Nationalise THE BANKS

Public control needed to end rip-offs

Jim McIlroy

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Published November 2018
ISBN 978-1-876646-79-0
Published by Resistance Books, www.resistancebooks.com
Printed by Red Print, www.redprint.com.au

Anna Bligh cannot save banks from the public's outrage

[February 25, 2017; #1127]

The appointment of former Queensland Labor premier Anna Bligh as CEO of the Australian Bankers' Association (ABA) is a desperate public relations ploy by the Big Four Australian banks to head off a looming royal commission into their crimes and misdeeds.

It seems unlikely to succeed, given the anger in the community against the Big Four — the Commonwealth, National Australia Bank, Westpac and ANZ — and their systematic gouging of the general public.

"Our banks are critical to the strength and stability of our national economy and the prosperity and well-being of every Australian," Bligh said on February 17. "We all rely on our banks for the most important financial decisions of our lives, so we want a system that is open, fair and trustworthy.

"I am excited by this opportunity to lead and shape the reforms needed to strengthen public trust and confidence in our banking system."

Pull the other one, Anna. The big banks are "critical" to only one thing — the massive profits they gouge from the public (the 99%) and hand over to the wealthy plutocrats (the 1%).

Yes, most Australians do "rely on the banks for the most important financial decisions of their lives". But what do they get? Ripped off big time.

Australia's Big Four banks are the most concentrated and profitable banks in the world. These mega-banks are cutting their workforces, while paying their executives huge salaries and bonuses.

The scandals over fraudulent financial planning advice at the banks; exorbitant credit card and home loan interest rates; the refusal of the banks to pass on Reserve Bank interest rate cuts in full; bank bill swap rates collusion; the culture of huge commissions and pressure on staff to sell shonky financial products to customers; the massive salaries and bonuses paid to bank CEOs; and related insurance industry malpractices, all require a thorough, independent investigation and exposure via a royal commission into the financial sector.

Yet Bligh wasted no time in rejecting the calls by federal Labor leader Bill Shorten and the Greens for a royal commission into the banks. She said the federal government had already responded to the public's demand for a better and more trustworthy banking system.

"I think it's clear the government has heard those calls and that's why they've established a number of inquiries that are currently under way," she said.

Clearly, Bligh's appointment to head the ABA is a tactical move by the banks to attempt to put pressure on Labor to back off their demand for a royal commission, which threatens to be a very dangerous expose of banking crimes and could lead to moves for much greater public scrutiny and control of the banking mafia.

But will the move be too clever by half? The appointment of Bligh is merely the latest in a long line of ex-Labor politicians taking up leading posts in big business.

The most recent other blatant sell-out was that of retired Labor senator Stephen Conroy to head up the gambling industry association last year.

Bligh has form in betraying the interests of the labour movement and working people in general. She is infamous in Queensland for privatising huge swaths of the public sector during her time as premier, leading to Labor's decimation at the 2012 state election.

Despite a strong campaign against the privatisations led by the Electrical Trades Union and other unions, popular resistance was eventually defeated and Bligh rammed through the sell-offs. Since then, privatised rail freight company QR National has made substantial profits for private investors while the public are losing out on precious revenue that could have been used to fund state education, healthcare, housing, social services and renewable energy programs.

Bligh's appointment has also caused dissension in the ranks of the Coalition, with a leading staffer in Treasurer Scott Morrison's office resigning shortly after the announcement. Liberal backbenchers have accused the banks of attempting to "appease" Labor, with some calling for the Big Four banks to be excluded from the government's proposed cuts to company tax.

Whatever the internal problems Bligh's appointment might provoke within the federal government, the fact remains that she is following in a long tradition of "Labor rats" who have sold out Labor's working-class base for a place at the high table of big business.

While the plan is obviously for her to use her contacts within the Labor hierarchy to attempt to change its support for a banking royal commission, and more broadly to promote a "softer, kinder" public image for these banking moguls, the community anger over the crimes of the big banks is now overwhelming.

The Socialist Alliance supports the call for a thorough, public royal commission into the financial sector, but believes that the labour movement needs to move well beyond relying on such an inquiry to solve the crisis of the banks.

The Socialist Alliance says: Put the big banks in public hands. Nationalise the Big Four under workers' and community control.

The massive assets banks possess should be put under public ownership, to be used for the good of the community. These funds could be used to build public works and to fund public services, instead of new coalmines and coal seam gas developments.

Banks in public hands, under community control, could provide essential services to ordinary people to meet human needs, not corporate profits. Executives would not be paid millions, jobs would stay, interest rates would not be manipulated for profit, fees could be cut and people would not face eviction by the banks, as they do now.

[The Socialist Alliance's banking policy is available at https://socialist-alliance.org/policy/banking-industry.]■

Mike Baird's hopeless quest to build 'respect' for National Australia Bank

[March 11, 2017; #1129]

Mike Baird announced his pledge to help make NAB the most respected of the Big Four Australian banks."Former NSW Premier Mike Baird has enthusiastically accepted a job at the National Australia Bank as chief customer officer, in order to spend less time with his family," The Chaser revealed on February 28.

"Baird has reported an exhausting five weeks spending quality time with his children. According to Lucy Baird, his eldest daughter, Baird's return has polled badly among the family, following his controversial policy of putting his children to bed two hours earlier than they were previously used to.

"Baird, who will be taking an annual salary of $2 million, told colleagues he is looking forward to the new role at NAB. He has already announced plans to install a six-lane freeway straight through the middle of each branch, and replace ATMs with poker machines. He is also planning to sell off all the little pens next to the deposit slips.

"But experts predict this is not the last move for Baird. Observers say that after a tumultuous first year working for NAB, Baird will quit, in order to spend more time with his money."

Baird announced his return to the world of banking with a pledge to help make NAB the most respected of the Big Four Australian banks. Well, good luck with that, Mike!

The NAB, along with its partners in crime, Commonwealth, Westpac and ANZ, are all currently despised by the majority of the Australian public, and face growing calls for a royal commission into their financial malpractices and rip-offs.

The recent appointment of former Queensland Labor premier Anna Bligh as head of the Australian Bankers Association, and now the accession of Baird to a leading position at NAB, have further undermined public confidence in both the big banks and mainstream political leaders.

NSW Greens MP David Shoebridge said the unseemly haste of Baird's switch to the private sector created the potential for a conflict of interest: "Who better, if you want access to the [Gladys] Berejiklian cabinet, than a premier who largely belongs to her factional grouping?" Shoebridge said.

"His influence won't be in small groupings or representations. His influence will be a cup of coffee over the weekend or catching up with drinks or the extraordinarily broad social connections he has with the Liberal Party, and for a bank that wants political access, that's invaluable."

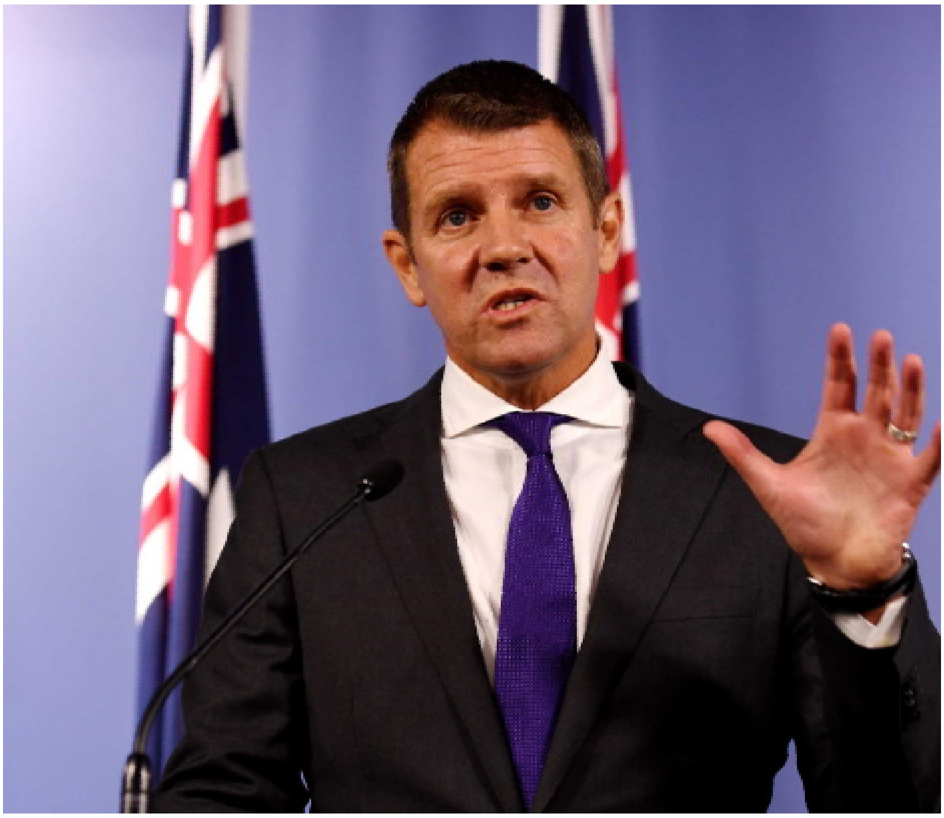
Just a few recent examples show the seamless switch between leading politicians and the private sector: former NT Liberal National Party premier Adam Giles, now works for Gina Rinehart's Hancock Prospecting; former Liberal trade minister Andrew Robb, now a consultant for the Landbridge Group, the Chinese company that controls the Port of Darwin; former NSW Liberal premier Barry O'Farrell, now CEO of Racing Australia; former federal Labor resources minister Martin Ferguson, now chair of Tourism Accommodation Australia, and previously a lobbyist for the resources and energy sector; and recently retired Labor front-bencher Stephen Conroy, now head of Responsible Wagering Australia, set up by the on-line gambling industry.

