

Email Message

From: [CEC Media Release \[SMTP:mediarelease@cecaust.com.au\]](mailto:CEC Media Release [SMTP:mediarelease@cecaust.com.au])
To: [Secretary](#)
[\[EX:/O=AUSGOVRBA/OU=RBA/CN=RECIPIENTS/CN=SECRETARY\]](#)
Cc:
Sent: 18/10/2007 at 5:39 PM
Received: 18/10/2007 at 5:40 PM
Subject: CEC announces candidates for 2007 Federal Election

Citizens Electoral Council of Australia
Media Release 17th of October 2007
Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC, 3058
Phone: 03 9354 0544 Fax: 03 9354 0166
Email: cec@cecaust.com.au
Website: <http://www.cecaust.com.au>

CEC announces candidates for 2007 Federal Election

The Citizens Electoral Council is proud to announce close to one hundred candidates will be contesting the federal election on 24 November 2007. During a time of global crisis we desperately need true leadership and now all Australian voters will have the opportunity to support the CEC in the Senate, as well as many House of Representatives seats.

The American-born Australian politician and founder of the Commonwealth Bank, King O'Malley once said: "The Australian is such a lovable fellow; the salt of the earth. So vigorous physically, but dulled mentally for want of sharpening up with knowledge." This is so true today. Australians have continued to vote for their own doom, picking the "lesser of two evils" and surprise, surprisegetting evil.

Now it's time to stop this tragedy by supporting the only political party that has the necessary platform to rebuild our collapsing economy and provide an optimistic future for the youth of today. Our unique association with American statesman and economist, Lyndon LaRouche and his global political movement, gives us the authority to provide the leadership that will be required during the volatile weeks and months to come.

The CEC will:

- * Establish a government bank to issue credit for urgently needed infrastructure;
- * support nuclear power, new dams, desalination and super-fast maglev trains;
- * support our strained education and healthcare sectors with a dramatic funding increase;
- * save our family farmers by enacting a debt moratorium and abolishing "environmental flows" that deny * farmers water and endanger our food security;
- * oppose radical environmentalism and associated swindles such as the mythical man-made global warming threat;
- * dump the disastrous policies of globalisation including privatisation, free trade and deregulation;
- * oppose fascist "anti-terrorism" laws and the war in Iraq and Afghanistan, fraudulently based on 9/11, which was actually an "inside job".

The choice is yours make the bold decision and vote Citizens Electoral Council.

For the latest on the CEC's Federal Election campaign, see
http://www.cecaust.com.au/Federal_Election_2007.shtml

For more information or to join the CEC, see <http://www.cecaust.com.au>.
Visit http://www.cecaust.com.au/Free_New_Citizen.shtml to have a copy of
LaRouche's latest webcast on DVD and our latest New Citizen posted to you,
which includes our exposé of the financial crash now under way!

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This message is intended for secretary@rba.gov.au

Authorised by Craig Isherwood, National Secretary, 595 Sydney Road Coburg,
Victoria 3058.

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Cc:
Sent: 31/10/2007 at 2:57 PM
Received: 31/10/2007 at 2:57 PM
Subject: CEC issues Nov/Dec New Citizen: "U.S., Australia Must Defeat British Empire!"

Citizens Electoral Council of Australia
 Media Release 30th of October 2007
 Craig Isherwood, National Secretary
 PO Box 376, COBURG, VIC, 3058
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 Email: cec@cecaust.com.au
 Website: <http://www.cecaust.com.au>

 CEC issues Nov/Dec New Citizen: U.S., Australia Must Defeat British Empire!

The Citizens Electoral Council released today its latest issue of the New Citizen in 360,000 copies. This eight-page edition under the banner headlined U.S., Australia Must Defeat British Empire! features the CEC's ninety-five candidates on the back page, with a different edition for each state.

This edition of the New Citizen includes:

* The transcript of an extraordinary October 10 international webcast by U.S. statesman and economist Lyndon H. LaRouche, Jr., including his charges that the British and their Saudi allies orchestrated 9/11, with help from inside the United States.

* The Homeowners and Bank Protection Act 2007, drafted by LaRouche as a "firewall" against the cataclysmic financial meltdown now underway in the U.S. and worldwide, which will result in the near-term eviction of millions of Americans from their houses; Australia is in even worse shape than the U.S. in this regard.

