

NZ debates national infrastructure bank solution



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Lead Editorial

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Forced to propose election policies that will address the growing economic crisis, New Zealand's conservative political party, the National Party, has announced a plan for a national infrastructure bank. This follows the US Democratic Party also including a national infrastructure bank in its policy platform for the current presidential election campaign. Which of Australia's major political parties will be first to adopt the national infrastructure bank solution to the need for productive economic development and jobs to build out of the depression?

On 9 September, NZ Nationals leader Judith Collins unveiled her national infrastructure bank policy in a press conference announcing "New Zealand's largest ever infrastructure program". Collins said the NZ\$30 billion infrastructure program required a "long-term, disciplined plan for financing and managing infrastructure". She announced the national infrastructure bank would provide that discipline by consolidating in one institution the borrowing for infrastructure that various government agencies currently undertake separately.

The NZ plan is a more limited version of the US Democrats' national infrastructure bank, which is already a bill in Congress. Whereas the Democrats' [National Infrastructure Bank Act of 2020](#) bill provides for a bank with US\$500 billion in capital that can create credit through lending up to US\$4 trillion for infrastructure, the NZ Nationals' policy is for a bank that would borrow at the government's sovereign credit rating for dedicated infrastructure investment. The NZ plan intends to attract investment from domestic and Australian superannuation and insurance funds by offering long-term (30- 50 year) guaranteed bonds.

"Infrastructure banks provide a long-term perspective on financing and developing infrastructure", the Nationals' National Infrastructure Bank Policy Factsheet explains. "They act as a bridge between government sector objectives and private investment. They have proven value in increasing the availability of finance for infrastructure projects around the world. They can also balance environment and social concerns."

The party says the bank would fund new infrastructure for both the national and local governments, where there is a special need to upgrade so-called "three waters" infrastructure— drinking water, storm water and waste water. Other investment possibilities the Nationals list include: new toll roads through long-term bond finance; green investment projects; water storage projects; cofunding for social infrastructure like schools; and local government housing projects.

As far as infrastructure banks go, this is a conservative proposal; but by the standards of NZ's National Party, it is quite radical. Beginning in the 1980s NZ was the proving ground for the most extreme neoliberal economic policies in the world. While it was the NZ Labour Party that initiated these reforms under Finance Minister Roger Douglas, whose policies dubbed "Rogernomics" directed a mass-privatisation of state assets and dismantling of public support for the economy, when the Nationals took over they took those policies even further—locals called the policies of Nationals Finance Minister Ruth Richardson "Ruthenasia". A 1997 study by the Citizens Party exposed that the big business and banking interests in the New Zealand Business Roundtable, who had lobbied for Roger Douglas and Ruth Richardson's takedown of the public sector, were able to buy 80 per cent of the privatised assets in a massive transfer of public wealth to the private elite, behind the smokescreen of the ideology that governments shouldn't intervene in the economy. Two decades later, that ideology is breaking down in the face of the current economic crisis, of which this national infrastructure bank policy is a concrete example.

What will Australia do? There are a growing number of politicians and parties in Canberra who support a national infrastructure bank to invest in Australia's economic recovery, including Bob Katter, One

Nation, the Greens, and individual members of the government such as Queensland LNP Senator Gerard Rennick and MP George Christensen. The Citizens Party is finalising legislation for a national infrastructure bank for Australia. Now that the Liberal Party's NZ counterparts have gone with a national infrastructure bank, Australians should demand Scott Morrison and Josh Frydenberg do the same.

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