This widespread cross-over of personnel between parliamentary political leaders and big business is a key part of how the Australian ruling class operates.

Green Left Weekly plays an important role in exposing this reality. We argue for a radical change in society to replace the rule of the corporate rich, the 1%, by the rule of the great majority of society, the 99%.

If you agree with the need for an end to political and economic corruption, and putting people before profit, then help us to get the message out more broadly by contributing to the Green Left Weekly 2017 Fighting Fund.

Direct deposits can also be made to Green Left, Commonwealth Bank, BSB 062-006, Account No. 00901992. Otherwise, you can send a cheque or money order to PO Box 515, Broadway NSW 2007 or donate on the toll-free line at 1800 634 206 (within Australia).■



Former NSW premier Mike Baird joins NAB.

New call for 'people's bank' to challenge the Big Four

[March 31, 2017; 1132]

Greens leader Richard Di Natale has backed calls for a new "people's bank" to challenge the power of the Big Four mega-banks. He told the National Press Club on March 15: "The time has come for a people's bank, one that injects real competition into the banking sector."

Senator Di Natale drew on the example of the state-owned KiwiBank in New Zealand, run by the NZ Post Office. A similar operation in Australia would boost competition, push down fees, help young buyers enter the property market and deter "unscrupulous behaviour", he said.

Professor John Quiggin, from the University of Queensland, said there is "an obvious case for a low-cost, public bank that only sells simple products like savings accounts and home loans.

"If you look at a lot of the [current] bank misconduct, a large element is precisely due to the mixture between their deposit taking institution and then attempting to provide a whole range of financial services of dubious value."

The Australian Financial Review reported on March 15, "More than 20 years after the federal government fully privatised the Commonwealth Bank, the Greens — and the Socialist Alliance — want a 'people's bank' to challenge the dominance of the Big Four banks."

The Socialist Alliance sees such a "people's bank" as an important step towards nationalising the Big Four under workers' and community control.

Socialist Alliance says it is necessary to "place the massive assets they possess under public ownership, to be used for the good of the community", through building public works and funding public health, education, transport and environmental protection.

The idea of a people's bank in Australia goes back to the creation of the publicly-owned Commonwealth Bank in 1911. Labor Prime Minister Andrew Fisher famously said it would be "a bank belonging to the people and directly managed by the people's own agents", with the aim "not to make profits, but to ensure safety and security to depositors".

In practice, the Commonwealth Bank developed over time to become a corporatised entity, with its own bureaucratic methods aligned with big business interests, until it was finally sold off to private investors by the Hawke-Keating Labor government in the early 1990s.

Any new people's bank would need to be controlled by a publicly-elected board, and run in collaboration with workers' representatives, in order to reflect the interests of the community, not the 1%.

As Quiggin wrote in 2001: "Among the policies for which the [Bob] Hawke-[Paul] Keating government is remembered, two of the most prominent were privatisation and financial deregulation. The combination of these two policies was symbolised by the conversion of the Commonwealth Bank from the 'people's bank' to a private organisation devoted to maximising returns to its shareholders and managers, and free of any social or community obligations.

"The political damage associated with privatisation was immense. Not only was the sale of 'icons' like the Commonwealth Bank regarded with immense hostility, even in conservative sections of the electorate, but these actions, taken in breach of the most explicit promises, destroyed Labor's credibility in arguing against the sale of Telstra in the 1996 election campaign."

Meanwhile, the pressure for a royal commission, or commission of inquiry, into the banking sector has grown ever stronger, as revelations about the scandals engulfing the big banks and their insurance arms escalate.

Even the Sydney Morning Herald editorialised on March 28: "Turnbull's refusal to institute an initiative supported by three in four voters, a banking royal commission, is a bad look.

"It exposes the government to claims it is way too susceptible to the siren song of the banking lobby, which has good reason to resist a royal commission. To the average taxpayer it appears the government wants to protect its mates in the big-money-making finance industry so that it can get on with the business of making money without too many scruples.

"Voters' taxes back a government loan guarantee that equates to a $4 billion subsidy to the banking sector, helping entrench the oligopoly power of the Commonwealth Bank, Westpac, ANZ and the NAB.

"On the evidence, that subsidy is helping support a banking culture rife with wrongdoing in which customers are treated poorly or unethically, mistakes are kept under wraps and bad behaviour is excused as long as no one finds out and profits keep flowing."

Most recently, the Senate crossbench has indicated support for a Greens bill to establish a commission of inquiry into the banks, with Nationals Senator John Williams saying he will cross the floor to vote for it. The Greens proposal seems likely to pass through the Senate.

It would then go to the House of Representatives, where maverick Liberal National MP George Christensen has suggested he might support such a proposal, which would then require only one more Coalition MP to vote for it in order to pass.

Turnbull faces a dilemma because establishing a royal commission into the banks, which would be controlled by the government, might be the lesser evil for them than a commission of inquiry, which would have similar powers of investigation, and might be set up by the opposition parties and independents.

Whichever way it goes in parliament, the community is demanding radical change in the banking sector. While a commission of inquiry or a royal commission would be a major step forward, allowing for full public exposure of the crimes of the Big Four, the establishment of a new "people's bank" would be an even more important advance on the road to the full socialisation of the financial sector.■

Bank levy plan a partial win for our side

[May 12, 2017; #1137]

Anna Bligh is upset about the new levy on banks. Good. The Big Four banks, ANZ, Commonwealth, National Australia Bank and Westpac, plus Macquarie Bank were hit by a surprise proposal for a $6.2 billion levy over four years in the federal budget on May 9.

Under the new measures, banks with liabilities of more than $100 billion will be taxed 0.06% on those "liabilities".

Speculation about a new levy on the big banks sparked a run on banking shares, wiping $14 billion from their market value. Shares in the Big Four banks fell by between 2.1% and 3.6%.

Australian Banking Association CEO and former Queensland Labor Premier Anna Bligh slammed the move and said every Australian will have to pay for the levy. She said there had been no consultation with the industry ahead of the move, adding: "This tax is not a well thought out policy response to a public interest issue; it is a political tax grab to cover a budget black hole."

Well, she would say that, wouldn't she?

Some media commentators claim the new bank levy is revenge by the government for the big banks having the temerity to appoint Bligh as their CEO, especially as Treasurer Scott Morrison reportedly had promoted one of his former advisors for the job.

"Cry me a river," the treasurer reportedly said when quizzed about the banks being upset by the levy. "They make $30 billion in profits [per year] and this is just $1.5 billion out of that."

Well, you could have knocked me down with a feather. The federal government, which has cut taxes to medium size businesses by $25 billion, and still wants to cut another $25 billion in tax on big business, including the major banks, has smacked down their mates in the banking sector. What is going on?

Much of the answer lies in the mounting public anger at the banks' bad behaviour in recent years, over exorbitant housing interest rates and credit card charges, incorrect and even fraudulent financial advice given to bank customers, insurance rip-offs, and the general outrage at the banks making massive profits out of the Australian public, especially at a time of economic hardship and austerity.

It seems the government feels the banks are a relatively soft target for a tax rise at a time when they are vulnerable and not in a position to launch a vigorous publicity campaign against the new levy — in contrast to the mining industry's ferocious attack on the Kevin Rudd Labor government's proposed mining tax five years ago.

Moreover, the government can console themselves with the knowledge that the banks can no doubt recover much of the cost of the levy through manipulation of interest rates and bank charges. Despite its assurance of "close monitoring" of bank behaviour, the government will have trouble controlling their actions under their current limited powers.

Perhaps, in the end, the government is trying to do the Big Banks a favour. It is taking a swipe at the banks as part of a package of limited measures designed to head off the banks' real nightmare — the prospect of a comprehensive royal commission into the financial sector, which would expose the full extent of their rip-offs of the community.

Nevertheless, the budget plan to impose a tax levy on the Big Banks is a win for the people's outrage against the sector's overwhelming greed and super-exploitation of the community. The levy is an attempt by the government to placate public hostility to the Big Four banks and to head off demands for even stronger action.

The banks are considering launching a media campaign claiming the levy will be passed on to customers and small shareholders. This will raise the stakes in the fight against monopoly financial corporations.

We will need a comprehensive solution to the banks' crimes. This includes nationalising the Big Four, plus Macquarie Bank, under community control and place the massive assets they possess under public ownership. These funds could be used to build public works and to fund public health, education and transport.

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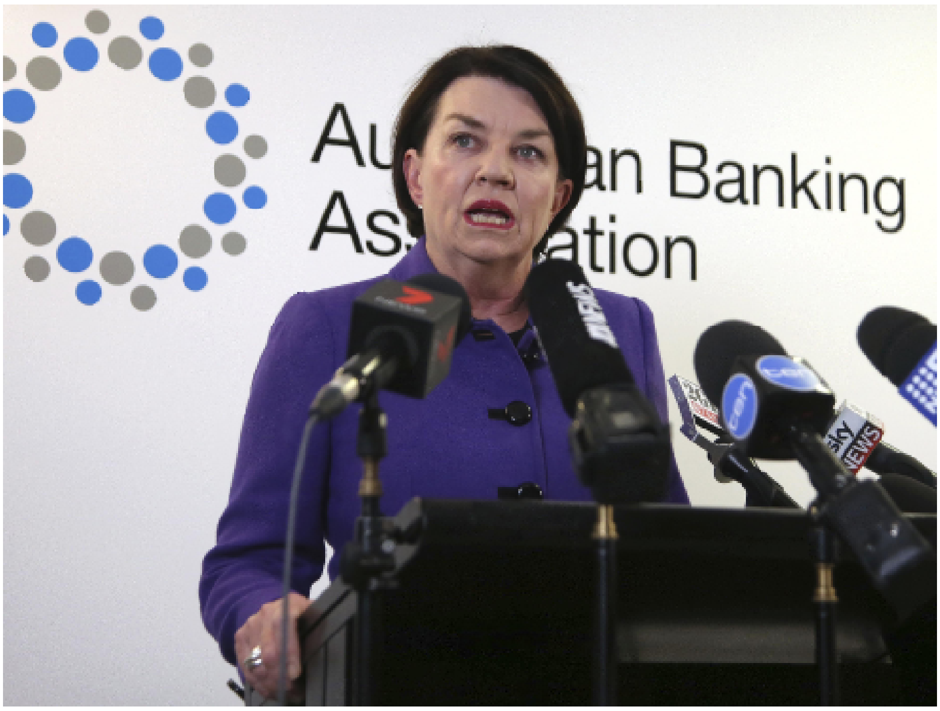

Former Queensland premier Anna Bligh heads Australian Banking Association.

