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The Price of Freedom is Eternal Vigilance

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The Labor party elite are gathering for a tax reform summit, a tax reform opportunity, a tax hike discussion; whatever you might like to call it! In his best python-esque wording, our prime minister said:

“To be very clear, it’s not a meeting of the cabinet. We just had one of those,” Albanese said. “It’s a meeting in the cabinet room.” *Sydney Morning Herald*. Aug 6th 2025. So, who is meeting?

Press conference, Canberra. 6 August. Jim Chalmers:

“Today I’m convening around \$3 trillion of institutional investors here in Canberra. This will be the fifth meeting of the Treasurer’s Investor Roundtable. It involves big super funds, other large institutional investors, banks and also the regulators. The focus today is going to be artificial intelligence and AI infrastructure, banking competition and also regulatory reform. This is all about how we fund, finance and regulate a more modern, more productive economy. We know that one of our big productivity challenges is not enough capital deepening in our economy.”

“I’ll be joined by Ministers Ayres, Mulino and Charlton, also by the PC Chair and the regulators.”

<https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/transcripts/press-conference-canberra-24>

I am not too sure about that last sentence, “capital deepening in our economy”, but the jargon flows. The biggest question out of this for me, is the question of capital seeking. We are an independent country, we are supposed to run our own affairs (at least our government is supposed to do this for us). Why are we looking to institutional investors here?

Okay, it is nice to talk to some of the economic titans, I guess, to get a feel of where we are and what might be needed; but, to be seeking capital from them to run government, if indeed this is what he is doing, makes me think he doesn't really understand our Constitution. The talk about developing our potential, about enabling us to grow our economy, is about us, as a people, as a country. It is the potential within this country he is talking about. Why is there a need to 'bring in' money? To look for someone to provide it? I would then question if the right people to advise him, were banks and large institutional investors, many of whom have grown almost obscenely fat off us.

Since Paul Keating deregulated the banks, the charges and fees of banking have continually gone up, as has their removal of outlets from communities (many rural towns now have no banks), they cry poor, yet they still flourish. Are they providing for the country or milking it? What regulation advice does Mr Chalmers want? Despite all the touting of how good that would be for us, I am hard pressed to see anything other than loss of small business to cashed up wealthy investors whose holdings have increased (including the selling out to overseas entities – as with our power supply infrastructure).

This subject (deregulation of the banking sector) deserves an article of it's own! In short, the promised benefits were put forward as: ***“the ability to obtain bank finance for housing and other purposes at lower rates of interest and simultaneously to be paid higher rates of interest on ...”***(I assume savings); it was aimed at removing, ***“regulatory barriers that prevent Australians from investing and creating jobs,*** while ensuring that the regulatory burden for individuals, businesses and community organisations is as light and efficient as possible.”; it was also supposed to “stimulate efficiency and lead to ***increased economic growth***”.

I'm not sure I've seen that?

The possible downsides were listed as: ***“the risk of market failures, increased inequality, risks to consumer protection, economic instability, and the creation of monopolies”***, that looks more familiar!

Perhaps it is time to realize failures of policy and go back to the Constitution. It defines parliament's role quite well, and previous experience provides a way to do it! (items in italics, from a quick search by Google, including sources like:

<https://www.rba.gov.au/publications/confs/1991/harper.html>

<https://oia.pmc.gov.au/sites/default/files/2021-06/australian-government-guide-to-regulatory-impact-analysis.pdf>

<https://www.investopedia.com/terms/d/deregulate.asp>

<https://www.tutorchase.com/answers/ib/economics/what-are-the-potential-drawbacks-of-deregulation>

(Since our treasurer is talking AI impact, I feel it only fitting to say that this is what AI threw up for me when I put in these three words: 'bank deregulation australia' there is much more!)

But back to what our government should do!

Section 51(xii) of the Commonwealth Constitution, explicitly grants the Commonwealth Parliament the power to make laws regarding currency, coinage, and legal tender. This includes the power to regulate banknotes and other forms of money.

Section 115, which prevents states from coining money, clarifies that the power to create currency is ultimately a federal power. (Although there still remains the power of state banking that could also be used to underpin state developments, rather than bringing in, as a debt, outside monies.)

In 1911 we created our first Government bank, the Commonwealth Bank. At the time, those in power knew that the Constitution gave the federal government this power, and did not need to seek capital from anywhere other than our own Bank, who used it in this fashion until it was emasculated at a later time (1924) at the behest of private banks and other vested interests.

King O'Malley, a member of the early parliament and a participant of the discussions coming up to federation, was very adamant about correct banking procedures for the new federation. His proposal at a conference, a bit like Mr Chalmers financial round-tables, dealt with debt in a different way.

“LABOR'S BIG CONFERENCE.”

“At the Brisbane Labor Conference on July 6th, 1908, on Finance, Mr. King O'Malley moved his financial proposals for the Establishment of a Commonwealth Bank of Deposit, Issue, Exchange and Reserve.”

