

Democrats

for social credit

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The Reserve Bank of New Zealand, as we know it, should be abolished.

The Reserve Bank of New Zealand, with its entire infrastructure, is now a tainted institution. It is a lackey and tool of corporate powers that strip this country of its assets.

The Governor of the Reserve Bank is in crisis mode. No sooner have the predictable effects of several OCR increases occurred - the continued rise of our exchange rate – than he falls back on the last resort of many in dire straights. He gambles several times by putting a \$billion Kiwi, or more, into the pot.

He is gambling with a mere pittance in relation to the huge amount of liquid dollars sloshing around the world from one currency market to another. He plays a game which even the big boys like the Bank of England have played and failed. Alan Bollard will shortly wish he had opted out of re-signing his five year contract.

For too long now the ignorance of Reserve Bank Governors, the current one and his predecessors, has seen them interfere in the running of economy. They have created boom and bust cycles that have at the worst destroyed our economy, and at the best, hindered its growth.

We have been encouraged to work smarter, to produce more wealth for the nation, to not only benefit our families directly, but to ensure that we could have great hospitals, schools, roads, sewage systems, water supplies and electricity for our communities.

Anger is mounting throughout New Zealand as we are frustrated at every turn. Interest rate increases have made: housing unaffordable; water and rate increases unbearable; business survival difficult; exporters' success turn to failure; and inflation that eats away our incomes faster than we can earn them.

Who is to blame? The Gambling Governor, that's who, a man in crisis, dicing with the remaining spoils. He is being cheered on the sidelines by Michael Cullen, the Labour government, John Key and the National Party.

With this mad gamble, Bollard has finally demonstrated he is bereft of ideas.

I get back to my opening remarks by repeating: The Reserve Bank of New Zealand, as we know it, needs to be abolished.

Ladies and Gentlemen, New Zealanders need "Courage to Change"!

New Zealand needs Monetary Reform now, more than ever before. The privately owned banks currently have the right to create and cancel our money – I say our money but really it's theirs. They own it! They control it! And in the process they control us.

How do they do that? Simply by increasing our money supply on a continual drip feed basis by lending new money into the system to ensure all goods and services can be purchased. We are at their mercy, the debt a burden around our necks which but a few of us can throw off.

I have probably made an error there; you can take me to task if you wish. The term “drip feed” is wrong! In the last 12 months it was more like a torrent, our money supply increasing by some \$25 billion. The increase in goods and services available was only about \$3 billion. The excess has obviously been used to facilitate the buying and selling of existing assets at ever increasing prices.

In March 2005 total debt figures stood at \$319.1 billion. In March 2006 that figure stood at \$342.1 billion, a rise of \$23 billion.

New Zealand’s total debt, as at March this year, is \$375.5 billion – a rise of \$33.4 billion. That comes to over \$90,000 per man woman and child. Servicing the interest on that debt at an average of about 9% costs us approx \$33.8 billion or \$8,110 per man woman and child.

\$142.3 billion of that is housing debt. We are being told that the huge rise in house prices over the last few years is caused by Mum and Dad investors buying rental properties. Yeah right! We may think we are a property owning democracy but the reality is we are but tenants on our own land. The effective landlords are not the small investor but the faceless shareholders of the overseas banks who receive huge rents i.e. interest payments for the majority security stake they hold in the land and the bricks and mortar that sit on top of it.

Let’s be quite clear about the “key solutions” required: (Not the John Key solutions – his feet are firmly planted in the “key problems” area)

That “Monetary Authority New Zealand” will be established as the only institution with the power to create, issue, and cancel New Zealand’s money;

That “Monetary Authority New Zealand” will be accountable to the Parliament of New Zealand;

That “Monetary Authority New Zealand” will ensure that the backing of the national currency be the national output of consumer goods and services;

That the Trading Banks will become licenced agents of “Monetary Authority New Zealand”;

That Trading Banks will only be able to advance to their customers that money which has been made available by “Monetary Authority New Zealand”;

That the Reserve Bank of New Zealand will become integrated with but maintain a separate identity from “Monetary Authority New Zealand”;

That the Reserve Bank of New Zealand will take on the specialist role of management of investment monies required for low economic yield social investment;

That “Monetary Authority New Zealand” will be responsible for the availability and flow of working funds necessary to facilitate trade with other nations;

That “Monetary Authority New Zealand” will ensure that the money made available by each nation for trade is backed by the real value of goods and services;

That “Monetary Authority New Zealand” will facilitate an exchange of equivalent value with no undue influence from the currency – and other speculators; and

That “Monetary Authority New Zealand” will manage demand on the money supply by using the “repayment term” and not “interest rates”.