Banks threaten campaign against tax levy

[May 20, 2017; #1138]
The Big Four made about $30 billion in combined profits in 2016. As expected, the major banks are preparing to launch a media war against the Turnbull government's proposed $6.2 billion bank levy, as outlined in Treasurer Scott Morrison's May 9 federal budget speech.

Australian Bankers' Association head Anna Bligh was furious. She said a campaign was being considered, claiming the government was playing "fast and loose" with the nation's financial system.

The new tax is to be raised against the Big Four banks — the Commonwealth, ANZ, NAB and Westpac — and the Macquarie Bank, with a 0.06% levy on the money the big banks borrow to fund their lending. Deposits of less than $250,000 are excluded.

Labor and the Greens are likely to support the government's bank levy plan. The big banks are totally on the nose.

A bank levy is hardly a radical measure. A number of mainstream commentators have pointed out that Britain introduced a bank levy in 2011 and other OECD countries also have such a tax. Moreover, Australia's banks enjoy a government guarantee, that underpins their deposits and borrowings, and which was first implemented during the GFC.

In a comment piece in the Sydney Morning Herald Jessica Irvine wrote: "The banks continue to benefit from the knowledge that the government will step in again if things go bad.

"The more credit worthy they are perceived as being, the cheaper they can borrow. And taxpayers carry the can when it all goes wrong.

"It is a recipe for disaster, what economists call 'moral hazard', where there is no incentive for good behaviour because bad behaviour is rewarded too.

"It's hard to estimate the size of the discount banks enjoy on their borrowing by virtue of the taxpayers effectively going guarantor on their loans.

"In all likelihood, it is much higher than 0.06 percentage points — which is all the levy seeks to re-coup."

The big banks are seeking support, with Westpac chair Lindsay Maxsted warning the government it is setting a "terrible precedent" by imposing higher taxes on the banks because they have the "capacity to pay". Which industries might be next, he asked?

Westpac chief executive Brian Hartzer threatened that the banks would eventually pass it on to the public. "The cost of any new tax is ultimately borne by shareholders, borrowers, depositors and employees," he said.

In another comment piece, Clancy Yeates said: "Unlike most other hikes in banks' costs, this measure [the bank levy] comes amid a concerted attack on something far more important to their profitability than a tax: their pricing power."

He quotes CLSA analyst Brian Johnson as saying: "Post the global financial crisis, the Australian banks have seemingly enjoyed unfettered pricing power to increase variable housing rates ... But now the banks' pricing power looks set to be tested on many fronts."

The Big Four banks made about $30 billion in combined profits last year. Together they are the most profitable set of major banks in the advanced capitalist world.

The government's proposed bank levy, at around $1.5 billion a year, is estimated to represent about 5% of their profits. This modest tax hike is a small, but significant step forward for the people's campaign to take on the power of the big banks.

Other measures to check the unfettered power of the banks include an immediate freeze on rises in home loan and credit card interest rates. We also need to nationalise the major banks and financial corporations, and replace their boards with workers who are elected, transparent and accountable. ■

Big banks' super fees rip-off exposed

[June 2, 2017; #1139]
Australia's four big banks plus AMP are ripping off the country's workers with huge fees charged on their superannuation investments, a recent study has revealed.

New research carried out by Rainmaker for Industry Super Australia, a mainly union-backed body, shows that the retail super funds, largely operated by the big banks, absorb about half of all fees charged in the superannuation system, despite holding only 29% of retirement savings.

The Big Four banks, ANZ, Commonwealth, NAB and Westpac, alone charged 28% of all fees, totalling $8.7 billion. Overall, the survey found that last year workers paid $31 billion in fees on superannuation worth $2.2 trillion.

That amount of fees is about the same as the cost to the public purse of superannuation tax concessions — mainly benefitting the higher-income brackets — and about half the $45 billion spent on income support for the elderly.

That is because while the not-for-profit sector, including industry, public sector and corporate funds, charged a total of $12.7 billion in fees, $9.9 billion of that went to private sector wealth managers to provide insurance and fund management services. The not-for-profit sector kept only $2.8 billion.

A further breakdown of super costs shows how retail funds gain more in fees: retail super funds, with 29% of funds and about 45% of members, received 50% or $15 billion of all fees. Not-for-profit funds accounted for 42% of funds, 45% of members and collected 42% or $13 billion of fees.

Self Managed Super Funds, which are effectively available only to the wealthy, with millions of dollars to invest in super, had 30% of funds and 10% of members, but received 7% of all fees.

CEO of Industry Super Australia David Whiteley said: "The banks have been getting significant funds from superannuation, yet they have been underperforming the not-

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RE-NATIONALISE THE COMMONWEALTH BANK NOW!

[August 11, 2017; #1149]

The case for re-nationalising the Commonwealth Bank of Australia (CBA) is becoming stronger every day. The latest in a string of scandals to hit "Australia's leading bank" is the revelation the CBA is facing allegations that its Intelligent Deposit Machines (IDMs) were used by money launderers and criminal gangs to process millions of dollars in cash.

The federal money-laundering agency Australian Transaction Reports and Analysis Centre (AUSTRAC) has filed charges against the CBA of "serious and systemic non-compliance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006," involving more than 50,000 reportable transactions of $10,000 or more that went unreported. More than 1600 of them related to apparent money-laundering activity now being investigated by the Australian Federal Police.

On August 9 the Sydney Morning Herald editorialised: "The bank's alleged failures hindered law enforcement and exposed the community to 'serious and ongoing financial crime', AUSTRAC says. If the charges stick, the Commonwealth Bank faces fines big enough to wipe it out, though a court is unlikely to order such a massive destruction of shareholder value that would destabilise the banking system.

"The bank has blamed the reporting failures for IDMs on a computer coding error. For an explanation of why the bank failed to report transactions identified as suspicious by its systems, we may have to wait until the court case."

This latest scandal follows a series of revelations about the Commonwealth Bank (and the other Big Four banks) involving financial mismanagement (in particular at the CBA's insurance arm Comminsure), rip-offs of depositors and mortgage-holders, and attacks on bank staff jobs, rights and conditions.

The CBA board of management has attempted to deflect widespread criticism after the latest scandal by trimming their own directors' fees and cutting the bonuses of top bank executives, which were worth $16 million to the 12 most senior executives last year. Altogether, they were paid more than $44 million in remuneration in 2016.

However, fixed executive salaries and longer-term bonuses paid to senior bankers will not be affected by the cuts. Last year, CBA chief executive Ian Narev was paid a salary of $2.65 million, and six other senior CBA executives received salaries of more than $1 million each.

There have now been widespread calls for Narev to resign or be sacked and for the entire CBA board to be removed. South Australian Senator Nick Xenophon has called for new, tougher legal penalties, including imprisonment, for crimes committed by bank executives and directors.

Jeff Morris, a whistleblower who exposed the recent financial planning scandal at CBA, said if the allegations were proven, the board "should examine its own position". "It has sat there complacently through scandal after scandal, with fairly superficial assurances that all is well," he said.

Now, to add insult to injury, CBA announced on August 9 a record full-year after-tax profit of $9.93 billion — a 7.6% rise, almost three times current inflation. So, while acting as a major "fence" for big crime syndicates, the CBA continues to rip off its customers and the public at an all-time exorbitant rate.

All of this means that the call by Labor and the Greens for a full-scale royal commission into the banks is now essential and urgent. Such a commission could begin the process of revealing the truth about the crimes and rip-offs of the big banks, leading onto more radical countermeasures.

In particular, CBA should be re-nationalised immediately. The CBA was only fully privatised 20 years ago under the Howard Coalition government. But the process of selling off Australia's only national public bank was started under the Labor government in the early 1990s. The sale of the CBA gained the federal treasury a total of less than $8 billion — compared with almost $10 billion in profit for its private owners last financial year alone.

A royal commission into the banks could play an important role in publicly exposing the facts about the profit-gouging of Australia's private financial sector. It could provide the evidence for charges to be brought against the banking moguls who profit from these crimes.

One of the worst decisions of the previous Hawke-Keating Labor government in the

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... SUPER FEES RIP-OFF

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for-profit funds.

"The government should be evaluating whether they think it's appropriate for the banks to be generating nearly $9 billion a year from fees on super.

"The government and regulator need to find out if the bank-owned super funds are eroding workers' super savings by generating profits for the parent bank.

"The bank-owned super funds delivered returns of 2% less per annum when compared to industry super funds over 10 years. For an average income earner, this under-performance, if continued, could cost $200,000 in retirement savings over their lifetime."

In a commentary piece in the Australian Financial Review, responding to federal government and retail super industry proposals to replace unions representatives on super fund boards with so-called "independent" directors, Whiteley wrote: "Superannuation is clearly a workplace entitlement, with the Superannuation Guarantee based on wages.