* An explosive exposé that documents how the Howard government, ALP-supported Northern Territory "intervention" is in reality a grab for its enormous mineral riches, the "eighth most prospective mineral territory in the world", and constitutes an intentional genocidal assault on the NT's Aboriginal people.

* The history of Australian patriots' fights against the British Empire, from the very outset through Whitlam, who was sacked by the Queen to stop his government's plans for great infrastructure projects and "buying back the farm" from Rio Tinto et al.

Australians must fight for their sovereignty against the British imperial stooges of the Coalition, the ALP and the Greens; our nation will only survive by participating in the construction of the fair and just New Bretton Woods international financial system, which U.S. economist Lyndon LaRouche is currently organising.

To receive a free copy in the mail, or to order multiple copies of the paper to distribute, please visit

http://www.cecaust.com.au/Free_New_Citizen.shtml, or contact us on 1800 636 432.

Visit <http://www.cecaust.com.au/main.asp?sub=pubs&id=nce29-10.html> to download it online.

For the latest on the CEC's Federal Election campaign and candidates, see <http://www.cecaust.com.au/election>

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Cc:
Sent: 06/11/2007 at 10:21 PM
Received: 06/11/2007 at 10:22 PM
Subject: The CEC Senate Preferences: Fighting Green Genocide

Citizens Electoral Council of Australia
Media Release 5th of November 2007
Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC, 3058
Phone: 03 9354 0544 Fax: 03 9354 0166
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The CEC Senate Preferences: Fighting Green Genocide

Our current electoral system is a fraud twice-over. First, because our easily-destabilized, British parliamentary system is itself a scam: without a strong, popularly elected head of state, its purpose is to ensure that real power is held by a financial oligarchy ruling from offstage. Second, "preferential voting" was introduced in 1918 solely in order to stop the pro-national banking, pro-sovereignty Labor Party of that era by allowing the two conservative, pro-British parties to swap votes and therefore to effectively vote as one. Preferences worked to the same end during the Menzies era, when the DLP's preferences were always anti-ALP, which latter continued its fight for national sovereignty until the Crown sacked Whitlam.

Until we establish a republic, we are stuck with this rotten British system. And so today the CEC, which has nearly 100 candidates nationwide, announces that in the Senate, CEC candidates will hold their noses and preference the Liberal Party, with the Greens last and the ALP next to last.

Under Howard, the Liberal Party has spearheaded numerous outright fascist policies, including its "anti-terror" laws; its support of the Cheney/Bush war in Iraq, which Howard et al. knew at the outset was based on the lie of "weapons of mass destruction"; its torture of refugees in detention centres; its plans to privatise the water of the entire Murray-Darling Basin, wiping out our farmers and much of our national food supply; and its Northern Territory "intervention", whose real intent is to steal Aboriginal land and hand over hundreds of billions of dollars of mineral wealth to the British Crown's minerals cartel.

However, there is something worse than even fascism, and that is mass genocide. And that is what the fanatical "green" policies of both "Her Majesty's Australian Labor Party, the loyal Opposition" as Kevin Rudd calls it, and the Greens actually entail, given that they will wipe out our remaining industry and agriculture on a colossal scale in order to stop nonexistent "man-made global warming". "Global warming" is a British imperial policy designed to collapse the world's population from 6.5 billion people to a billion or less, as many of its adherents have openly proclaimed.

The CEC's Senate candidates will therefore preference the Liberal Party, because at least an outspoken faction of the Liberal Party has exposed

"global warming" for the utter fraud it is, as in the minority report of the Parliament's Standing Committee on Science and Innovation.
<http://www.aph.gov.au/house/committee/scin/geosequestration/report/dissent.pdf>

Let us hope that some Liberals, at least, will serve as a brake on the ALP/Green plans for mass genocide.

For more information on the fraud of man-made global warming, visit http://cecaust.com.au/main.asp?sub=global_warming&id=index.htm.
To have a copy of LaRouche's latest webcast on DVD and our latest New Citizen posted to you, which includes our exposé of the Northern Territory land-scam, visit http://www.cecaust.com.au/Free_New_Citizen.shtml.

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[\[EX:/O=AUSGOVRBA/OU=RBA/CN=RECIPIENTS/CN=SECRETARY\]](#)
Cc:
Sent: 09/11/2007 at 10:47 AM
Received: 09/11/2007 at 10:48 AM
Subject: Interest rate rise won't fix financial crisis; only LaRouche's HBPA will save Australian families, farms

Citizens Electoral Council of Australia
 Media Release 7th of November 2007
 Craig Isherwood, National Secretary
 PO Box 376, COBURG, VIC, 3058
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 Today's hike in official interest rates will force thousands more Australian households into mortgage default, but will not fix the hyperinflationary crisis that is melting down the global financial system.

