

# Citizens Electoral Council of Australia



Postal Address: PO Box 376, Coburg Vic 3058

Phone: 1800 636 432 Fax: 03 9354 0166

Home Page: [www.cecaust.com.au](http://www.cecaust.com.au) Email: [cec@cecaust.com.au](mailto:cec@cecaust.com.au)

Authorised by R. Barwick, 595 Sydney Road, Coburg, Victoria 3058. Printed by Citizens Media Group Pty Ltd., 595 Sydney Road, Coburg, Victoria 3058.

Independent Political Party

23<sup>rd</sup> of October 2013

## Bankers' boy Hockey & the foreign investment lie

Treasurer Joe Hockey recently uttered a bald-faced lie about foreign investment, which was also a pointed message to the Australian people: *the government may have changed, but the economic policies that make Australia subservient to private financial interests won't be changing.*

During his U.S. trip to pay tribute to Wall Street, Hockey on 13 October lied on *Sky News* that Australia has always needed foreign investment:

"We need foreign investment because Australia cannot fund its own needs. It hasn't been able to fund its own needs since 1788, and we have relied on foreign investment since that time to grow our nation. We are going to continue to rely on that investment, but obviously we need to deal with what is in the national interest."

Wrong, dead wrong! During both world wars, the times when the national economy was at its most stretched, Australia did just fine without foreign investment. It did so for one reason: the Commonwealth Bank.

### WWI

The first official history of the Commonwealth Bank, *The Commonwealth Bank of Australia*, by C.C. Faulkner, published in 1923, records that prior to World War I, the total of Australia's Commonwealth and State public debt to London had built up to just over £230 million. Early in the war, the British government made it clear to Australia that the demands of war meant that London wouldn't be able to keep financing Australia's borrowing. Consequently, the newly-established Commonwealth Bank took up the challenge. It oversaw 10 War Loan and War Savings Certificate campaigns, which by war's end had raised more than £250 million for the war effort *from inside Australia*. Moreover, because the government-owned Commonwealth Bank brokered these loans at cost, the administration expenses amounted to just £705,000, compared to fees to London banks that would have surpassed £5 million.

Firebrand NSW Premier Jack Lang later recounted in his book *The Big Bust* how the success of the Commonwealth Bank during the war threatened the private London bankers' monetary control over Australia: "[Commonwealth Bank governor] Denison Miller had gone to London after the war finished and had thrown a great fright into the banking world by calmly telling a big bankers' dinner that the wealth of Australia represented six times the amount of money that had been borrowed, and that the bank could meet every demand because it had the entire capital of the country behind it... A deputation of unemployed waited on him after he arrived back from London at the head office of the Commonwealth Bank in Martin Place, Sydney. He was asked whether his bank would be prepared to raise another £350 million for productive purposes. He replied that his bank was not only able to do it, but would be happy to do it. Such statements as these caused near-panic in the City of London."

### WWII

Australia's self-reliance in World War II was even more remarkable, again due to the Commonwealth Bank. After

Labor's John Curtin and Ben Chifley took over from Robert Menzies in 1942, the Commonwealth Bank used its powers as the national bank to create credit to fund the war effort, by purchasing Treasury Bills from the federal government. In the nine years prior to 1942, the private banker-controlled Lyons-Menzies governments suppressed the Commonwealth Bank's power to use T-Bills to create credit, so it only created a net £5 million in that time, leaving Australia again reliant on London bankers. As documented in H.W. Arndt's 1963 reference book *The Australian Trading Banks*, under Curtin and Chifley in 1942 the Commonwealth Bank created £59 million; in 1943 £173 million; in 1944 £77 million; and in 1945 £68 million. On the back of this credit creation, government expenditure, which had hovered around £80 million for most of the 1930s, leapt up to £413 million in 1942, £661 million in 1943, £677 million in 1944, and £599 million in 1945. The result was victory in the war, and an economic miracle that transformed Australia's economy from an agrarian backwater into an agro-industrial powerhouse.

### Bankers' boy

Hockey is blatantly lying about foreign investment, because he is a tool of predatory private bankers, who are determined to crush any attempt to restore national banking. On 19 March 2009—in the wake of the biggest financial crisis since the Great Depression, caused by the unbridled gambling of unregulated private banks—Hockey must have used all of his willpower to hold a straight face as he bloviated in Parliament, "And if there have been any lessons learnt over the last 30 years in Australia, it is that governments should not be involved in banking."