"However, when superannuation is treated as a financial product, the conduct and motivations of the finance sector come to the fore. Instead of directing all profits to members, bank-owned super funds have a conflict of interest, between providing profit to shareholders and delivering profits to members, with these conflicts supposedly managed by so-called 'independent directors' (who are generally drawn from the finance sector).

"Could it be the major banks just want to remove the competition in superannuation and obtain the same 80% market share they enjoy in banking?"■

BANK INQUIRY AIMED AT HEADING OFF ROYAL COMMISSION

[September 1, 2017; #1151]

The belated decision by the Australian Prudential Regulation Authority (APRA) to set up a public inquiry into the Commonwealth Bank (CBA) is aimed at heading off the growing calls for a royal commission into the entire scandal-ridden banking sector.

The August 27 announcement by APRA of an "independent" probe into the country's biggest bank followed a series of scandals that have rocked the financial world.

After a sustained public outcry over CBA rip-offs in the financial advice and insurance areas, the last straw for the financial services regulator was allegations by the financial intelligence agency AUSTRAC that CBA committed "serious and systemic non-compliance", 54,000 times, with the laws covering money laundering.

CBA faces fines of about $300–500 million arising from the money-laundering charges. It could face even heavier penalties if international regulators investigating illegal transfers involving foreign currencies place charges.

Foreign regulators have traditionally been harder on their banks than their Australian counterparts with billions of dollars in fines being imposed in recent years.

APRA chairperson Wayne Byres said the aim of the inquiry into the CBA was "to identify any core organisational and cultural drivers at the heart of these issues and to provide the community with confidence that any shortcomings identified are promptly and adequately addressed".

The APRA inquiry could start with the fact that the CBA's recently announced 2016–17 profit of close to $10 billion represents one of the biggest swindles by a private corporation in history. The inquiry could reveal that the "organisational and cultural drivers at the heart of these issues" are the very existence of a set of private profit-based banking and financial institutions, which depend on ripping off the public as their basic mode of operation.

In practice, it probably won't.

The inquiry smacks of desperation by a federal government that has nowhere to go after rejecting a royal commission into the banks.

Federal Treasurer Scott Morrison said the inquiry was "preferable" to a royal commission. This raises the question: preferable for whom? The banks? The government? Certainly not CBA customers.

Previous regulatory inquiries into the banks have been secret, lacked real transparency and delivered little more than a rap over the knuckles to the Big Four banks.

That both the government and CBA management have welcomed the APRA inquiry is a clear sign "Australia's leading bank" is not too worried about the outcome of this inquiry either. CBA has even agreed to pay for the inquiry into itself!

Federal Opposition Leader Bill Shorten described the move as yet another inquiry into the banks: "When will the Turnbull government finally do what it knows needs to be done ... which is to have a royal commission into our banks," he said on August 28.

Even an editorial in the August 29 Age was headlined: "Australian government wrong to resist royal commission into the banks." The editors wrote: "Australia's big banks are expecting to face a royal commission some time in this or the next term of government, if momentum is maintained."

In light of the growing public pressure for a full royal commission into the crimes and rip-offs of the Big Four banks, it is important that the truth about their operations be revealed to the community. The establishment of a royal commission into the banks, with full powers to compel bank executives to testify, is essential.

With the CBA and the other members of the Big Four on the defensive, now is the time to start a widespread community campaign to take the major banks into public hands. Slightly tighter regulation of these corporate vampires is clearly not enough.

We need to demand the nationalisation (or re-nationalisation in the case of the CBA) of the major banks under community and workers' control to utilise their massive resources for the public good — including investment in health, education, public transport and renewable energy.■

... RENATIONALISE THE CBA

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1990s was to privatise the CBA. If it had remained in public hands, the financial position of the country's public sector would be much stronger than it is now, after years of neoliberal assault by governments of all persuasions.

It is time to launch a counter-offensive against privatisation and public sector cutbacks, and begin to take back the wealth and the people's assets that have been stolen by the big corporations over the past several decades.

Let's start with CBA. It was a vital institution of Australia's public sector, until it was gradually corporatised over many years, and finally sold off to the big investors.

With the CBA renationalised, under community and workers' control, its massive assets could be used to serve the public interest — including cheap housing loans to first-home buyers, cuts to interest rates on credit cards, low-cost small-business loans (including to family farmers), and investment in socially valuable and environmentally sustainable public infrastructure, such as education, health and public transport.

A renationalised CBA could be a financial powerhouse for the re-building of the embattled public sector in this country, and a springboard toward taking back the ill-gotten wealth of the 1% in the interests of the 99%.■

Banks halt ATM fees to head off royal commission

[September 30, 2017; #1155]

The Big Four banks have abolished fees on "foreign" automatic teller machines (ATM) withdrawals.

The Big Four banks have abolished fees on "foreign" automatic teller machines (ATM) withdrawals as part of a public relations ploy to head off a royal commission into their financial scandals.

The Commonwealth Bank announced on September 24 it was scrapping ATM fees on withdrawals by customers of other banks. This was immediately followed by ANZ, the National Australia Bank and Westpac.

The speed with which the other banks moved creates the suspicion of collusion by the bank cartel. "No one should be hoodwinked into believing that the move … is all about putting the customer first", said the ABC's Peter Ryan on September 25.

Bank customers already pay about $4.4 billion in various fees. While the fees on ATM withdrawals cost around $500 million a year, the rise of tap-and-go purchases and EFTPOS transactions means that withdrawals from ATMs have been falling.

The Reserve Bank said last year Australians made more than 250 million ATM withdrawals from banks other than their own. The average withdrawal fee is about $2, but it can cost as much as $11 to use a "foreign" ATM at a bar or casino. Overseas transactions can cost up to $20.

The banks only directly own about 40% of ATMs so the move to scrap fees will not, in practice, end all ATM withdrawal fees.

Greens leader Richard di Natale said: "The reality is that as long as half of the ATMs in this country are owned privately, we're going to have a problem with extortionately high withdrawal fees."

Labor's shadow minister for small business and financial services Katy Gallagher has restated the call for a royal commission. "We are already seeing the pressure of it, by seeing the ATM fees removed. Imagine how we could get better banking for all Australians if we had a banking royal commission."

The big banks are taking other steps to unload other embarrassing baggage that a full royal commission into banking and financial services could reveal.

The CBA announced on September 21 it was selling its scandal-ridden insurance arm Comminsure to the Hong Kong-based insurance giant IAI for $3.8 billion.

The federal government has introduced a Banking Executive Accountability Regime (BEAR) which requires senior banking executives to become "accountable persons".

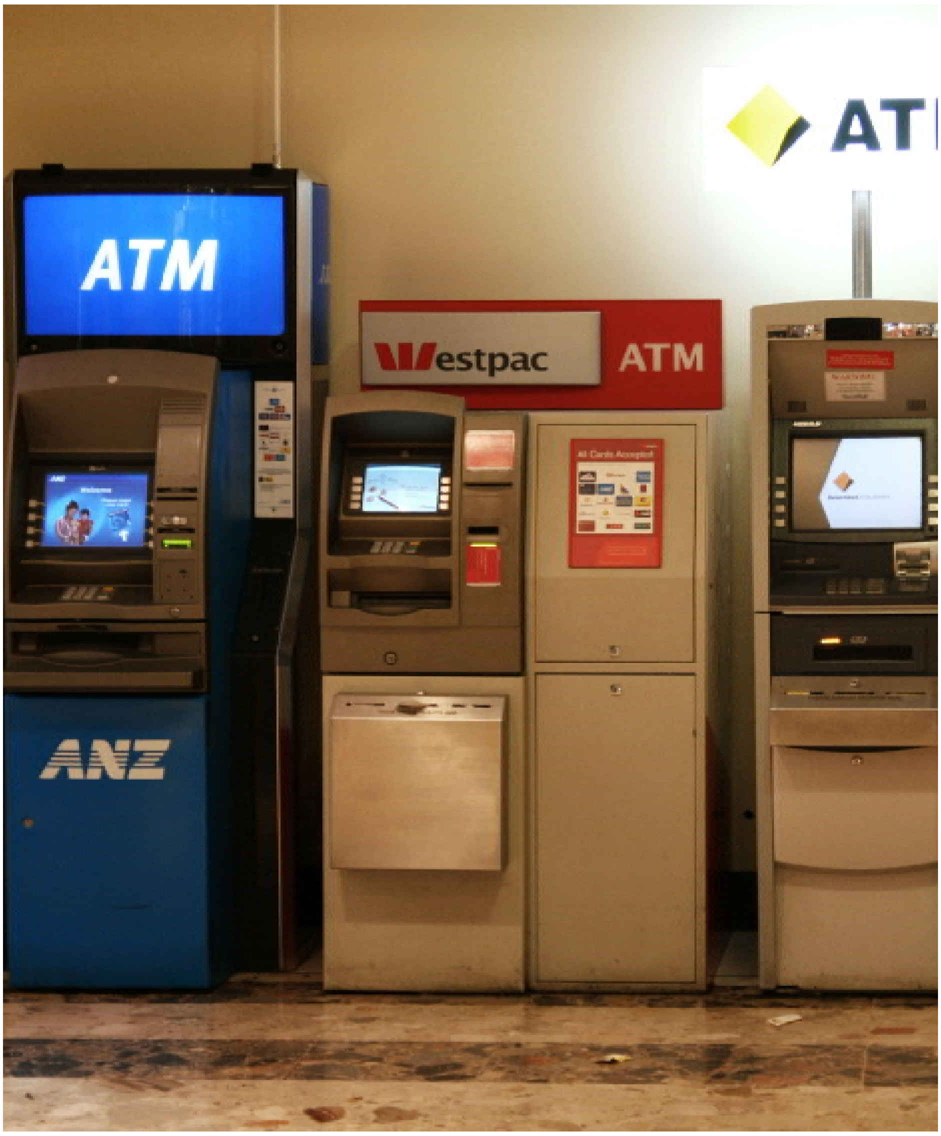
What this means exactly remains vague, but the CEOs of the big banks will now have up to 40% of their total pay deferred for four years. If they violate their new charter they will lose part or all of this.