The entire world is in the final phase of the financial meltdown forecast by the American physical economist Lyndon LaRouche:

* During September and October, the largest U.S. banks recorded \$35 billion in third-quarter write-downs and lost nearly a quarter trillion in market capitalisation, on the back of the wave of sub-prime mortgage defaults in the July-September quarter. However, the losses were only a fraction of the actual losses that the banks carry on their books.
 * During the last week of October, and first week of November, the crisis entered a new phase. With the more than \$1.5 trillion SIV, conduit, and CDO markets frozen, Merrill Lynch announced an \$8.4 billion third quarter write-down, and Citigroup a \$6.5 billion write-down. Stanley O'Neal, and Charles Prince III were forced out as CEOs of Merrill Lynch and Citigroup, respectively.
 * Citigroup is America's largest bank, and thus at the heart of the world's dollar-based system. Major ruptures at Citigroup could detonate its derivatives holdings of \$34.9 trillion in notional value, which would bring down the world's \$700 trillion-plus derivatives market, and the entire world monetary system. Merrill Lynch is being investigated for selling an unnamed hedge fund \$1 billion in commercial paper, in order to make its losses appear lower. And another massive liquidity injection of US\$41 billion on Nov. 1st, by the U.S. Federal Reserve, failed to have any real effect.

If Governments continue to leave this crisis for central banks to manage, the world will plunge into a depression worse than the 1930s. The only solution is for Governments to act on Lyndon LaRouche's Homeowners and Bank Protection Act, to freeze the debts to keep people in their homes and provide government protection for the banks so they stay open and continue to provide services, while the financial system is put through a form of bankruptcy reorganisation, and the unpayable \$700 trillion debt is written off. The CEC has tailored LaRouche's bill for Australian conditions, to include a debt moratorium for Australian family farms.

Furthermore, this crisis confirms that it is time that power over the financial system and interest rates is taken away from the private bankers, and put back into the hands of Government, the only agency of the people, through a new national bank like the original Commonwealth Bank. At the

Labor Party's federal campaign launch on Sep. 20, 1937, then Opposition Leader John Curtin called for the Commonwealth Bank to be put back under Government control with the power to set interest rates, declaring that "If the Government of the Commonwealth deliberately excluded itself from all participation in the making or changing of monetary policy it cannot govern except in a secondary degree."

Thus, in supporting "the independence of the Reserve Bank", both Rudd and Howard are really saying that they don't intend to govern this nation and they'll willingly be puppets of the Big Business executives on the RBA Board. Only the CEC will deliver on the promise to keep interest rates low, because only the CEC stands for John Curtin's principle of Government control of interest rates, through a national bank.

For more information on the Homeowners and Bank Protection Act, visit <http://www.cecaust.com.au/hbpa>
To have a copy of LaRouche's latest webcast on DVD and our latest New Citizen posted to you, which includes our exposé of the Northern Territory land-scam, visit http://www.cecaust.com.au/Free_New_Citizen.shtml

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Cc:
Sent: 14/11/2007 at 4:22 AM
Received: 14/11/2007 at 4:23 AM
Subject: Only Cheney's impeachment will avert Iran attack

Citizens Electoral Council of Australia
Media Release 13th of November 2007
Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC, 3058
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Only Cheney's impeachment will avert Iran attack

The Citizens Electoral Council supports U.S. Congressman and Democratic Party Presidential candidate Dennis Kucinich's bills of impeachment against Vice President Dick Cheney, as Kucinich has heeded Lyndon LaRouche's warning that only the impeachment of Cheney will foil his drive to bomb Iran.

In a November 9 letter to the head of the U.S. Judiciary Committee, Kucinich made the following warning:

"Recent reports indicate that the Vice President is attempting to shape the National Intelligence Estimate on Iran to conform to his misperceptions about the threat Iran actually poses. Much like his deceptive efforts in the lead up to the Iraq war, the Vice President appears to be manipulating intelligence to conform to his beliefs."

