

FINANCIAL SYSTEMS INQUIRY

SUBMISSION from ALAN JACOBS alan.jacobs2801@gmail.com

Extract

Terms of Reference Item 7 precludes the Inquiry from reporting on Reserve Bank procedures, but it does allow you to consider them.

My submission demonstrates quite clearly that the Reserve Bank's failure to understand the situation and therefore the requirements for managing our monetary system are the fundamental cause of continuing financial crises including the basic need to maintain a goal of permanent full employment at a constant real value for the dollar.

The following three procedures are the only way to manage our financial systems so that they meet the requirements of the Reserve Bank Act 1959.

1. manage rates of exchange for international trade transactions only to a balance of payments on current account,
2. manage total production costs, including profit, so that they are a constant multiple of measured productivity by applying a correction factor to all gross wages before payment, and
3. manage measured demand, targetted at total production costs, by adjusting the average rate of interest for business borrowing so that it realises the average rate of profit for total business and maintains full employment.

These procedures are of course different from those presently applied - they would not be a solution otherwise. They define terms explicitly, and sometimes differently from those in current use. The management is scientific, using data collection from revised Business Activity Statements and always to measured or calculated goals. The long term average general level of prices will be held constant. All understanding and logic conforms to fundamental economic theory and practice and to common sense.

A full analysis, understanding, definition of terms and procedures is available at the web site www.econoplan.org

Any new proposals must be based on this model otherwise they will be doomed to continuing failure. They will amount to remodelling a structure that has no foundation.

There is no other possible solution

There is no requirement for confidentiality..

A handwritten signature in black ink that reads "Alan Jacobs". The signature is written in a cursive style and is underlined with a single horizontal stroke.