

21/5/12

The Secretary
Senate Economics References Committee
Suite SG 64
P.O. Box 6100
Parliament Houses
Canberra
ACT 2600

Dear Sir/Madam

REFERENCE: Inquiry into the post G.F.C. banking sector, initiated by Senator John Williams.

Given the current perilous state of banking basically world wide I submit the following paper in the hope that your Committee will consider the policy of supporting a return to Sovereign controlled banking as practiced by the old Commonwealth Bank of Australia when under the control of Sir Denison Miller up to 1924.

I do not intend to debate the current fractional reserve, I.M.F./World Bank/privately controlled banking system. It exists as the conscious policy of Government decisions world wide taken many years ago. There is nothing to be gained by trying to improve or moderate current policies being imposed by the private banking sector world wide. The effects are clearly evident; from Iceland, Ireland, Greece, Spain, Portugal, Italy, America, Europe, Japan, indeed our own Australia.

What should be very clear to Senate Committee members is the massive power being exerted by the central banking system that is beyond the control of individual Governments despite the obvious damage being inflicted world wide with no regard to the damage being done to individual citizens.

At stake is a simple choice; Either the present world wide Central banking system, of which we are a member, continues.....OR, as a matter of policy Parliament chooses to regain Sovereign control of the nation's financial system. That is the choice.

In 1838 Amschel Mayer Rothschild stated, " Permit me to issue and control the money of a nation and I care not who makes its laws." Effectively, that is the current circumstance of most Nations, including Australia. Repeatedly, recent treasurers Keating, Costello and Swan have re-iterated that our Government does not control monetary policy: the Reserve Bank of Australia is the authority. In turn, its authority is subjected to the world banking pyramid of central banking that has at its apex the Bank for International Settlements located in Basle, Switzerland.

This privately controlled system that practises fractional reserve debt creation, together with the various other questionable monetary and financial policies like hedge funding, short selling, options trading, C.D.O.s, etc., has delivered the teetering financial morass that the world now faces. One has only to look at the European Common Market, America, Great Britain, Japan, Ireland, Iceland or indeed our own Australia. It should be painfully clear what the "free trading, global village idiot" theory is delivering. We are daily destroying our

manufacturing and primary industry bases, we consider a person working one hour a week [or doing a T.A.F.E course] to be fully employed, we face an uncertain mining future now with slowing demand and we think we can compete on the world's "level playing field". To finance our activities we have sold off, leased out or shut down most of the national assets built AND PAID FOR by our grand parents. To keep the Good Ship "Australia" financially afloat Treasurer Swan deems it prudent to seek Parliament to INCREASE the National Debt ceiling from the current \$250 BILLION up to \$300 Billion at the same time he intends to deliver a surplus of \$1.5 Billion! Perhaps he is right in doing so... But the fundamental question is... WHO SHOULD OWN THAT INCREASED DEBT and the associated exponentially increasing interest payments????

The current system is as old as antiquity.... In ancient Sumeria [about 2500B.C.] a system of debt financing gradually emerged that slowly transferred financial power from the ruling monarch or priests of temples to private merchants.... In today's language, [from the National, allegedly sovereign, Government to private sources]. Thus, slowly began the system of usury. King Hammurabai, ruler of ancient Ur, decreed in about 1790B.C. a specific legal code for his people. That body of law came to be known as the Code of Hammurabai. Each of his cities and towns that constituted his kingdom of Babylonia had a stele, [or stone plinth] that had carved on it the 282 laws of his system. Law No. 7 banned the creation of "Credit" issued as an interest bearing debt without there being written evidence of real wealth backing the loan. The penalty to both borrower and lender was death. This matter of debt creation and its inevitable impact came to be known as the Babylonian Woe.

Down through the ages the quest for power has driven humanity. The fastest, most secure method to gain power is via control of money creation, in particular, National money control.