According to a U.S. military source, the 8th Air Force, assigned to the Strategic Command (STRATCOM), has prepared detailed attack plans, that could be activated without even conferring with the U.S. Central Command (CENTCOM). Under these plans, the assault on Iran will take place before Congress is informed of the decision to attack.

Republican Senator Chuck Hagel delivered a speech on U.S.-Iranian relations at the Center for Strategic and International Studies on November 8, where he denounced Cheney/Bush policy as a "self-fulfilling prophecy of the President's warning of World War III," and outlined an approach echoing the LaRouche Doctrine for Southwest Asia and the so-called Baker-Hamilton report.

As Kucinich concluded in his letter, "impeachment remains the only tool Congress has to prevent a war in Iran."

On November 6, Kucinich introduced a privileged resolution to the floor of the House to impeach Vice President Dick Cheney, which has now been referred to the Judiciary Committee. Despite Democratic leader Nancy Pelosi's stalling, impeachment is now "on the table."

Lyndon LaRouche demanded the Congress move for the "pre-emptive impeachment" of Cheney now, and if Nancy Pelosi stands in the way, she must be removed too.

Given Australia's support for Cheney's attack on Iraq, John Howard and Kevin Rudd must declare to the Australian people in this election campaign whether they support Cheney's plans to bomb Iran, or whether they support the Kucinich impeachment bills to stop it; to date, both Howard and Rudd have expressed support for the Bush/Cheney administration's warmongering belligerence against Iran.

For updates on this story visit <http://www.cecaust.com.au/>
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Cc:
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Citizens Electoral Council of Australia
Media Release 16th of November 2007
Craig Isherwood, National Secretary
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Bankers go for Green genocide

Reserve Bank board member Warwick McKibbin has just announced support for a carbon tax, combined with a carbon-trading scheme. Make no mistake: the "climate change" swindle run by the British financial oligarchy and supported by our complicit mainstream media, will tax us to death no pun intended. This tax-and-trade scheme will shut down our farmers and manufacturers and ram up the price of petrol, gas and electricity and its all based on one big scientific scam. The London-centred financial oligarchy intends mass genocide, as the following quotes from their assets in the Green movement clearly demonstrate.

"If I were reincarnated I would wish to be returned to earth as a killer virus to lower human population levels."
Prince Philip, reported by Deutsche Presse-Agentur (DPA), August, 1988.
Prince Philip, first President of WWF-UK from its foundation in 1961 to 1982, and President of WWF-International from 1981 to 1996, is now President Emeritus for WWF. He was a founder of the Australian Conservation Foundation and its President from 1971 to 1976.

One "human way to reduce the population might be to put something in the water, a virus that would be specific to the human reproductive system and would make a substantial proportion of the population infertile. Perhaps a virus that would knock out the genes that produce certain hormones necessary for conception. ... A triage approach will be necessary so that scarce medical resources go to those who can contribute most to the long-term viability of the planet. Consequently, many middle-aged-to-elderly people will die uncomfortable deaths. Not every problem is solveable."
Dr John Reid speaking with Robyn Williams on ABC radio, 10 December, 2006.
See <http://www.abc.net.au/rn/ockhamsrazor/stories/2006/1807002.htm> for full transcript.

"Isn't the only hope for the planet that the industrialised civilisations collapse? Isn't it our responsibility to bring that about?"
Maurice Strong, Secretary-General of the UN Earth Summit, June 1992.

"...At present the population of the world is increasing at about 58,000 per diem. War, so far, has had no very great effect on this increase, which continued throughout each of the world wars.... War ... has hitherto been disappointing in this respect ... but perhaps bacteriological war may prove more effective. If a Black Death could spread throughout the world once in every generation, survivors could procreate freely without making the world

too full.... The state of affairs might be somewhat unpleasant, but what of it? Really high-minded people are indifferent to happiness, especially other peoples'...."

Lord Bertrand Russell, *The Impact of Science on Society*, 1953

"This is a terrible thing to say. In order to stabilize world populations, we must eliminate 350,000 people per day. It is a horrible thing to say, but it's just as bad not to say it."

Jacques Cousteau, co-recipient in 1977 (with Sir Peter Scott) of the International Environmental Prize awarded by the United Nations for outstanding contributions in the field of the environment. Quoted from *UNESCO Courier*, November 1991.

"We, in the green movement, aspire to a cultural model in which killing a forest will be considered more contemptible and more criminal than the sale of 6-year-old children to Asian brothels."

Carl Amery, Founding member of the German Green Party, quoted in *Mensch & Energie*, April 1983.

