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10/1/24

Senate Standing Committees on Economics

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Subject: Submission on the Importance of Government Control over the Reserve Bank

Dear Members of the Senate Standing Committees on Economics,

I am writing to you as a concerned citizen to emphasise the critical importance of maintaining Australian government control over the Reserve Bank. The Reserve Bank stands as a cornerstone in our nation's economic stability and prosperity, and any consideration to relinquish government powers over it must be discarded, and its powers used to safeguard and benefit the welfare of the Australian people.

The Reserve Bank, entrusted with formulating and implementing monetary policy, plays a pivotal role in achieving the economic objectives of the government. These objectives, including controlling inflation, ensuring full employment, and maintaining a stable currency, are not mere economic metrics; they are the foundation of the well-being and livelihoods of the Australian people. Retaining government oversight ensures that the policies crafted by the Reserve Bank align with the democratic mandate, reflecting the will of the people.

Accountability and transparency are paramount in safeguarding the interests of the Australian citizens. The decisions made by the Reserve Bank have a direct impact on the daily lives of everyday Australians. Maintaining government control ensures that these decisions undergo rigorous democratic scrutiny, fostering a sense of accountability and transparency that is vital for the public's trust in the institution.

Furthermore, the Reserve Bank's role in ensuring financial stability is of paramount importance. During times of economic uncertainty or crisis, government control enables a coordinated and swift response to protect the stability of the financial system. The ability to act decisively in such situations

is essential to prevent widespread economic hardship and to ensure the resilience of our financial institutions, which ultimately safeguard the financial well-being of the Australian people.

Government control over the Reserve Bank also facilitates effective coordination between fiscal and monetary policies, a synergy essential for achieving a balanced and sustainable economic strategy. By maintaining control, the government can align these policies to address economic challenges and promote growth that directly benefits the Australian people.

Considering the historical context of the government's sparing use of veto powers over the Reserve Bank, it raises questions about the sudden push for increased independence. This prompts us to inquire about the information or insights driving this reconsideration. As custodians of the Australian people's interests, it is crucial for the Senet Standing Committees on Economics to thoroughly understand the motivations behind any proposed changes and ensure that they align with the long-term welfare of the Australian citizens, and not subjugate the people to foreign financial powers.

Additionally, I am particularly interested in understanding the specific concerns or insights that the Treasurer, Jim Chalmers, holds, prompting the call for increased independence of the Reserve Bank. As a key figure in economic policymaking, his perspectives carry weight, and clarity on the rationale of why the sword of Damocles must not hang over this institution deserves explanation considering its historic success.

In conclusion, I urge the Economics Commission to approach any considerations regarding the Reserve Bank's independence with a deep commitment to the well-being of the Australian people. The Reserve Bank is not just an economic institution; it is a guardian of the financial welfare of every Australian citizen. Transparency and open dialogue are paramount in maintaining the trust of the people in the institutions that shape our economic landscape.

Thank you for your attention to this matter.

Sincerely,

Ian Barry