This will not cause bank executives to change their lifestyle, however. Last year, CBA CEO Ian Narev raked in $12.3 million in total pay.

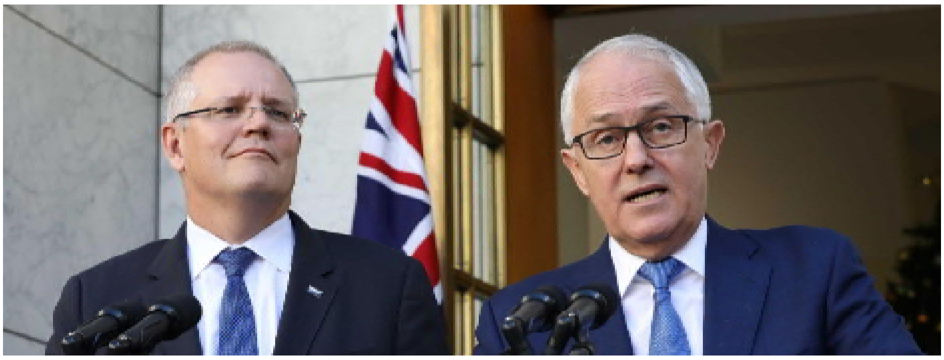
Consumer advocate CHOICE and the Consumer Action Law Centre say the new rules will not assist ordinary bank customers. In a joint submission to the government, the groups point out that the rules only apply to prudential matters, relating to the financial integrity of the banking system and not to consumer issues.

The BEAR is aimed at defending the privatised banking system: it does not protect consumers from bad financial advice, interest rate rip-offs and excessive fees and charges.

A comprehensive royal commission into the banking and financial sector, with full powers to enforce testimony and information from bank CEOs and managements, would go a long way towards exposing the crimes and profit-gouging of the big banks. ■



Bank royal commission: Last straw for Turnbull?



Prime Minister Malcolm Turnbull announces bank royal commission.

[December 2, 2017; #1164]

The humiliating about-face forced on Prime Minister Malcolm Turnbull when he announced a royal commission into the banking and financial sectors on November 30 could be the beginning of the end for the Coalition government.

The last ditch retreat is designed to head off a revolt by several maverick Nationals MPs pushing for a commission of inquiry into the banks, which would have exposed deep rifts within the Coalition parties. Moreover, a commission of inquiry would have been out of the direct control of the government and would report to parliament instead of Cabinet. This would have been even more dangerous for the Big Four banks and the government that has covered for them over the past several years.

The Greens have been calling for a royal commission into the banks since a Senate inquiry into the Commonwealth Bank malfeasance handed down its report in June 2014.

Commenting on the government's sudden about-face on the royal commission, Greens leader Richard di Natale said: “After years of dodging inquiries and being protected by the Liberal and Labor parties, the big banks are now going to have to answer for their behaviour. We will be monitoring the process closely to ensure the terms of reference are robust and lead to genuine outcomes that deliver justice for victims and lead to systemic cultural reforms.”

Labor initially opposed a royal commission, but the scandals kept coming until it could no longer avoid the issue. In April last year it announced it would support a royal commission into misconduct in the banking industry.

Labor leader Bill Shorten said: "We are deeply concerned that even today, the Prime Minister said a royal commission was 'regrettable'. Turnbull and his government voted in the parliament more than 20 times to protect the banks from a royal commission."

Conveniently for the government, the Big Four banks sent a letter on November 30 to the Treasurer signed by the chairpersons and chief executives of ANZ, Commonwealth, NAB and Westpac, arguing that even though the sector had long campaigned against it, such a measure was now in the national interest.

"Our banks have consistently argued the view that further inquiries into the sector, including a royal commission, are unwarranted," the letter said. "However, it is now in the national interest for the political uncertainty to end."

Within hours Turnbull had announced the royal commission he had spent a year and a half opposing. "Government policy remains the same until it is changed," he said, explaining his backflip.

He made clear in his announcement that the royal commission's terms of reference would be strictly limited: "This will not be an open-ended commission; it will not put capitalism on trial."

This comment would have reassured former Prime Minister John Howard, who had said on November 17: "I would be staggered if the Coalition proposes a bank royal commission; that is rank socialism."

The revelations about the crimes and misdeeds of Australia's big banks have become so toxic that a royal commission, limited as much as possible by the government, is the last resort to save the banks from growing public anger.

The Finance Sector Union also supports a royal commission. National secretary Julia Angrisano said on November 29 that banks have provided unwanted overdrafts to customers, bad or biased financial advice, manipulated bank-bill swap rates, breached AUSTRAC reporting requirements and engaged in foreign exchange collusion.

Angrisano said her union wants a healthy and fair banking sector that does not require staff to continually try to push new insurance policies, credit cards or loan products onto customers.

Socialist Alliance co-convenor Susan Price said: "A royal commission into the big banks will not be 'rank socialism' by a long way. But it does give the opportunity for a genuine expose of the crimes, misdeeds and sheer greed of Australia's Big Four.

"The first step is to put maximum pressure on the government to not appoint a puppet, but a genuinely independent person as commissioner. And also to insist that the terms of reference be broad enough to permit a real investigation into the systemic rip-offs of the private banks.

"A genuine, independent royal commission would allow those who have suffered under the regime of our banking moguls to speak out and receive fair compensation for their losses.

"In the end, it is not possible for any royal commission by itself to fundamentally change the system within which Australia's banks operate — monopoly finance capitalism. But the revelations of a banking royal commission could provide a platform to begin to tackle the system in a radical way.

"It could provide considerable ammunition for the launching of a campaign to nationalise the big banks (or renationalise in the case of the CBA), under workers' and community control. If the banking royal commission contributes, even indirectly, to advancing this goal, it will have been a very worthwhile process," Price said.■

Bank royal commission finds managers 'took bribes'

[March 16, 2018; #1173]

The first day of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry heard startling evidence that National Australia Bank (NAB) managers took envelopes full of cash as part of an alleged bribery racket in which bankers sold loans based on fake documents to "smash" sales targets.

The use of outside home loan "introducers" and the bank's dodgy lending practices led to signatures of customers being forged and false documents being lodged to get home loans. NAB has admitted that 20 managers have resigned or been sacked over the scandal.

One senior NAB official said the "introducers" scheme had been "extremely profitable" for the bank, which had issued nearly 46,000 home loans worth more than $24 billion through this corrupt system between 2013 and 2016. The NAB is estimated to have paid up to $100 billion to introducers over that period.

This first round of hearings is dealing with banks' misconduct and failure to live up to community standards on home loans, personal loans, credit cards and credit insurance. Commissioner Kenneth Hayne has already expressed exasperation at the lack of cooperation by the Big Four banks, and their lack of transparency concerning the mounting scandals that have plagued the sector.

The commissioner had earlier rejected an attempt by the Commonwealth Bank of Australia (CBA) to suppress details of evidence regarding oversold insurance, saying its submission was "unhelpful and unpersuasive".

Hayne also rebuked the banks over the deficiencies in their preliminary submissions, aimed at admitting and listing their misdeeds and dubious practices over the past 10 years. In particular, the CBA was criticised for swamping the inquiry with "meaningless" spreadsheets.

The Financial Rights Legal Centre's Karen Cox told the commission the offer of credit limit increases by financial institutions is a key part of a serious problem.

Cox also said she was worried about the role of mortgage brokers in the financial system: "A large proportion of problematic home loans we see has been initiated through brokers and we see people much more likely to be in trouble on broker initiated loans," she said.

The Finance Sector Union said on March 13: "This is a once-in-a-generation chance to shine a light on the toxic systemic practices throughout our industry. We will tell the Royal Commission about the effects of institutional culture, conflicted pay and bonus systems, and performance management processes, on workers and customers alike.

"Above all, we are here to be the voice and champion of all finance workers. We will ensure the Royal Commission hears more than the 'bad apples' message from the banks. We will tell the Royal Commission what it's really like for finance workers day by day."■

Greens plan for People's Bank a start in tackling the Big Four

[April 12, 2018; #1176]

The growing scandals engulfing the Big Four banks, now being amplified through the financial services royal commission, have opened the way for a major discussion about alternatives to the corporate banking oligopoly in Australia.

Now, Greens leader Richard Di Natale has entered the fray with a proposal for a People's Bank to offer low-cost mortgages for home-buyers and other facilities.

The Greens' proposal states: "Three decades of deregulation and privatisation has left us worse off, not better. The Big Four banks continue to dominate the market and are generating super profits for shareholders off the backs of ordinary Australians who are struggling to meet the cost of their mortgages. They charge hefty margins, up to three or four times over and above the wholesale rate they themselves access from the Reserve Bank.

"Imagine a bank whose real goal was to serve its customers, not line its shareholders' pockets. The Greens will use the Reserve Bank of Australia (RBA) to establish a People's Bank to provide basic low-cost services to the public.

"At the People's Bank, everyday Australians would be able to establish accounts directly with the RBA for day-to-day banking facilities.

"Customer service would be provided online, by telephone, or face-to-face through Australia Post and other partners. Everyday banking for public good, not profit margins!

"Products provided to the public by the People's Bank would be: Savings accounts pegged to the RBA cash rate, with debit cards linked to these accounts also available.

"People banking with the People's Bank can also have confidence that their savings won't be used for inappropriate investments, such as new coal mines."

