

The Financial Systems Inquiry is a great opportunity for Australians to have a say about how this most important industry is run. Do we accept that our countries banks are out of our control and that they are allowed to continue as they have been without any real governmental oversight and regulation? Or do we decide that we want a better outcome from this industry by building in some regulations that will help all Australians prosper, not just bank shareholders?

Also maybe it's a long overdue opportunity to confront the elephant in the room and say "hey" The world economy came very close to a complete and utter meltdown in 2007/8 and the world's "leaders" have done absolutely nothing to ensure it doesn't happen again. Are we ok with that?

We should be asking questions like: Why is the Australian government telling us there's not enough money in the economy to support our aging population, the education of our children, and the healthcare system that was world class not so long ago, while the major banks are pulling tens of billions of dollars in profits out of this very same economy, that we the people of Australia, have given them the privilege to exploit? Why isn't the banking system serving us, the people, in what we need?

Why should banks be able to use customer deposits and compounding lending profits for speculative investments that do not contribute to the productive economy? These investments are blowing up a speculative bubble of staggering proportions. This is the exact same behavior that led to the housing bubble in the US, which then famously blew out in 2007/8 almost taking the entire world monetary system with it. There has been no adjustment of banking practices to stop this from happening again. In fact anyone that's been paying attention is still waiting for the actual speculation bubble to burst, which has now been made so much bigger by many nation's central banks policies of handing banks massive amounts of credit to "invest" in this toxic way. We need, more than ever, at least a complete separation of commercial banking from these investment-banking activities. Glass-Steagall legislation needs to be reinstated worldwide, nothing else will protect economies from the next credit crunch. Why not start in Australia? While we're at it why not make it illegal to participate in this derivatives, side betting, corporate gambling shenanigans, and see how much more credit becomes available for the real economy.

Glass-Steagall for the Common Good!

In response to the call by the Financial Systems Inquiry (FSI) for a second round of submissions, we the undersigned submit the following statement:

The purpose of an economy is to serve the common good of all of the citizens taking part in it. That common good is a moral imperative, which ranks above the supposed rights of a “free market” to rule at the expense of the increasing impoverishment and unemployment of an ever-growing number of Australians. What is the purpose of a “financial system”, if not to serve that common good? Is it just, for instance, or moral that the speculation in derivatives by Australia’s banks led by the Big Four and Macquarie, now exceeds \$24 trillion as against a GDP of only \$1.6 trillion? We do not need more of the same financial deregulation which has helped cause the present crisis, both in Australia and worldwide, nor the “bail-in” of Australian depositors in order to bail-out that worthless \$24 trillion.

Therefore, we as Australian citizens demand the following:

- 1) That there be no bail-in of depositors in order to “save the banks”.
 - 2) That Australia must separate legitimate commercial banking functions from the speculative activities of “investment banks”, as did the Glass-Steagall law in the United States so successfully from 1933 until its repeal in 1999. Such commercial banks serving the interests of the average Australian should be backed by the government, but the speculative banks should be left on their own to sink or swim.
 - 3) That to anchor such a system of private commercial banks, Australia must also establish a national bank typified by our old Commonwealth Bank, where our government directs credit into the real physical economy of agriculture, manufacturing, and infrastructure projects which provide for the common good, including employment opportunities for all.
- In making this submission, we take note of the recent call by Pope Francis for a sweeping reform of the global financial system based upon the “primacy of the human person” rather than the “dictatorship of an impersonal economy lacking a truly human purpose”, and that “it is the responsibility of the state to safeguard and promote the common good of society”. Whether one holds a professed religious outlook of any persuasion, or is simply a person of good will, those universal principles which emphasise the dignity, worth, and physical well-being of every single human being—in this case every single Australian—must be the basis upon which any financial system must be constructed.