits of a national bank to invest in the infrastructure and industries that can expand Australian manufacturing without foreign debt, which will achieve the diversification of trade and investment Australia needs. [Click here for the committee’s website with the details to make a submission.](#)

[Click here to sign the petition: For national survival, Australia needs a national bank—now!](#)