

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

Submitted By: [REDACTED]

Email: [REDACTED]

Phone Number: [REDACTED]

Submission for: My Self

Name of other person, business or organisation:

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Your submission:

To the Senate,

I have a few crucial discussion points relating to the recent Royal Commission into the Banking Industry. I believe we are at a similar financial situation to that prior to the stock market crash of 1929, with the Australian Big Banks fleecing their customers with 'vertical integrated banking'. That is, selling the Bank's products to customers regardless of whether they want or can afford those products.

After the devastating financial crash in 1929, President Roosevelt's Government soon introduced legislation to separate the banks (Glass-Steagall Act). By World War 2, the U.S.A. had become a financial power house - able to finance the American war effort in addition to lending money to Britain. Clearly, President Roosevelt's policy was a success and should be used as the model to regulate the Australian Banking system today.

Some further points that I believe are relevant:

1. There should be Government regulated and controlled deposits and mortgages for the general population and small businesses as well as affordable loans for Government infrastructure. In other words – national banking without bail-in of deposits.
2. Private banks were for speculation. This bred a 'Too Big to Fail' management which committed criminal offenses (The Pecora Commission). No bail-outs if failed.
3. Roosevelt directed finance into the path that assisted jobs and developed the economy back into better shape.
4. In fact, by 1940, America has become a super power and, without their contribution to the world war effort, it is doubtful whether the Allies would have had a victory.
5. America helped to rebuild Japan, Germany and Europe's economies with such strategies as the Marshall Plan. This was only achievable with sound financial management as a result of Roosevelt's policies.

Let's learn the lessons from the 1929 crash.

[REDACTED]
Member of The Citizens Electoral Council
[REDACTED]