

## SENATE COMMITTEE INQUIRY INTO THE POST-GFC BANKING SECTOR

26<sup>th</sup> May 2012 SUBMISSION – D & J HOLMES

Relating to Terms of Reference (e) and (f)

First of all I would like to commend you for the opportunity afforded us (my husband and I) to express our long-held deep concerns for the increasing numbers of people who fall well below the poverty level, and the continual decline in living standards for the rest of us.

As a history of the origins of money has already been given I will attempt to be as brief as possible. We are certainly no 'economic experts' but we were amazed to discover the following facts which are well substantiated by various quotes by people like the well known economist, Maynard Keynes Mr. R.G. Hawtrey, Assistant Under Secretary to the British Treasury. Professor Soddy, eminent physicist of Oxford University. The Encyclopedia Britannica. Sir Winston Churchill. The Rt.Hon. Reginald McKenna, Chairman of the Midland Bank and many others. More recently the American economist Ellen Brown has written a very inspiring account of the establishment of our own Commonwealth Bank. We discovered that:-

No bank lends the money deposited with it.

Bank loans are merely computer entries in the credit columns of a bank's ledger.

Practically all the money comes into the community as a debt to the banks.

Fixed deposits are a plausible screen to hide the creation of credit.

Banks have the unique facility of creating credit and putting the nation progressively into debt-bondage because they 'create' FINANCIAL credit against the REAL credit created by the people.('create' means out of nothing)

During the 50 years from 1946 to 1996, Australia's National Debt (Commonwealth and States) increased from \$4.7 billion to \$87.1 billion in 1994, before being reduced to \$62.7 billion in 2004 through a fire sale of Australian assets.

This debt is largely owned by the banks – if not directly, then as security loans.

The money received from Commonwealth Income Tax has risen from \$431 Million in 1944-45, \$59 per head of population, to a total of \$150.1 BILLION in 2004-5, no less than \$7,500 per head of population.

The Australian Taxation Office employed no less than 21,500 people at 30/6/2004 – more than in Australia's Defence Forces.

Sales Tax – introduced as a 'temporary measure in 1930 – collected \$72.5 million in 1946-47. As we moved into the 21<sup>st</sup> century it has been replaced by the GST which now collects \$39 billion.

Every time a Government borrows money for public work, the people are debited with the liability(in perpetuity) but NEVER CREDITED WITH THE ASSET.

Every repayment of a bank loan CANCELS the amount of the loan out of existence.

We are also given to understand that Treasury Notes are government I.O.U.s – national pawn tickets for pledging the assets of Australia to the banks for the loan of OUR OWN financial credit.

Finally we discovered that banks purchase bank sites, build premises and acquire assets at no real cost whatsoever to themselves – by the simple process of honouring their own cheques.

You may dismiss these claims as 'incredible' or 'absurd' but each one of these statements has been expanded upon and proven as clearly shown in the book "The Money Trick" originally written many decades ago but recently updated. It is readily available from the Internet.

It is said in a popular work on Banking: 'A banker is a dealer in capital, or more properly a dealer in money. That he is an intermediate party between the borrower and the lender. He borrows off one party and lends to another, and the difference between the terms at which he borrows and those at which he lends forms the source of his profit.' This is a complete misconception to say that a Banker is 'an intermediate party between the borrower and the lender.

The first three statements above can easily be proven for ourselves as follows:

"The total sum of legal tender (notes and coins) in use in Australia in June 2004 was \$31.6 billion, although the total volume of money (M3) was \$589.3 billion. (Reserve Bank Bulletin), 19 times the sum of legal tender in the form of notes and coin. (The Reserve Bank Bulletin, produced monthly, combines both legal tender and credit together to make up THE VOLUME OF MONEY). From June 2003 to June 2004 – a twelve month period – Australia's Volume of Money increased by \$56 billion – or \$6 million **an hour**, created by the banks and lent into existence every hour for that year.