His proposal was for our country to be independent of the greed of international finance. For a bank to be of a benefit to us all. I dare say he would never have envisioned a tax level like we currently have, or the squabbles within our country, over who should be taxed more than whom. Or how we are just trying to keep pace with interest on Government debt – which has blown out to such a degree. His vision was an Australian Bank, backed by Australian ability – our potential productivity!

It was to be the source of capital for all Government needs. His contempt for private banking, probably came from his experiences in the American system, which he well knew.

A few words from his booklet, will give you an idea why he thought that way:

“The present banking system is operated to enrich bankers and a few capitalists, instead of operating for the benefit of the producers. The interest collected on the endorsed promissory notes of the producers maintains the banks and pays all their extravagant expenditure in superb buildings and Directorial salaries and dividends to shareholders. The banks, under Parliamentary sanction, make the people furnish the capital, and then pay interest on this capital. Although the industry of the producers supports the whole, they have no voice in the management. All the gains of the banks by the rise of interest is a special tax on the industry of the producers for the benefit of financiers.

If the banks were established on a Christian basis they could loan credit to assist the productive industry of the Commonwealth at low rates of interest, instead of making loans which, are in turn re-loaned at high rates of interest. No financial crises in the monetary affairs of the country could then be possible.”

https://alor.org/Storage/Library/PDF/OMalley_K-Commonwealth_Bank.pdf

Instead of looking at what could be, like O'Malley, our leading economic people continue to stay within a system that has debt spiralling out of control. Mr Chalmers talks about a “no holds barred” conversation. I wonder if he, like so many other politicians, also labels the League as extreme right wing, or conspiracy theorists; especially when we want what he seems to want: a solution to his debt woes.

When confronted by the story of the Commonwealth bank, or any other monetary reform information (that has been presented over my time and before), we are continually told by politicians of all persuasions that it is ‘funny money’ or ‘printing press money’ and dismissed without a glance. Yet the reality of its function has already been proven to work during the 1911 – 1924 period when the Commonwealth bank operated as it was supposed to.

<https://alor.org/Storage/Library/PDF/Amos%20DJ%20-%20Commonwealth%20Bank.pdf>

My plea to Mr Chalmers is to look at this information with an unbiased eye and ask yourself why, after so many years of trying to manipulate finances, it is still getting steadily worse? Why is the whole world in debt? Surely that must make you question the reality of such a debt? If you can see this is questionable, then the next step is to question the economic system that allows that to occur. Keynesian economics fails the world continually, it is not called debt finance for no reason.

C.H.Douglas made proposals to correct the flaws that lead to ever increasing debt and the continued financial struggle we face; despite our ever increasing productivity efficiencies and less manpower requirements to achieve our needs. His solutions should surely be welcome under the ‘no holds barred’ premise you put forward, Mr Chalmers.

But the conversation is not about possible faults that result in this anomaly. What is presented to us, is essentially about who will pay our debts, for someone must!

Successive Governments have racked up debt as though there will never be a problem paying it back. The goose that lays the golden egg is the Australian taxpayer, they can just squeeze it harder. Sometimes they sing a lullaby to settle the ruffled feathers of a given voting population – if they think it will help with their re election. They give tax breaks to some groups, according to well reasoned economic formulae and penalise others by viable alterations in their harvesting methods. It is in this way that they endeavour to confuse or assert language dominance over the average punter. The describing of how they will do it, does not matter as much as the actual numbers being played with. Take, take, take!

Have you ever played a game of musical chairs? You all run around until the music stops, then attempt to sit in a chair! The number of chairs has been artificially reduced, so that some must miss out, and can no longer play the game.

The rest are left to run around faster next time. No matter how fast you run, the number of players still dwindle as the chairs are taken away.

We have an artificial shortage of money, we have plenty of people who would play, resources enough to give us all chairs, but the music won't play for everyone, no longer can everyone dance around among our resources.

Why? Money (for taxpayers) is essentially introduced into our economies by wages and employment as the provider. Increasing modernisation and the pursuit of efficiency means we must end up with less workers in the system, even if they can find other employment, efficiencies effect these jobs as well (not all can be baristas to those who are left). The provision of debt free money to buy the (now more cheaply produced) production, does not come in the form of wages to these unemployed. They can no longer pay tax either, and must rely on government hand outs, which is either taxed from those still working, or it is newly created debt. For the average Aussie, this is a reality, and AI is set to free up even more of us as jobs are becoming capable of being replaced by it.

In the question and answer section of the previous piece, Chalmers is asked by a journalist about the threat of AI and it's impact on workers who are to be potentially replaced? The answer is worth reading, but this portion of it brings up another question for me.

