

Address to Dáil Finance Committee;

26 Jan 2017 by S Ó Muilleaneoir on behalf of PBFi

1. Le tosnú ba mhaith liom ár mbuíochas a ghabháil leis an gCathaoirleach, as ucht an cuireadh dom bheith i láthair anseo, iniú. Tá áthas orm an teolas agus na torthaí taighde de chuid an PBFi a roinnt libh.

The Public Banking Forum of Ireland is a non-profit, non-funded, independent organisation, with much and growing support across the country. We clearly support and promote the introduction of a comprehensive Public Banking network in Ireland, with Credit Creation/facilitation, in the public Interest, and in the interests of the productive economy.

For the purposes of clarity, Public Banking Forum of Ireland wants to put it on the record that the creation/facilitation of credit, what we all use as money, has been in the controlling hands of private entities, for too long, effectively since the central bank act 1942. Whether the impact of that 1942 act, could have been fully foreseen or not, history makes it crystal clear that the Irish people have paid a big price. As JFK said, a mistake only becomes a mistake when we fail to admit to it. The impact of the above decision was to create a continuous flow of wealth upwards to an ever smaller number of people, boom bust cycles, recurring forced emigration and much much more.

The golden rule is that he who makes the gold makes the rules.

A comprehensive Public Banking system, owned in perpetuity by the Irish People, which can be neither bought nor sold, backed by the natural assets of the state, can correct that mistake.

While it is far from my function or my authority, to dictate policy, I believe we have provided to you the necessary back up material for what we have to put forward. We suggest that if our position cannot be refuted, then this Finance Committee can be the force to implement the necessary changes, and to deliver economic sovereignty to the Irish people, into the future.

2. **PBFi views of the Irish economy.**

Money/Credit is the life blood of our economy.

Banks control its creation, the purpose for which it is lent and who gets it.

Banks create the money supply when they 'make loans'; in this process they are actually facilitating credit creation by each man woman or person. It is this credit released by the banks which, we use as money. Approximately 3% of the money supply is actual cash, as in paper and coin

Banks control where it is lent, i.e. they for the most part decide who is facilitated with credit and for what purpose; that can be either for productive purposes (that which proper economic development) or for asset speculation. Credit facilitation by the Commercial Banks for asset speculation leads to property price escalation, boom-bust cycles and eventually wealth transfer.

UK figures for credit creation for the decade up to the crash of 2008 show that only 8% went to businesses outside the financial sector. A further 8% went to credit cards & personal loans. Similar, if not even worse figures for Ireland, I suspect.

The current banking system in Ireland is comprised mainly of 3 commercial banks that together have about 90% of the overall market.

Three Banks AIB, Bank of Ireland and Ulster Bank control 95% of the lending to small businesses. Irish companies pay some of the highest rates in Europe for small business loans.

(AIB although 99.8% state owned is being operated aggressively on commercial principles & is being prepped for sale to the private while it still owes the state over €19bn)

Commercial bankers, the CBOI and the ECB have effective control over the Irish people and the Irish economy.

ISME Bank Watch Survey Q3 2016: Access to finance still remains an issue among SMEs, with a 30% refusal rate recorded in ISMEs latest Bank Watch survey.

Micro and small businesses are most dissatisfied at -52%. Overall the banking score continues to be negative at -49%. SMEs provide nearly 70% of all jobs, yet they are grossly under supported.

SMEs require sufficient volumes of credit, professionally administered, properly focused, and fully supervised, in a system which is ethical for all concerned, and not based on collateral collection. This is not present today.

3. The current bailed-out flawed model cannot be our only option going forward:

The Banking situation in Ireland has deteriorated, we now have fewer banks. Is the “too-big-to-fail” gun to our heads again? Is CBOI regulation fixated on the small people, rather than the IFSC? Who actually owns the €150 billion assets/debts/loans held in SPVs, and who owns the €430 bn held in FVCs? Who can explain the CIAs figure of approx. €1.7 trillion in total Irish debts? Do savers and depositors understand EU 2012 Bail-in legislation. European Banking Authority (EBA) findings suggest that our banks are among the riskiest in the EU. Who owns IPSO (Irish Payment Services Organisation), a tool by which complete control is exercised over cash machines and all payments.