By reading Matthew, chapter 6 and the verses containing "The lord's Prayer" you will note that current bibles have Jesus saying, "forgive us our sins as we forgive others." Yet the King James edition that was used from about 1604 A.D. until about 1950 stated quite clearly "Forgive us our DEBTS as we forgive our debtors." It is significant that this single, quite clear sentence has had its original meaning quite deliberately changed to direct attention away from money creation.

When President Abraham Lincoln approached the private banking industry back in 1862 [or thereabouts] for finance to fight the Civil War he refused to pay the demanded 24% to 36% interest [he approached different banks in the interests of "competition"!!!] to pay his troops and keep the Union functioning. He unilaterally printed United States of America money...THE AMERICAN GREENBACK NOTE]. In total he ordered printed some \$446,350,000 notes. The cost to his Government??? Roughly .5% of the total note issue with NO RESIDUAL DEBT to service.

He wrote about his financial policies and their benefits for his SOVEREIGN NATION but sadly, was shot before he could implement them.

On the 23 December 1913 The American Congress ratified the Federal Reserve System of banking in America. That is, Congress ceded to the private banking sector the right to create and to charge interest upon the debt created, money needed by America to function. Result? In 1913 America's National Debt was about \$15 billion. By the end of the Second World War her debt had grown to about \$260 Billion. By 1980 it had topped \$875 BILLION. **One trillion dollars were passed in 1981. Today? Well you probably know about Occupy Wall Street and the Tea Party?** But do you know about America's National Debt today? Well, its now climbing at about \$1.5 TRILLION per year and the interest bill alone is roughly another \$1.5 TRILLION annually.

For your interest, I enclose a Photostat of an uncirculated United States of America one dollar note, 2009 series.

Note very carefully the words **FEDERAL RESERVE NOTE** in small print at the top of the note .. These words tell the bearer that the note represents a **DEBT OF ONE DOLLAR OWED TO THE FEDERAL RESERVE SYSTEM...** Not the United States of America... The note belongs to the Federal Reserve System. The system of twelve banks are sited in New York, Boston, Chicago, Philadelphia, Cleveland, Dallas, Kansas City, Minneapolis, Atlanta, Richmond, St. Louis and San Francisco. Incidentally, these banks pay no taxes other than council rates... all part of the original legislation. Can you imagine a bank paying no Income tax?

The Bank of England was created back in 1694 when William Patterson approached some Hamburg bankers to finance the activities of King William of Orange, who had conquered Great Britain. Patterson organized a loan of 1,200,000 pounds advanced by the Hamburg bankers, subject to two conditions....One: that the Loan NEVER be repaid. Two:... The creation of the National Debt Account of Great Britain in favour of private banking interests.

Our system is not quite so stupid... Our Government still owns notes and coins printed and minted AT VIRTUALLY NO COST to either Government or our people. But the amount of LEGAL TENDER [as "cash" is called,] is only about 3%, perhaps 5% of the total money circulating in our system. **The rest is debt, whether owed by government at any level, or the general public, to the private banking system.**

The C.B.A., created by Andrew Fisher's Labour Government in 1912 is an example of what can be delivered...Beginning with capital of 12,000 POUNDS the C.B.A. under the Governorship of Mr, [later SIR] Denison Miller financed the First World War for about 360 MILLION POUNDS at an interest cost of roughly 5/8ths %, built the Transcontinental railway line, financed Primary industry through one of our worst droughts and so on and on. You have the records in Canberra. Suffice to say that come 1924 when the Bank began to be "Privatised" with a board of mercantile interests and led by Chairman Sir Robert Gibson it began its steady decline as our Peoples' Bank .

But, fundamentally, the issue is as Abraham Lincoln faced. **Its simple.** Either we continue the policy currently inflicted with all its attendant woes, complete with the free trading, global village idiocy effect. Or we, **with you as our elected leaders,** say"STOP". Let us re-establish within the existing Reserve Bank of Australia a similar institution to that Sir Denison Miller bequeathed his Nation and under the control of our Parliament.

Yours Sincerely

Peter Davis.

Enclosure: U.S. Note photos etc.