Neoliberal opposition

As could be expected, the Greens' people's bank plan has been met with a deluge of criticism by the Coalition government, the Labor opposition and swathes of pro-business economists and media pundits. Any proposal to challenge the neoliberal consensus, whatever its limitations, is complete anathema to the mainstream political establishment.

Labor leader Bill Shorten claimed the Greens' plan was a "thought bubble" that needed more homework. "The real answer here isn't to put more cheap cash into the market, which will actually just boost the cost of housing," he said.

However, chief economist with the progressive think tank Australia Institute Richard Denniss supported the Greens'

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... GREENS PLAN

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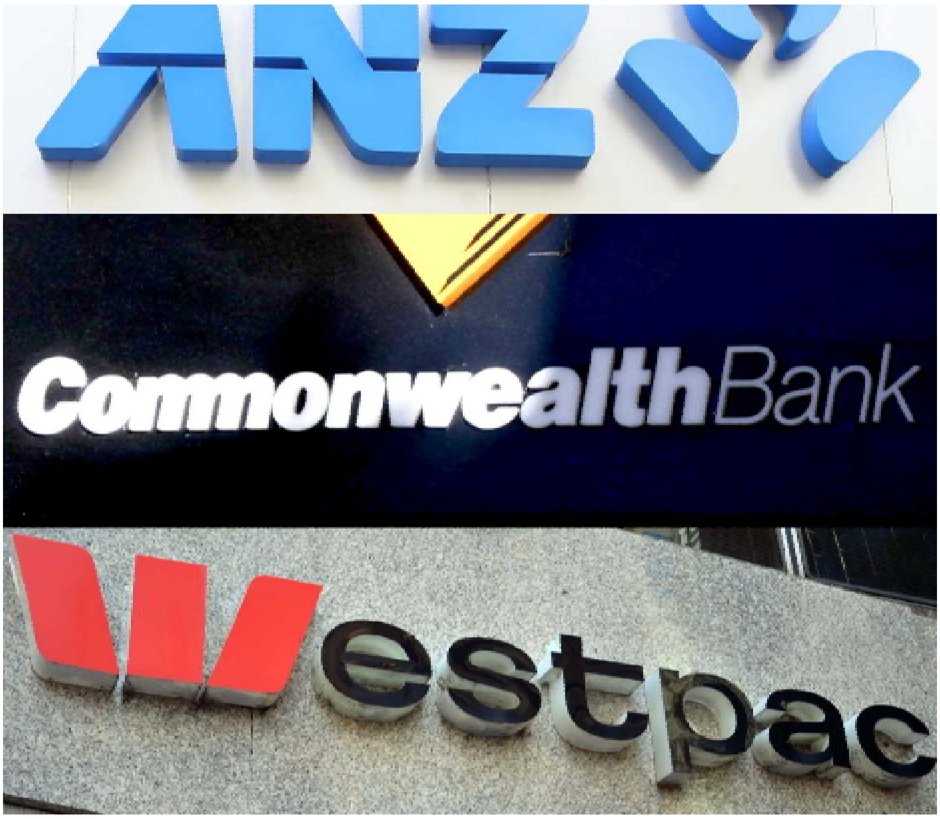
proposal: "The Big Four have around 90% of the home loan market. They're increasing the cost of mortgages to enrich their shareholders," he told the New Daily. "So why wouldn't we consider a national bank offering a competitive alternative?"

Dennis said smaller banks and building societies often offered better rates than the big banks, but borrowers were "nervous" about switching to lesser-known banks. Allowing the RBA to offer competitive home loans would solve that problem. "It's hard to have doubt about the RBA when the RBA stands behind the Big Four banks," he said.

He dismissed concerns that access to cheaper home loans would add heat to the housing market. "The idea that high interest rates are good for the Australian economy is a very strange one," he said. He argued that scrapping negative gearing and capital gains tax concessions was a fairer, surer way to take heat out of the housing market.



NOT A NEW IDEA

Di Natale's proposal for a people's bank is not new. Arguments in favour of various forms of such a bank have been growing for many years.

Professor John Quiggin from the University of Queensland economics department argued in 2016 that a counterweight to bank misconduct, "padded" margins and a lack of competition might be the creation of a "people's bank" — a form of which the Commonwealth Bank used to be before it was privatised by the Bob Hawke–Paul Keating Labor government and its John Howard Coalition successor.

"There is still a very strong argument for a publicly-owned bank with a charter offering a narrower range of services specifically to households and small business," Quiggin said at the time.

He argued that savings deposits and basic loans, including home mortgages, are public utilities from which private banks should not derive huge profits. A government-owned bank could provide these crucial financial services at lower costs.

Quiggin pointed to the government-owned Kiwibank in New Zealand as proof the idea can work. Kiwibank was established as a subsidiary of the NZ postal service in 2002 and offers banking services through post offices and bookshops.

Its advocates argue it has delivered lower fees and better services. Crucially, Kiwibank has passed on every interest rate cut announced by the Reserve Bank of NZ in full.

The idea of a new public bank was also promoted in a paper written by Melbourne University professors Paul Kofman and Carsten Murawski in the Australian Economic Review in 2015.

They wrote: "In Australia, where the banking system is dominated by four major banks, core financial services are often not provided at cost and exclude significant parts of society.

"We suggest ... the establishment of a public-sector institution that provides core financial services, such as payment services, savings accounts, mortgages and other basic forms of credit, to retail customers and small- and medium enterprises. We think of it as a utility that ensures cost-effective provision of basic banking services to all Australians.

"The institution would be independent, but backed by the Commonwealth government and funded by government equity, deposits and public debt. It would be governed by an independent board, be transparent and accountable to the public."

This proposal is somewhat different to the Greens' plan. But the Greens' announcement should be the basis for an ongoing discussion about the problems and challenges it would face and the best form it should take, as an initial step in the direction of a fully nationalised banking and financial system.

Conservative criticism has focused on the details of Di Natale's policy, such as precise levels of interest rates. There is certainly room for debate about the problems of a people's bank trying to compete in a totally uncontrolled housing market, as we have in Australia.

There is also the question of whether a people's bank should operate as a direct arm of the Reserve Bank, or preferably as a new, independent entity, democratically controlled by a publicly elected board and subject to workers' control.

The Socialist Alliance advocates putting all four Big Banks into public hands. It says it is necessary to "place the massive assets they possess under public ownership, to be used for the good of the community" through building public works and funding public health, education, transport and environmental protection.

A people's bank could be a stepping stone in the direction of the only viable alternative to the corporate oligopoly of the Big Four banks — a socialised banking and financial system, subject to popular control. ■

Report into super not so super

[June 21, 2018; #1185]

The Productivity Commission proposes changes to the superannuation systemA new round has been launched in the ongoing struggle over the protection of workers' rights to their lifetime savings in Australia's $2.6 trillion superannuation industry.

The Productivity Commission's latest report into Australia's $2.6 trillion, scandal plagued, superannuation industry has called for a number of reforms. While noting a number of serious problems with the current system, its proposals to tackle them are just as flawed and still put workers' earnings at the mercy of the market.

Under the current system, super funds are often included in awards and union agreements, which can lead to employees starting new jobs belonging to different funds, with their savings used up in unnecessary fees and charges.

The Productivity Commission proposes replacing this system with a process that allows workers to choose a single fund from a "drop-down menu" of the ten “best in show” funds when they initially apply for a tax file number.

According to a Sydney Morning Herald editorial on June 4, the current superannuation system is "costing Australians billions of dollars a year in poor returns and undue fees... [and] the average worker could be more than $400,000 better off by the time they retire if given the option to join one of the top 10 performing funds".

Union criticism

The Australian Council of Trade Unions (ACTU) responded to the report with a statement released on May 29, which said it had "identified critical flaws in the direction taken by the commission".

It said: "The suggestion that members' interests are best served by breaking the link between industry awards, workers' representatives and employer bodies ... is badly misguided."

ACTU assistant secretary Scott Connolly said: "Superannuation is an industrial right and comes from workers' deferred wages. The link between employers, unions, workers and their funds has been a key reason why industry super funds have systemically out-performed bank-owned super funds, and a pillar of the success of our retirement system.

"It is deeply concerning that many of former banker [Financial Services Minister] Kelly O'Dwyer's ideas — which aim to put our super in the hands of for-profit bankers — appear to be embraced in this draft report.

"The report does not go nearly far enough in its condemnation of for-profit funds, which have proven they should be banned from our system entirely due to high fees, low returns and massive scandals uncovered at the Banking Royal Commission."

Connolly criticised the proposal to create an independent panel to oversee superannuation regulation and reform, including the selection of the "10 top-performing funds" list: "The ACTU supports taking the politics out of superannuation, but the [current Coalition] government cannot be trusted to establish an independent panel, especially given the number of political appointees and politicised agencies under its direction," he said.

The ACTU said reforms should also include the extension of employer-paid superannuation to all workers, including contractors and those in the gig economy, and the urgent increase of the super guarantee to 12% (from its current extended "freeze" at 9.5%).

The government's legislation, introduced last year, which would mandate more so-called "independent" directors for super funds, is really aimed at removing union representatives from the boards of superannuation funds. This is part of the Coalition government's anti-union offensive, intended to further limit the power of the union movement.

History of superannuation

Australia's compulsory superannuation system has its origins in limiting union power. A key element of the ALP-ACTU Accord in the 1980s, it was sold to workers as part of the "social wage" being traded off in exchange for "wage restraint". Super was finally introduced into law by the Paul Keating Labor government in 1992.

The initial superannuation rate was set at 3% of wages, increasing to 9.5% over time. The rate was "frozen" until 2021 by the current Coalition government, following a Labor government commitment to increase the rate to 12.5%.