"I got the impression that instead of going out to shoot birds, I should go out and shoot the kids who shoot birds."

Paul Watson, founder of Greenpeace, as quoted by Dixy Lee Ray in her book *Trashing the Planet* (1990).

"Childbearing should be a punishable crime against society, unless the parents hold a government license. ...All potential parents should be required to use contraceptive chemicals, the government issuing antidotes to citizens chosen for childbearing."

David Brower, first executive director of the Sierra Club; founder of Friends of the Earth; and founder of the Earth Island Institute.

"I suspect that eradicating small pox was wrong. It played an important part in balancing ecosystems."

John Davis, editor of *Earth First! Journal*

"We advocate biodiversity for biodiversity's sake. It may take our extinction to set things straight."

David Foreman, co-founder of *Earth First!*

[Cannibalism is a] "radical but realistic solution to the problem of overpopulation."

Dr Lyall Watson, anthropologist, Commissioner for the International Whaling Commission, as quoted in the *Financial Times*, 15 July 1995.

"To feed a starving child is to exacerbate the world population problem."

Dr Lamont Cole, Professor of Ecology, Cornell University, as quoted by Elizabeth Whelan in her book *Toxic Terror*.

"The world has cancer, and that cancer is man."

Merton Lambert, former spokesman for the Rockefeller Foundation, quoted from *Harpeth Journal*, Dec. 18, 1962.

"A total population of 250-300 million people, a 95% decline from present levels, would be ideal."

Ted Turner, media mogul, as quoted in *Audubon*, November-December 1991.

For more information on the fraud of man-made global warming, visit http://cecaust.com.au/main.asp?sub=global_warming&id=index.htm.

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Sent: 22/11/2007 at 1:00 AM
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Subject: Mobilise to implement LaRouche's Homeowners and Bank Protection Bill

Citizens Electoral Council of Australia
 Media Release 20th of November 2007
 Craig Isherwood, National Secretary
 PO Box 376, COBURG, VIC, 3058
 Phone: 03 9354 0544 Fax: 03 9354 0166
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 Mobilise to implement LaRouche's Homeowners and Bank Protection Bill

The CEC announces today, the release of 300,000 copies of a mass-flyer calling upon the Federal Parliament to enact an Australian version of U.S. economist Lyndon LaRouche's Homeowners and Bank Protection Act. The legislation mirrors similar legislation implemented in many Australian states in the 1930's Great Depression. It worked then and it will work now.

Read the flyer for:

- * LaRouche's analysis of the fact that the U.S. dollar system has already exploded;
- * A pictorial feature summarising a five-part program for Australia to survive past the last days of the current system the HBPA bill, a New Bretton Woods international monetary system, a national bank, great infrastructure projects and a great new Republic;
- * A petition to implement legislation to freeze all foreclosures on homes and family farms until the financial system is reorganised.

Between now and March 2008, the U.S. subprime mortgage market will hit the peak of its disintegration. The great majority of Adjustable Rate Mortgages will reset, and trigger a dramatic escalation of mortgage defaults. The effects felt by Australia in the third quarter 2007 are nothing to what we are about to experience. In the last fortnight, the financial crash entered a new phase, with the blow-out of the U.S. dollar system, the record losses of some of the world's largest banks such as Merrill Lynch and Citigroup, and the worldwide hyperinflation in commodities. The Nov. 7 interest rate rise has exploded the foreclosure rate in Australia, which was already running at 800 per week.

LaRouche was right about the crash and only his emergency "firewall" HBPA legislation will work. Without such legislation to protect the people, there will be no bottom to this crash and our economy will vaporise with the disappearing property values and superannuation accounts.

To download the flyer visit <http://www.cecaust.com.au/HBPA>
 To have copies of the flyer for distribution plus a copy of our international journal EIR mailed to you visit
http://www.cecaust.com.au/Free_EIR.shtml
 To find out how to vote for CEC visit
http://www.cecaust.com.au/election#how_to_vote

For the latest on the CEC's Federal Election campaign and candidates, see
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Subject: Which Australian Bank will crash first?

Citizens Electoral Council of Australia
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Which Australian Bank will crash first?

The Reserve Bank of Australia has just pumped extra money into the banking system for the eighth time this month by injecting \$1.44 billion into the system, more than the \$1.01 billion "required" on the day. This is a sure sign that bailouts are already occurring locally in a global economy teetering on the edge of a complete banking collapse.