4. Credit unions are being driven out of existence in the interests of the commercial banking industry; likewise, the ECB is pressuring the German Sparkasse and cooperative banks, to consolidate, against their best interests.

5. Failed economic theories and models, cannot, cannot, cannot script the way forward. Proven economic principles must be applied. New thinking is required to arrest the slide into total urbanisation of the Irish people, and total dependence on FDI. Community banks are a sine qua non.

6. Actions required.

- a. A national ban on credit facilitation for speculative purposes is a mandatory development in support of SMEs, the productive economy, and communities.
- b. At least 10 regional community banks across the entire country, are absolutely essential, and affordable over 5 years at a cost of less than €150 million: less than €40 per head of population.

Note 1: We believe that the German Sparkasse banking model best suits Ireland. That model can be modified for Ireland. Expertise from the SBFIC can be sought. It is a model proven over 200 years. The Post Offices could also pursue the highly successful New Zealand Kiwi (Post Office) Bank model as established in 2002, now with over 800,000 customers.

Note.2: Ireland has a perfect framework from which to build, in the public interest, a comprehensive public banking network; credit unions, and the An Post network are that perfect platform. We suggest that SBFIC expertise be employed to design a system for this country.

Note3: If Ireland were to adopt the German model of community banking, then approximately 45 independent community banks would be required.

7. Community banks solve many issues:

- Credit is created for productive purposes only, SMEs etc.
- Credit is lent for productive purposes only and to those who will use it to create growth in the productive economy.
- Act counter cyclically to the asset motivated lending of the commercial banks.
- Stems the boom-bust-cycle.
- Reduces the control of and dependence on the too-big-to-fail banks.
- Regions are supported
- Supports our indigenous industries.
- Provide safety for deposits

8. General summary

- a. The nature of a private company is to profit. Private Banks pursue profit, and only profit, and always will.
- a. Private entities should not be allowed hold a gun to the heads of the Irish people and the heads of the Irish Government over the provision of credit and capital.
- b. Private entities cannot be allowed to decide whether to house our homeless, to treat the sick in a real bed, or to deliver quality of life to the Irish Citizen today, tomorrow, or ever.
- c. That is the job of the Government.

9. FORWARD.

- a) Any project or concept requires only three things to bring it into reality and completion.

Will, Skill, and Capital. Will, Skill, and Capital.

We have the will. The country has the skill.

But the capital is in private hands.....it is time to change that fact.

We need all three to succeed, the Will, The Skill, and the Capital.

We say that the people demand to be given back their capital.

- b. How can you do that?

Community banks will empower communities. Community banks are required so as to empower communities, to administer, facilitate and supervise their own credit, in the public interest, to the highest ethical standards.

A comprehensive Irish Public Banking system, owned in perpetuity by the Irish People, is the change.

Thank you for your attention.

Supplementary information for this presentation;

1. 'Ireland Concept' - Local Public Banks Ireland by the SBFIC. Please note, this is a confidential document; not currently for public release. (Attached)
2. Simpsons CIVITAS – A 'Commentary & Case Study' of the German Sparkassen Public Banks by Christopher Simpson on behalf of CIVITAS UK (Attached)
3. Professor Richard Werner's Conference Dublin 2016 - Banking Industry Exposed & Solutions Presented – Video Link https://youtu.be/MechHoebs_c
4. Central Bank Truth Documentary - Princes of the Yen - Video Link https://youtu.be/p5Ac7ap_MAY
5. Local First CIC – The group who have recently founded Hampshire Community Bank - Local Banks & Their Vital Role <https://youtu.be/vQUlnZkvMg4>
6. Britain Needs German-Style Banking to Reignite Growth, Says Report – CIVITAS. (Attached)
7. Alex Templeton speaking at ECOBATE - UK – 2013 Community Infrastructure Group CIC - Community Banks; a partner and asset for local Government: Video Link <https://www.youtube.com/watch?v=FdL>