



Australian Citizens Party

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MEDIA RELEASE

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Unions and Labor Party must fight for a national bank

Australia's economy hangs on whether the Labor Party and trade unions can take a hard look at themselves and return to their roots as Australia's greatest champions of a national bank. Labor's 30-year detour down the neoliberal path trod by Hawke and Keating, which included the privatisation of the Commonwealth Bank, set Australia up for the current unfolding disaster. Labor and the unions gave Australia the original Commonwealth Bank, and their support now can ensure Australia again establishes the national bank we desperately need to invest in the infrastructure and industries that can revive the economy and create real, productive jobs.

The importance of the original Commonwealth Bank, and Labor's fight for it, is the subject of a new *Citizens Insight* interview with filmmaker Sam Hansen, about his detailed documentary *The Battle for the Bank*. Click here to watch Glen Isherwood's discussion with Sam Hansen: [CITIZENS INSIGHT—A National Bank to save Australia—Interview with Sam Hansen](#).

The Labor Party was born in the crucible of the severe 1890s depression, which included a massive property crash and banking collapse. The very first Labor candidates in New South Wales included a government bank in their policy platforms. The inimitable American King O'Malley joined the Labor Party and made it his mission to establish a national bank in Australia, modelled on the bank created by Alexander Hamilton, the first US Secretary of the Treasury under President George Washington. O'Malley said in a 30 September 1909 speech to Parliament: "I am the Hamilton of Australia. He was the greatest financial man who ever walked this Earth, and his plans have never been improved upon."

In those days, the Australian labour movement recognised the corrupt power of the banking system, which it denounced as the Money Power. The editorial of the Australian Workers' Union's 5 January 1907 *Brisbane Worker* newspaper raged: "The Money Power! It is the greatest power on Earth; and it is arrayed against Labour. No other power that is or ever was can be named with it.... It attacks us through the press—a monster with a thousand lying tongues, a beast surpassing in foulness any conceived by the mythology that invented dragons, wehr-wolves, harpies, ghouls and vampires. It thunders against us from innumerable platforms and pulpits. The mystic machinery of the churches it turns into an engine of wrath for our destruction."

O'Malley organised a Torpedo Brigade inside the Labor caucus to build support for the national bank, which succeeded in having the Fisher Labor government legislate the Commonwealth Bank in 1911. In his *Citizens Insight* interview and *Battle for the Bank* film, Sam Hansen details the amazing role the Commonwealth Bank played during and after WWI under its first Governor Sir Denison Miller, including supporting Australian industries for the war effort and building important infrastructure. But the Money Power fought back, enraged at both having to compete with a public bank and the fact the bank gave Australia economic sovereignty from the finance houses of the City of London which controlled Australia's debt. The private banking cartel seized upon Miller's untimely death to strip the Commonwealth Bank of its important functions and begin the process of incorporating the bank into Bank of England Governor Sir Montagu Norman's plan for a global network of central banks under the control of the Bank of England.

Labor didn't give up the fight though, but it took until WWII, when the nation turned to John Curtin and Ben Chifley to lead the national war effort, for the Commonwealth Bank to be restored to a true national bank. It provided the credit that fuelled Australia's amazing wartime economic mobilisation, and Curtin and Chifley intended to use the bank to finance Australia's economic reconstruction after the war. While the private banking cartel had the sense not to oppose the bank during the war, it launched an all-out offensive after the war, again determined to strip the bank of its powers. This led to the fierce fight over bank nationalisation—not Chifley's preferred approach but a policy he felt the private banks forced on him by their cartel conspiring—and the return of Robert Menzies with the support of the private banks, which saw the final neutering of the Commonwealth Bank by splitting off of the Reserve Bank in 1959. However, until its final privatisation in 1996, the Commonwealth Bank and its industrial subsidiary the Commonwealth Development Bank played a very important role in the Australian economy, financing small businesses and industries and forcing the private banks to compete.

Tragically, when Hawke and Keating came to office in 1983, Labor had abandoned any commitment to its historic fight against the Money Power. With John Howard's support, the pair implemented the

demands of the Campbell Financial System Inquiry Report to privatise all public banks, including the Commonwealth Bank. The disastrous results are now undeniable. With the full privatisation of the Commonwealth Bank in 1996, it became one of the Big Four, and bank profits skyrocketed while service crumbled, with branch closures, mass lay-offs etc. The banks went from directing two-thirds of their lending to business and one-third to mortgages, to lending overwhelmingly for mortgages, creating a massive property bubble. In the 20 years after being sold for less than \$8 billion, CBA's profits added up to \$100 billion.

There are signs that the labour movement is recognising its mistake. The [Per Capita think tank has issued an excellent discussion paper](#) for the Communications, Electrical and Plumbing Union on a proposal for a national post office savings and loan bank. This coincides with unions in the United States throwing support behind a bill in Congress for a National Infrastructure Bank, which featured at this week's Democratic National Convention. The question is, what will the Australia Labor Party do, in the face of the growing economic crisis in Australia? Will it find its historic moral backbone and stand up to the Money Power and fight for a national bank, or stick with the failed ideology of Hawke and Keating and side with the bankers in the Morrison government against a national bank?

Click here to watch Glen Isherwood's discussion with Sam Hansen: [CITIZENS INSIGHT—A National Bank to save Australia—Interview with Sam Hansen](#).

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