The extraordinary money pumping by the RBA comes in the context of the global financial system, which is now undergoing an exponential hyperinflationary blow-out, as Weimar Germany was before the rise of Hitler, and money was as good as toilet paper.

Here's just a handful of recent indicators:

- * Two days last week, the US Federal Reserve pumped \$41 billion and then \$47 billion into the banking system, the largest single day volumes since 9/11.
- * Goldman Sachs, Deutsche Bank and the Royal Bank of Scotland have all forecast US banking losses of between \$400 and \$500 billion in the next 12 months.
- * Freddie Mac announced a \$2 billion loss for the 3rd quarter, and an \$8.1 billion loss (25%) in the fair value of its assets.
- * The entire European "covered bonds" market, which trades these asset-backed securities among banks, has been shut down for a week due to volatile conditions.
- * Vince Cable, the leader of the Liberal Democrats in the British Parliament, called on Nov. 20 for the British government to stop endless bailouts of Northern Rock Bank's mortgage investments, and either take temporary control of the bank to stabilize it, or close it down. The bailouts of at least \$48 billion have had no effect.

Given that all the big four Australian banks' notional derivatives holdings far exceed their assets and equity, it's a fair question to ask: Is the RBA now bailing out one or more big Australian Bank in distress?

This entire crisis, as forecast years ago, by US physical economist Lyndon LaRouche, can only be solved by enacting the Homeowners and Bank Protection Act and putting the entire financial system through bankruptcy reorganisation and dumping the disastrous policies of globalisation, which caused this crisis in the first place.

To download our new Homeowners and Bank Protection Act flyer visit

<http://www.cecaust.com.au/HBPA>

To have copies of the flyer for distribution plus a copy of our international journal EIR mailed to you visit

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This message is intended for secretary@rba.gov.au

Authorised by Craig Isherwood, National Secretary, 595 Sydney Road Coburg, Victoria 3058.

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Cc:
Sent: 29/11/2007 at 4:46 PM
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Subject: China endorses LaRouche's call to solve global monetary crisis

Citizens Electoral Council of Australia
Media Release 28th of November 2007
Craig Isherwood, National Secretary
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China endorses LaRouche's call to solve global monetary crisis

As the keynote speaker at a November 24 Los Angeles Forum on U.S.-China Relations, Lyndon H. LaRouche called for the United States and China to join hands to reform the world financial system as it enters the most deadly crisis in recent centuries.

Specifically, LaRouche's proposal calls for co-operation of the governments of the U.S.A., Russia, China, and India, to bring the present international crisis under control, and, therefore, to rally a majority of the world's nations to stabilise the world system through bankruptcy reorganisation and a new Bretton Woods fixed-exchange rate system, thus providing the foundation for general economic recovery.

Immediately following this intervention, LaRouche's call became leading news around the world, including coverage in Chinese, Arabic, Farsi and Hungarian-language media. The three official Chinese government press agencies: Xinhua, People's Daily (the world's largest circulation newspaper) and China Daily published an eight-paragraph press release summarising his proposals. Coming from government agencies, this is an overt endorsement of LaRouche's policy prescriptions by the Chinese government.

By the next day, LaRouche's warning that "the end of the present world monetary-financial system is inevitable, unless the system is replaced by a new world system during a relatively brief, remaining time" was also appearing on important Chinese financial websites, including the China Securities Journal, and the China Business Post.

The article was listed among the "most popular" of the previous 24 hours on the People's Daily website. The Chinese report was also published in the Xinhua Arabic-language news service. Iran's Press TV website ran a feature on LaRouche's contribution to the event, quoting him saying, "The world financial system has entered the most deadly crisis in recent centuries." LaRouche's call was also covered in the Budapest Business Journal.

Click here for the English-language version of the Chinese press release:
http://news.xinhuanet.com/english/2007-11/25/content_7140919.htm

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To have copies of the flyer for distribution plus a copy of our international journal EIR mailed to you visit http://www.cecaust.com.au/Free_EIR.shtml

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Subject: Cheney stymied on Iran war . . . for now

Citizens Electoral Council of Australia
Media Release 6th of December 2007
Craig Isherwood, National Secretary
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Cheney stymied on Iran war . . . for now

As widely reported in the international media, U.S. Vice President Dick Cheney's plans to start a war with Iran before he leaves office have been dealt a potentially fatal blow with the release on Dec. 3 of the latest National Intelligence Estimate (NIE). Its key finding was that Iran had suspended its nuclear weapons programme in 2003, as a result of international pressure, and had not resumed it as of mid-2007.