**In contradiction of the banks' popular fiction that they only lend money deposited with them, we challenge the doubtful reader to find one bank depositor whose deposit has ever been reduced by so much as one cent in order that a bank lend money to someone.**" ("The Money Trick")

I believe we have had the 'wool pulled over our eyes.' We do not accuse every person that happens to work in a bank of deliberately misleading the general public and dare I say 'stealing' the money that belongs to the community, as they are only doing the job they have been trained to do under this '**corrupt global financial system.**' However, profit loses all meaning when a group of financial institutions enjoys the unique privilege of being able to create the nation's monetary requirements. We understand that according to The Australian Constitution, (51) this authority was given to the Australian Government. Any Government can create currency instead of borrowing it at interest. We find it incredible that the nation's monetary requirements are under the control of PRIVATE banks. The bank is its keeper but not its owner, it belongs to the public, to the community.

The controllers of money and credit do not cause a single stalk of wheat to grow, do not produce one pair of shoes, do not manufacture one single brick or dig a mine shaft, they do not pave one kilometre of road. It is the country's population that carries out these projects. It is therefore its own real credit. But to be able to use it, one needs the approval of the controllers of money or financial credit, which is nothing more than figures written in a bank ledger, or a blip on the computer, representing the value of the nation's real credit. The banker's computer blip gives or refuses individuals, corporations and governments the right to mobilise the skill of professionals, the nation's natural resources. That pen or blip commands, grants or refuses; it sets conditions on the financial permits that it gives; it puts into debt the individuals or governments to whom it grants permits. The banker's pen/blip has the power of a sceptre in the hands of a superpower - the monetary power.

This superpower did not receive authority from any constitution. (Quoting from "The Money Trick") "What we have to look closely at, in assessing how well the banks have done at the nation's expense is to examine how their total assets have increased. Total assets of Banks in Australia have increased as follows:

|                             |                             |
|-----------------------------|-----------------------------|
| June 1975 - \$31.6 Billion  | June 1985 - \$120.2 Billion |
| June 1995 - \$437.9 billion | June 2004 - \$1.2 TRILLION  |

What we would also like to recommend is a little book by D.J. Amos F.C.I.S. titled "The Story of the Commonwealth Bank." An excellent introduction was given to it from The Institute of Economic Democracy 1981 from which I now quote:

"In 1960 the Reserve Bank took over the role of Central Bank from the Commonwealth Bank. Like other trading banks, the Commonwealth Bank is today governed by Reserve Bank controls. The Federal Government could direct the Reserve Bank to adopt a completely different policy to that which results in ever-escalating debt, crushing taxation and insidious inflation. For example, interest rates could be reduced to the point where they were sufficient to meet the administration costs of creating administering credit, instead of debt, for financing consumer discounts as a major part of an anti-inflationary policy.

But none of these and similar steps will be taken until a more enlightened public insists that the disintegration of Civilisation can only be halted by a reversal of present credit policies. Eventually this must happen. When history is written, the name of D.J. Amos, a distinguished Adelaide professional man will be given an honoured place for his contribution to an understanding of a special Australian institution, the Commonwealth Bank."

While much of what I have related is old, it is still basically the same international financial system, therefore quite relevant. You are probably aware of course that much has been written since late last century, not only by the American economist Ellen Brown. Frances Hutchinson from the U.K. for example, has published a wide range of books and articles, one of which is "Understanding the Financial System."

We wish to return to the concept that money should be our servant, not our master. This 'debt-based' global financial system is at the centre of most of our problems. Not only are the people being robbed of their assets, but every country is being stripped and raped of their natural resources, leaving us impoverished and leaving absolutely nothing for the coming generations. Who benefits if it not those who control the world's monetary system? How can we expect anything to change if we continue going down the same track? We fear for the future of our grand-children.

We cannot understand that having the man-power, the tools, the skills, the technology, materials etc. everything except enough money, when it can be created without inflation, why an alternative financial system cannot be found. It should be a social institution that serves 'all' Australians not just the plaything of the private banking system.

"A society in which consumption has to be artificially stimulated in order to keep production going is a society founded on trash and waste, and such a society is a house built upon sand."  
"Dorothy Sayers - "Creed or Chaos"

Finally, there are two items we would like to recommend:

1. a short video which is well worth watching. Bill Abram [www.youtube.com/watch?v=q7HMT5MgsDg](http://www.youtube.com/watch?v=q7HMT5MgsDg) "The Crime of the Canadian Banking System".
2. May I draw your attention to the Australian economist Professor Steve Keen's statement on youtube "Banks create credit out of thin air." He is also the author of "Debunking Economics"

We submit the above submission for your careful consideration

Yours sincerely, D. & J Holmes