The value of super fluctuates wildly from year to year, depending on the state of the capitalist economy. In times of crisis, super funds suffer huge losses, and hence are not a reliable source of income for retired workers. The capitalists gamble with our money, and we suffer both from the poor decisions of particular capitalists and from the irrationality of the system as a whole.

The current super system is also seriously biased against women workers, who tend to have lower paying jobs and take time off for family reasons; against young workers, who are increasingly involved in casual, part-time employment in the gig economy; and those workers who face illegal practices by ruthless employers who avoid paying or under-pay wages and superannuation contributions.

The investment policies of many large superannuation funds are also under fire, including leading industry funds with strong union involvement. For example, members of the National Tertiary Employees Union (NTEU) are challenging the role of their super fund, UniSuper, as the largest investor in the toll road giant TransUrban, currently favourite to buy the controversial WestConnex motorway project in Sydney.

An alternate vision

The Socialist Alliance has a different outlook from the major parties, one that focuses on protecting workers entitlements from greedy fund managers and market forces.

We call for superannuation to be fully protected in the short to medium term. In future, we advocate for a different system of retirement security, based on a universal national retirement pension system, adequate to provide a living income for all. Such a scheme would avoid the pitfalls of the current market-based superannuation system, and provide the basis for a fair retirement provision for all workers and

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Bank scandals fuel calls for radical new system

[April 26, 2018; #1178]

The mounting scandals being revealed by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry highlight the need for a comprehensive and radical solution to the crisis in the banking system.

The Big Four banks must be nationalised so people can take back their stolen wealth and a new public banking system must be created under democratic community control.

The royal commission has heard evidence of appalling behaviour by the major banks and financial planners from the past decade, including with allegations of bribery, forged documents, repeated failure to verify customers' financial positions before lending money and selling insurance to people who could never claim on it.

It has found that banks and AMP (a financial services company) were continuing to charge fees from people after they had died, and that spurious investment advice from financial planners had led to some people losing their homes and life savings while others lost large chunks of their superannuation savings through exorbitant exit fees.

Recently, AMP admitted lying to the Australian Securities and Investments Commission (ASIC) and the Commonwealth Bank admitted some of its financial advisors have been charging fees for services never provided.

AMP CEO Craig Meller became the first high-profile casualty, announcing he was resigning shortly after giving evidence to the commission. Hopefully, others will follow. But those responsible for serious financial crimes need to be charged and convicted.

Moves to tighten the regulation and toughen up penalties for criminal behaviour are only a small part of the answer. These, and many other scandals, show that the overall problem of the financial system cannot be fixed by greater regulation alone.

System working as intended

Susan Price, a national co-convenor of the Socialist Alliance, told Green Left Weekly: "The abject failure of ASIC [Australian Securities and Investment Commission] to effectively supervise and control banking practices, is not the source of the problem. The system is working as it is intended to work — to maximise profits for the major banking and financial corporations at the expense of ordinary working people.

"This is the essence of capitalism's financial oligopoly. The labour movement and the public need to challenge this corporate monster head on. The time for tinkering is over.

"We need a major national campaign to take back the wealth that has been stolen from us over decades. A nationalised banking system could be a massive funding base to revive the ailing public sector, including for spending on public health, education, transport, housing and sustainable energy.

"And the best way of avoiding any new public banking system management becoming corporatised and bureaucratic will mean ensuring that control is firmly in the hands of an elected board, representing employees and the community. That way, lending and savings policies on accounts and credit cards, home mortgages and investments would be directed toward the public interest, not private profit."

Greg Jericho, writing in Guardian Australia, pointed to the same problem. In his article titled, "What happened this week is not a shock, it is capitalism as intended", he said the revelations coming out of the banking royal commission should not be a surprise because it "is what happens when so-called free markets operate without, or with no fear of, regulatory control".

"There is no benevolent invisible hand leading companies to produce optimal outcomes for the economy — merely a hand that drives towards higher profits at whatever cost.

"Charging dead people for financial advice? This is not a shock, it is capitalism working as intended. It is businesses who lobby for lower regulations (it's a competitive burden, don't you know!) taking advantage of lower regulations.

"Capitalism is founded on corporations taking advantage of having more power and information than their workers and customers.

"It underpins the fraudulent reasoning for the government's proposed company tax cut for big businesses. Do you really think these businesses, which have consistently

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… Report into super

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citizens.

In the meantime, the Socialist Alliance calls for much stronger regulation of the current superannuation scheme, to maximise the returns for workers and minimise the profiteering of the fund managers and banks. In the medium term, we should move toward a system restricted to union-industry super funds, with workers constituting 75% of the trustees of each fund.

Trillions of dollars are at stake here. Workers' funds are being squandered by a privileged minority. The problems of the current system brought to light by the Royal Commission into the banking and insurance industries highlights the urgent need for a fully-funded, long-term alternative to the current profit-driven system.

National legislation will be needed to provide a government guarantee of the value of all worker contributions and protect and expand the real value of wage shares which have been incorporated into superannuation. The Socialist Alliance proposes the creation of a pool of combined super funds as social capital for public housing, public education, public health and other essential social and environmental projects.

Superannuation should not be a lifetime lottery for workers, in which their retirement incomes are subject to the whims of the capitalist market, and constantly in danger of being whittled away by unscrupulous bankers and fund managers.

In future, the labour movement needs to campaign for a guaranteed, universal and adequate retirement pension for all, funded by a steeply progressive taxation system in which the extremely wealthy and the big corporations pay the greatest share of tax. ■

… CALL FOR RADICAL NEW SYSTEM
Continued from previous page.

ripped off their own customers, will be using such a tax to reward their workers and customers, or will they use it to reward themselves?"

The fact that Prime Minister Malcolm Turnbull and other ministers had to be dragged kicking and screaming to even admit they were wrong to resist the growing pressure for a royal commission — pushed by the Greens and by Labor — underlines the fact that the Coalition government is operating a "protection racket" for the four big banks.

Chifley's nationalisation plan

The proposal to nationalise the banking industry goes back to the Ben Chifley Labor government (1945–49). In March 1945, while World War II was still raging, the then John Curtin Labor government introduced legislation to continue the wartime controls on the private banks and consolidate the Commonwealth Bank's role as a central bank.

Chifley, who was then Treasurer, explained that the legislation was "based on the conviction that the government must accept responsibility for the economic condition of the nation ... The government has decided to assume the powers which are necessary over banking policy to assist it in maintaining national economic health and prosperity."

After Curtin died, Chifley became Prime Minister. Labor was re-elected in 1946 and the following year Chifley's Cabinet authorised preparation of legislation "for the nationalisation of banking other than state banks, with proper protection for shareholders, depositors, borrowers and staff of private banks".

All hell broke loose, with the Liberal Party, then led by Robert Menzies, saying this opened up "a second battle for Australia". Accusations flew that Chifley was moving towards a "Communist dictatorship".

A legal challenge by the private banks to the nationalisation legislation in the High Court was successful in 1948, with the law ruled unconstitutional. The Chifley government was defeated in the 1949 election, primarily due to the escalating Cold War atmosphere, but the campaign against bank nationalisation played its part.

The defeat of Chifley's bank nationalisation plan put the issue into the too-hard basket for more than half a century. We need to look at it again — especially in light of the public anger against the Big Four private banks.

Hawke-Keating sale of the CBA

One of the worst actions of the Bob Hawke-Paul Keating Labor government was the privatisation of the Commonwealth Bank (CBA). The sell off was carried out in three stages from 1991, and was completed by the John Howard Coalition government in 1997.

The sale of the CBA netted the federal government just $7.8 billion. This compares to a CBA profit for 2017 alone of almost $10 billion.

The sell off was an unmitigated disaster, not only because the public lost out so badly on the deal financially, but because it opened the way for the Big Four-dominated private banking oligopoly today.

If the CBA had remained public, its huge assets could be utilised to provide low-interest home loans for the community, and fund all the other important public infrastructure needs.

Moreover, a public CBA — under democratic management — could be used to avoid the crimes and malpractices that are so widespread today. It could be the springboard to extend the public banking sector.

In the meantime, one transitional measure could be the establishment of a new People's Bank, as Greens leader Richard Di Natale recently proposed, although in a modified form. One model could be the KiwiBank in New Zealand, which operates publically through the New Zealand Post Office network.

A new People's Bank could be a stepping stone toward the re-establishment of a substantial public banking sector. While it would initially lack the resources of the CBA, this could be built up via a levy from the Big Four, for example, and other government-backed sources.

"Whatever the initial steps," Price said, "the challenge today is to launch a major campaign to re-establish a substantial public banking system.

"The first step is to begin a widespread discussion about the need for a nationalised banking system and to propose a path for achieving it."■

ASIC IS PART OF THE BANKING PROBLEM, NOT SOLUTION

[August 9, 2018; #191]
A nationalised banking system could be a massive funding base to revive the ailing public sector.The Finance Sector Union has slammed a plan to "embed" financial regulatory agency officers inside the Big Four banks and the financial management giant AMP. The FSU says that officers from the Australian Securities and Investments Commission (ASIC), which has been criticised for being “too close to the banks”, would be unable to penetrate the unethical internal culture of the banks.

The move comes as the federal Coalition government announced an extra $70 million in funding to ASIC to allow it to be the "tough cop on the beat” following the revelations coming out of the banking royal commission.

In reality, the widely exposed crimes and malpractices of the banks occurred with the full knowledge and complicity of ASIC and the funding increase simply replaces funding cut from the agency’s allocation in the May budget.

ASIC was not designed to combat the misconduct of the Big Banks: rather, it is an integral part of the government’s machinery, aimed at facilitating the operations of the Big Bank cartel.

At most, it is a coordinating mechanism between the banks, and a facade to pretend that there is real market competition and consumer protection.

Socialist Alliance national co-convenor Susan Price told Green Left Weekly: “The abject failure of ASIC to effectively supervise and control banking practices is not the source of the problem.