In reality what does all of the above mean?

Our submissions to the Select Committee’s inquiry into affordable housing provide the **first very clear example**.

We recommended that New Zealanders should be able to source housing funding by utilizing our own Reserve Bank of New Zealand, instead of borrowing from commercial trading banks.

Service charges sufficient to cover administration costs and the risk of loan defaults would be added into the principal to be repaid. We would see these charges as being no more than 3%.

Homes could be built or bought without the burden of interest bearing debt. Loans could then be paid for once, not two or three times. With the loan interest factor removed, the family income would go further.

We of course placed a rider on the above, and that is the management of funds on loan at any one time are managed by utilizing the “Repayment Term” as opposed to the current method of using the “Interest Rate” factor. Home buyers with large incomes would be obliged to repay their loans over a shorter term, while low income earners would have a longer term.

This approach is not new and was practised in New Zealand in the 1930s to fund housing, reforestation and roads. The New Zealand Dairy Board also had access to an overdraft facility at the New Zealand Reserve Bank up until the early 1980s. By using this very efficient, low cost resource, the government laid the foundations of economic prosperity for many generations to follow.

Home Ownership is probably the most fundamental property right to which a person or family can lay claim. For most, it is the first and largest capital investment undertaken, and is the one most closely linked to the individual’s and family’s income.

We believe that everyone has a right to acquire their own homes without financial hardship.

The time of greatest need – bringing up a family – often coincides with reduced ability to find the necessary finance. Provision of finance, therefore, should be geared towards assisting young families into their own homes, from the earliest opportunity.

We believe that a family home cannot be defined as anything but a social asset: it exists to provide for the most basic of human material and emotional needs. Therefore access to housing finance at reasonable rates of interest is a major priority among the competing demands for investment funds.

The second example is highlighted by our recommendations to both the Select Committee’s inquiry into affordable housing and The Independent Rates Inquiry: that we should to use the Reserve Bank facility to fund national, regional and local authority infrastructure needs. Removal of the interest cost on local government and public debt will see pressures come off rates and taxes and thus the family income.

Of course **the third example** is if all of New Zealand’s money supply was sourced from “Monetary Authority New Zealand” at cost i.e. 1% and on-lent to the Trading Banks to on-lend to their customer base, adding their margin in the process, all other forms of lending would become less costly. Even if it only cut current interest rates in half, the cost of producing New Zealand goods and services would drop markedly. The household budget would again go much further.

Of course the rider placed here as well is that the management of funds on loan at any one time are managed by utilizing the “Repayment Term” as opposed to the current method of using the “Interest Rate” factor.

It has been said that:

- **“The New Zealand we know today is the result of colonisation. It is a colonisation of money. It knows no boundaries. It has no morals.”**
- **“New Zealanders are rapidly becoming tenants in their own land - A land whose main assets are now controlled by overseas owners.”**

Under Labour the sell-out of New Zealand has not been as blatant as it once was, but the sales continue. For example it continues in the heartland of New Zealand – The Waikato.

John Luxton and Wyatt Creech (former National Party MPs) were involved in the restructuring of the Dairy Board and the establishment of Fonterra during their time in Parliament. They both have interests in the dairy industry. Their wheeling and dealing, both politically and through their business interests, has probably seen the sale, albeit a small part, a CHEESE FACTORY to a Singapore company. Those who act as guardians of our successful co-operative dairy industry should be ever vigilant. The wolves are still at the door.

The National Party will only hasten the sell-out of New Zealand. They have found John Key, and despite his being handicapped - by Bill English, The National Party has high hopes of regaining power.

John Key served his apprenticeship in the world of finance and money. He will continue serving the financial powers that be, through any future role he may achieve in our parliament.

Our Party, “The *Democrats for social credit Party*” has aims in which ownership of the nation’s capital resources are spread among as many New Zealanders as possible, and is clearly stated in our Party’s Tenets and Purposes.

The key policies I’ve outlined will achieve this aim.

The facts must be presented: to all generations; to all sectors of our communities; and to the leaders of our nation and communities. These leaders will be placed between an even greater rock and an even harder place as the funding needs for new infrastructure are required, while they continue the struggle with existing infrastructure debts and maintenance costs.

Democrats for social credit must be a viable and vibrant political party, pushing for reform of the money system. We need to share our knowledge and passion.

The status quo must continue to be challenged. We will fight to reclaim a real ownership stake in our country.

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