"I know that a lot of this economic jargon, a lot of the terms that people use, particularly in this building, and I'm as guilty of this as anyone, doesn't always perfectly align with the way that people are thinking about their own jobs or their own lives. I think Phil's question is again, part of that kind of disconnect as well, that people feel. The reason that I am obsessed with productivity in our economy is because it's the best way to lift living standards over time. And that means better wages so that people who work hard can provide for their loved ones and get ahead."

He sees productivity as the way to lift us into better lives, but the loss of jobs potential is still not addressed other than by a short comment about, "... empowering them (people) with the skills that they need to get ahead as technological change gathers pace."

The later, 'better wages' comment and 'work hard' can only apply if they actually have a job, doing what I do not know, if they are being made obsolete!

Productivity is about providing more, creating more; but the ability to purchase that extra, by 'hard work', is only successful if the work (paid work) is there. This disconnect is becoming more and more apparent and will continue to do so, as AI is rolled out. The imaginary retraining or empowerment rolls off the tongue easily, far more easily than the jobs are created. We then have the problem of new jobs providing even more product to buy, with efficiencies in this 'new' sector also going to increase. At what point does money we use to buy things (wages), equal the value of the product created? It cannot! Douglas pointed out this flaw when machine replacement of human workers was still in it's infancy. He provided an answer to this and other system flaws, which in the same way as O'Malley, was founded on basic

Christian concepts. A Christian way of managing our financial interactions. If we want to solve our financial woes, we must realise that we have opposition in our endeavours. These are the very same people who wish to destroy or belittle our Christian heritage. The concept of what is fair and just, comes from this, no matter how hard they may try to make you believe otherwise.

Debt, 'Good' or 'bad'?

In writing the above article I came across another article, by Ashley Owen dated 26 Feb 2015, older, but still very relevant. Mr Chalmers and his companions seem focused on productivity to raise us up, if so, under Keynesian economics they must borrow enough capital to boost it, or be accused of being lazy.

<https://www.firstlinks.com.au/australias-government-debt-position-lazy-balance-sheet>

Owen states, "If Australia was a company its national debt would be labelled a very 'lazy balance sheet' and the CEO and Chairman would be thrown out by shareholders for not borrowing enough to invest for future growth!"

"The current position (mid February 2015) is that Commonwealth Government debt securities outstanding total \$356 billion, or around 22% of national income (GDP). (Source: Australian Office of Financial Management)"

One commenter on Owen's article said this:

"However the present outlook is still a bit worrying to me; Adding in current State governments debt gives a total of \$600 billion gross debt (RBA stats Dec 2014) and I estimate Commonwealth defined benefit super liabilities (net of Future Fund assets) currently to be about \$100 billion. On this basis total government debt and liability would be about 45% of GDP. I think this might get us closer to some of those past dark ages on your charts (although probably not exactly comparable)."

by commenter Bruce.

I know that there are often debts not mentioned, for one reason or another, like the unfunded super liabilities, are they a way of hiding debt? (How can you structure a super scheme for public servants (or who ever these unfunded liabilities are for) that does not include the "compulsory employer contribution? In other schemes that would be illegal surely?)

Of course the current position is now much worse, over the pandemic Australian Government debt increased from \$534.4 billion (March 2019) to \$885.5 billion (April 2022). Now on 7th of May this year, the Australian financial Review is predicting it will hit \$1 trillion by September. Now we are after more investment (borrowing) to boost productivity.

This article has some interesting ideas on debt and ratios, and seems to approve of borrowing capital to invest in the future growth of the country. While I agree with the idea of moving forward and building upon our base in a – I hate to use the word - sustainable- way (perhaps responsibly would be better), the "catch" or "con" is the word debt! Like most financial articles the word is never really examined for what it is. Oh we know what it means, it's just the 'where does it come from?', our "borrowed" money (Debt). Not only that, but why must we assume it will always increase?

In borrowing, we are bringing into existence more Australian dollars, these are then distributed to allow work to proceed. Work that is done by the Australian community, usually with Australian assets. Other than a permission to print our own money, what does the lender provide us? What asset is being offered up as collateral by them, to back their decision to loan? If you were to go into a bank for a personal loan, the money you borrow, you assume has real assets behind it. If you go bust, the risk taken by the lender in providing you with it, is it supposed to be met by them. (interest rates are justified by risk, are they not?) In the end, most loans are not real items, they are conceptual figures which we then use to enable our own real wealth and ability to be exchanged. The lender does not toil or provide infrastructure; just a permission to increase our own (Australia's) money supply. Why do we need permission from someone outside our Government to do this? Permission is already granted under that wonderful section 51(xii) of our Constitution to do it ourselves.

With all the talk and manipulation that goes on, how much can we believe? I even wonder at times if it really matters. After all, it is just money, created out of nothing, given to us as a virtual permission slip by outsiders who have no real connection to Australia; why then can't we give ourselves that very permission. The fact is, we can, we have, we could do again, given the will in parliament to do so.