“The system is working as it is intended to work — to maximise profits for the major banking and financial corporations at the expense of ordinary working people.

“This is the essence of capitalism’s financial oligopoly. The labour movement and the public need to challenge this corporate monster head-on. The time for tinkering is over.

“We need a major national campaign to take back the wealth that has been stolen from us over decades.

“A nationalised banking system could be a massive funding base to revive the ailing public sector, including for spending on public health, education, transport, housing and sustainable energy.

“And the best way of avoiding any new public banking system management becoming corporatised and bureaucratic is ensuring that control is firmly in the hands of an elected board, representing employees and the community.

“That way, lending and savings policies on accounts and credit cards, home mortgages and investments would be directed toward the public interest, not private profit.”

Reforming ASIC and other state regulatory agencies will not solve the fundamental problems of Australia's corporatised financial system. Instead, we need to start a campaign to demand the nationalisation of the Big Banks and other financial giants, under workers' and community control.■

TO STOP BANKS’ OBSCENE GREED, COMMUNITY CONTROL IS NEEDED

[October 5, 2018; #1198]
Whether the royal commission decides to recommend criminal charges for executives and tighter restrictions on mortgage brokers remains to be seen.

The interim report of Royal Commissioner Kenneth Hayne on the crimes and greed of the Big Four banks underlines the urgent need to radically overhaul the banking and financial system.

The report, published on September 28, showed the banks’ unmitigated greed. Even Josh Frydenberg was forced to admit that the commission was “an important revelation of misconduct and inappropriate behaviour through the system”.

The federal Coalition government under former prime minister Malcolm Turnbull was forced to establish the Banking and Financial Services Royal Commission in December 2017, after voting down motions from the Greens and Labor for such a commission, more than 30 times.

Back then, Treasurer Scott Morrison described the calls for a royal commission as “populist whinge”. Now, as PM — and as evidence from the victims of the banks’ unmitigated greed is clear for all to see — Morrison says he should have acted sooner.

Understandably, anger at the banks and the collusion of governments and so-called regulators, the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulatory Authority (APRA), is growing.

The reason is easy to understand. As Hayne noted: “Much, if not all, of the conduct identified in the first round of hearings can be traced to entities preferring pursuit of profit to pursuit of any other purpose.”

Hayne described the financial advice industry as being riddled with dishonesty.

“Giving advice that does not serve the client's interest, but profits the adviser, is equally dishonest … No matter whether the motive is called ‘greed’, ‘avarice’ or ‘pursuit of profit’, the conduct ignores basic standards of honesty,” Hayne said.

“The root cause for what happened was greed — the greed of both licencees and advisers.”

Hayne’s report focuses on summarising the malpractices revealed in the first round of commission hearings. It does not include any direct recommendations for action.

Labor has now called on the Coalition to extend the time for public hearings beyond the end of 2018, with Hayne due to hand down the final report in early 2019.

Socialist Alliance national co-convenor Susan Price told Green Left Weekly that

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… Community control needed

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tinkering at the edges, such as tightening up regulations, will not solve the key problem.

"Making the banking sector democratic and transparent is the only hope we have of tackling the problem — the private ownership of the financial institutions which control our wealth," Price said.

"The royal commission hearings have conclusively shown the scale of the banking industry's obscene greed: it has been stealing billions of dollars of ordinary workers' funds. Yet, this has all been legal.

"A publicly-owned banking sector, under the direction of a board of elected delegates and community representatives, could make decisions in the interests of the community.

"The handling of deposits and loans should be geared to meeting ordinary people's needs, and the best people to oversee this process are community representatives who understand first-hand the needs of first-home buyers and small businesses."

The Labor governments of Bob Hawke and Paul Keating privatised the Commonwealth Bank in the 1980s and '90s. This disastrous move, completed by John Howard Coalition government, is the background to the social calamity we are seeing today.

If the financial resources of Australia's biggest bank had remained in public hands, it may have been possible to combat the crimes of the private banking sector much earlier.

"With housing increasingly becoming unaffordable for many, the banks need to be forced to adopt a socially responsible loan policy for first homebuyers and small businesses including farmers," Price said.

"A substantial government-owned bank could assist with extending public ownership to other sections of the banking and financial services industries.

"The Greens' proposal for a People's Bank, which would offer low-cost mortgages and other basic facilities, could help in the push for a publicly-owned banking sector."

New Zealand has shown the way with its government-owned Kiwibank, a subsidiary of the NZ post office, which it set up in 2002. It offers basic financial services with lower fees and better services than the private banks.

The Greens have also said they favour legislation to force the banks to split their banking and wealth-management arms.

Former Australian Competition and Consumer Commission (ACCC) chairperson Allan Fels has backed the Greens' call after damning evidence at the commission and a series of Fairfax media investigations showed that financial planning arms are at the core of bank misconduct.

Three of the Big Four have moved to head off more criticism by hiving these sectors off: the Commonwealth Bank, National Australia Bank and ANZ have announced they will either de-merge or sell their financial planning businesses.

Whether the royal commission decides to recommend criminal charges for executives and tighter restrictions on mortgage brokers remains to be seen.

It is expected to recommend greater regulatory powers for ASIC and APRA. Price said these reforms, on their own, would be insufficient.

"In the end, they will not fix the basic problem — the privatised financial system," she said.

"The royal commission has exposed a toxic culture of corporate greed and criminal extortion. To really resolve this, we need the banks and their assets — which are really ours — to be controlled by us."■

Socialist Alliance says banks must work for us

[Policy adopted January 2017]

The extreme concentration of the banking and financial systems means that ordinary working people lose out on a big scale.

The scandal-ridden four big banks — WestPac, Commonwealth Bank of Australia (CBA), National Australia Bank (NAB) and ANZ — profit-gouge because they can. There is little regulation or government control.

Australian banks are the most profitable in the OECD: bank profits represent 2.9% of GDP. (Australia Institute). This means that ordinary workers and small businesses are paying more than they would if there was effective competition.

The Reserve Bank of Australia has found that the loan guarantee being enjoyed by the big banks equates to an effective Commonwealth subsidy of up to $4 billion a year.

The following problems derive from the four big banks' extreme power: fraudulent financial planning advice; exorbitant credit card and home loan interest rates; the refusal by banks to pass on Reserve Bank interest rate cuts in full; bank bill swap rates collusion; the culture of huge commissions and pressure on staff to sell shonky financial products to customers; the massive salaries and bonuses paid to bank CEOs; the outsourcing and offshoring of jobs to low wage countries; and related insurance industry malpractices.

A comprehensive solution to this includes much more than a thorough, independent investigation and exposure via a royal commission, although that is essential.

Such a commission could publicly exposing the profit-gouging of Australia's private financial sector and ensure that the books be opened. It could provide the evidence for charges to be brought against the banking moguls who profit from these crimes and lead to a campaign to nationalise (or re-nationalise in the case of the CBA) the entire banking and financial sector, under community and workers' control.

A push to take back our wealth and assets that have been stolen by the big banks and financial institutions needs to happen.

Socialist Alliance supports and campaigns for:

1. A comprehensive royal commission into the banking and financial sector, with full powers to enforce testimony and information from bank CEOs and managements.
2. Put the big banks into public hands. Nationalise the Big Four, under workers' and community control. Full compensation to ordinary small investors.
3. Place the banks' massive assets under public ownership, to be used for the good of the community and the environment. These funds could be used to build public works, and to fund public health, housing, education and transportation.
4. Placing banks in public hands, under community control, could provide essential services to meet society's needs. Executives would not be paid millions, jobs would stay, interest rates would not be manipulated for profit and fees could be cut.
5. Banks must provide accessible loans to first home-buyers, small business and small farmers at low interest rates. An end to evictions of home-buyers and small businesspeople who fall behind in payments; reasonable repayment schedules must be arranged.
6. Government assistance to communities for the formation and maintenance of co-operative banks, at low interest rates.
7. Major banks to be mandated to invest in socially useful public infrastructure, such as public transport, health, education and recreation facilities and to divest from fossil fuel and environmentally damaging industries.■

The Australian banking and financial system is in deep crisis. The Royal Commission into Misconduct in the Financial Services industry has revealed a deep culture of 'dishonesty and greed' in the sector.

The royal commission has heard evidence of appalling behaviour by the major banks and financial planners from the past decade, including allegations of bribery, forged documents, repeated failure to verify customers' financial positions before lending money and selling insurance to people who could never claim on it.

Behind these crimes lie decades of neoliberal corporatisation and deregulation of the banking and financial sector, by Labor and Liberal governments.

The privatisation of the government-owned Commonwealth Bank (CBA) in the 1990s was an unmitigated disaster, not only because the public lost out so badly on the deal financially, but because it opened the way for the Big Four-dominated private banking oligopoly of today.

Moreover, a public CBA — under democratic management — could be used to avoid the crimes and malpractices that are so widespread today. It could be the springboard to extend the public banking sector to cover the whole of the Big Four.

We need a major national campaign to take back the wealth that has been stolen from us over decades. A nationalised banking system could provide a massive funding base to revive the ailing public sector, including for spending on public health, education, transport, housing and sustainable energy.

And the best way of avoiding any new public banking system management becoming corporatised and bureaucratic is ensuring that control is firmly in the hands of an elected board, representing employees and the community. Making the banking sector democratic and transparent is the only hope we have of tackling the problem — the private ownership of the financial institutions which control our wealth.

This pamphlet, consisting of articles originally published in the socialist newspaper *Green Left Weekly* during 2017-18, is intended to provide information to assist a community movement to 'Nationalise the Big Four banks, under workers' and democratic control'. Such a movement could be a step in the direction of building a genuine, democratic socialist society of the future.

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