In Hockey's twisted philosophy, banking should be left to criminal outfits such as JPMorgan Chase, one of the main culprits in the fraudulent financial gaming that caused the GFC, and which has just reached a \$13 billion settlement with the U.S. Justice Department in order to shut down any further investigation of its role in the mortgage securitisation fraud. JPMorgan Chase under its thuggish CEO Jamie Dimon is one of the world's biggest derivatives gamblers, and is running a campaign targeting American politicians with intimidation and bribery in order to stop the growing momentum in the U.S. Congress to restore the Glass-Steagall separation of essential banking from speculation. Two days after lying about foreign investment, Australia's new Treasurer disgraced his office by happily allowing JPMorgan to host him in New York for a 15 October lunch address to the American Australian Association.

The Citizens Electoral Council is leading the fight to protect Australia's economic sovereignty by bringing back national banking, and enacting an Australian version of a Glass-Steagall separation of private banks into banks that hold the people's deposits, separated completely from the risky banks that gamble in derivatives, sell securities, or broker investments and insurance.

To restore economic sovereignty to the Australian people, and take the nation out of the clutches of predator-banks such as JPMorgan, fight with the CEC.

# Australia's real 'Big Four': HSBC, JP Morgan, National, Citicorp

Australia has the most concentrated financial system in the world, centred in just four banks—NAB, CBA, ANZ and Westpac. These four banks are called the four “pillars”, and they account for 80 per cent of the entire financial system.

But that's not the full picture. The financial system is even more concentrated than it looks, because in truth these four banks should be regarded as one single banking entity. In fact, all of the minor banks should be included in that single entity as well—Bendigo Bank, Bank of Queensland, St George, BankSA, BankWest, and even Rams and Aussie Home Loans.

This is because the top four shareholders in all of Australia's banks are all the same financial entities: HSBC Custody Nominees, JP Morgan Australian Nominees, National Nominees, and Citicorp Nominees, in that order.

Between them, these four entities have the controlling interest in each local bank, because their combined shareholdings are close to 40 per cent and above.

And that's not all. These four entities are also the top four shareholders in virtually every major Australian corporation, including BHP-Billiton (combined stake of 53.21 per cent), Rio Tinto (54.98 per cent), Telstra (56.27 per cent), Woolworths (42.89 per cent), Wesfarmers (44.45 per cent), Origin Energy (55.02 per cent), Tabcorp (56.72 per cent), Goodman Group (83.43 per cent), Brambles (77.17 per cent), Fosters Group (70.01 per cent), AMP (50.2 per cent), Westfield Group (71.04 per cent), and Woodside (40.92 per cent).

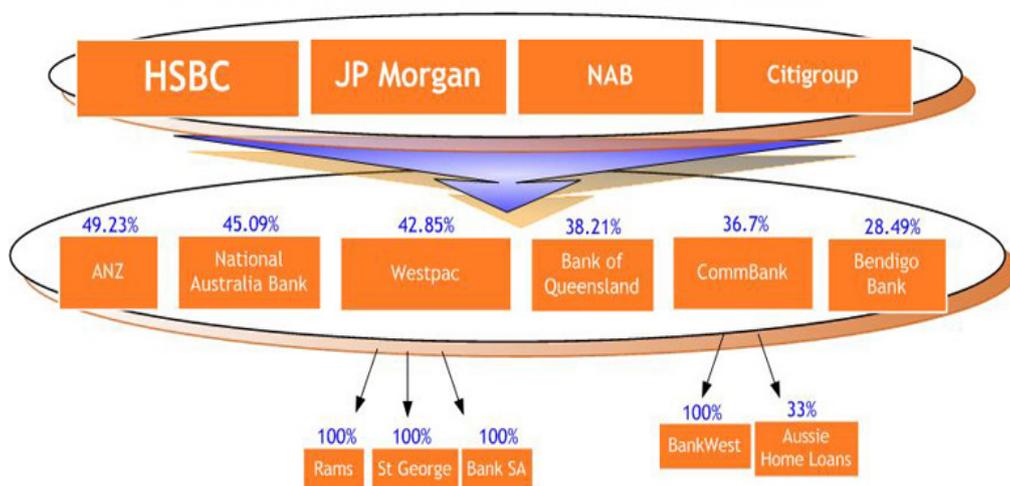
So who are these entities? They are nominee companies which are wholly-owned subsidiaries of the banks they are named for:

\* **HSBC**—Hong Kong Shanghai Banking Corporation, Britain's biggest, and dirtiest, bank, which was born out of Britain's two mid-19<sup>th</sup> century opium wars against China, when Queen Victoria in the name of “free trade” waged war to force China to open its ports to British opium, which the Emperor of China had banned because it was destroying Chinese society. The British took Hong Kong as its spoils of those wars, which became the centre of British drug-running for over a century, financed by HSBC. In 2012, the U.S. government found HSBC was involved in laundering drug money, and in conduiting Saudi funds to al-Qaeda-linked terrorist groups, but HSBC escaped with only a minor fine, because Barack Obama's Attorney-General Eric Holder deemed a more serious punishment could destabilise the fragile global financial system; i.e. HSBC was “too big to jail”.

\* **JP Morgan Chase**—the most British bank on Wall Street, the biggest derivatives gambler in the U.S., and the bank that is taking the lead to crush any moves to restore a Glass-Steagall banking separation. Under current boss Jamie Dimon, JP Morgan Chase has gambled aggressively on derivatives through its London office, leading to a massive \$2 billion loss in 2012. Incorporated in the U.S. state of Delaware, JP Morgan bared its fangs in June when the Delaware State Legislature tried to debate a motion endorsing a return to Glass-Steagall. The bank sent along a delegation to intimidate the elected legislators into shutting down the proceedings. It has since employed 1,500 lobbyists to swarm the U.S. Congress building, to use intimidation and/or bribery to ensure U.S. politicians do not support a return to Glass-Steagall.

## The Ownership Tree

This tree looks at the ownership of “Australian Owned” banks in Australia. The companies at the top of the tree are the top four shareholders for all of the banks in the following level. The percentage shown is the total ownership these four companies have of that particular bank.



Graphic from [www.spankyourbank.com.au](http://www.spankyourbank.com.au).

\* **National Australia Bank**—NAB is Australia's most powerful establishment bank, boasting extensive political connections; it's also the biggest derivatives gambler. Its major stake in all the other Australian banks makes a farce of its recent publicity stunt, when it announced it was “breaking up” with the other banks.

\* **Citicorp**—now Citigroup, is the Wall Street bank that in 1999 spent \$300 million bribing American politicians to scrap the *Glass-Steagall Act*, so it could merge with Travellers Insurance and its associated investment bank Salomon Smith Barney. This act led directly to the 2008 global financial meltdown. (In 2012 former Citicorp chairman Sandy Weil declared the repeal of Glass-Steagall was a mistake, and in September 2013 the former CEO John Reed declared likewise.)

Technically it is not the case that these four banks are themselves the owners of the shares that their nominee companies hold, but they fully own, and therefore control, the nominee companies. The nominee companies themselves are like huge investment funds that HSBC etc manage on behalf of investors. What characterises a nominee company is that the investors remain anonymous. It is these anonymous investors who are the major shareholders in all of Australia's banks and major companies. This raises many questions: why do they wish to be anonymous? And why do so many investors who wish to be anonymous invest through the same four banking institutions? Who exercises the power associated with these shareholdings, the nominee company, or the anonymous investors?

This last question is important, because many times small shareholders in corporations have tried to engage in “shareholder activism”, and join together to use their collective shareholdings to convene extraordinary general meetings in order to force the board of directors to change a certain policy. Invariably, however, the chairman of the board will be holding a majority of “proxy” votes that he/she can use to outvote any motion that the board doesn't support. The small shareholders never have a chance. The fact that four nominee companies control all of Australia's banks and major corporations means the real power in Australia's corporate economy can remain both anonymous, and locked tight.

It is also more reason that Australia too needs a Glass-Steagall banking separation—not just to split up the concentration of the Big Four banks, but to break up the even more concentrated ownership and control of the entire Australian financial system.