Washington sources reported to Executive Intelligence Review (EIR) that the White House decision to release the latest NIE was, in part, motivated by the fear that, if the Bush Administration continued to conceal the report, it would soon be leaked to the national media, creating a scandal far more damaging than the Nixon-era leak of the Pentagon Papers. The sources further reported that senior officials in the U.S. intelligence community had made it clear that there were people willing to go to jail in order to reveal the NIE findings and avert an unwarranted bombing of Iran; and that if the Administration continued to block its release, it would trigger another round of political warfare, pitting the CIA and other intelligence agencies against the White House. It is widely known that senior U.S. military officials, along with Defense Secretary Robert Gates, are opposed to any military attack on Iran. According to the sources, drafts of the NIE had been completed months ago, but were sent back for further work, largely due to Cheney's efforts to block any findings that would undermine his war drive.

American statesman Lyndon LaRouche commented that "it would take a real incident to break" this report. "This does not come as a surprise to me," he said, "but it's a surprise to some," that this development is the outcome of the Annapolis conference. Mr. LaRouche emphasised that there is a "Bush legacy" factor at play as well. Members of the Bush family, including former President George H.W. Bush and former First Lady Barbara Bush, according to sources close to the family, are horrified at the prospect of G.W. leaving office with no accomplishments to show for his eight years in power. The Israel-Palestine and Israel-Syria peace deals offer the last, best chance to salvage what is left of the Bush Presidency and the family legacy. EIR has reported that former Bush Sr. National Security Advisor Brent Scowcroft played a pivotal role in aiding Secretary of State Condoleezza Rice in her diplomatic efforts, leading into the Annapolis summit on Nov. 27. The inclusion of Syria in the Annapolis meeting opened the prospect for a Syria-Israel peace deal in the immediate period ahead. Such a deal has been supported by Lyndon LaRouche as a key to

re-building momentum towards a larger peace agreement.

While the modest success of the Annapolis conference, and the significant NIE report, have certainly weakened the threat of war, that danger will remain as long as Vice President Cheney remains in office.

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Received: 12/12/2007 at 5:49 AM
Subject: Argentine scientists say sun, not humans, behind climate change

Citizens Electoral Council of Australia
Media Release 11th of December 2007
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Argentine scientists say sun, not humans, behind climate change

A group of prominent Argentine scientists disputes the genocidal theory that human activity is the cause of global warming. Eduardo Tonni, head of the Paleontology Department at the University of La Plata, notes that, while it's not politically correct to dispute this theory, the evidence for global warming being a "natural" occurrence is far more compelling.

As reported by Perfil.com on Dec. 2, scientist Rosa Compagnucci, a researcher with the National Science and Technology Commission (Conicet), and former member of the Inter-Governmental Panel on Climate Change (IPCC), stated at a recent conference at the Military Geography Institute that global warming is actually a phenomenon that has occurred quite frequently over the past 2,000 years. And, she noted, rather than being caused by carbon dioxide emissions produced by human activity, which many scientists accept as "irrefutable truth," it is much more likely related to "capricious" solar activity which, over a period of decades and centuries, has not been at all homogenous.

An author of two of the IPCC's 2001 reports, and an expert on the El Nino phenomenon, Campagnucci points to the period of global warming that occurred during the medieval period, between 800 and 1300, which she states was caused only by solar activity, and was what allowed the Vikings to make their trips to North America. With all the emphasis today on preparing for global warming, she warns, this could leave man unprepared to deal with the possibility of a new ice age. She notes that South America's Southern Cone just went through a brutal, record-breaking winter, which could be repeated in North America. Compagnucci references NASA's forecasts, which show global warming peaking by 2012, followed by a significant cold period as of 2030, which could result in another ice age by 2200.

As for natural disasters such as tsunamis or hurricane Katrina, Eduardo Tonni warns that there is little evidence that they are more frequent today than in the past. "The alarmism we see today," he argues, "is justified by the fact that it generates funds . . . Unfortunately, this is just another product of the market."

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Cc:
Sent: 14/12/2007 at 7:14 PM
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Subject: LYM Issues New Pamphlet "Is the Devil In Your Laptop?"

Citizens Electoral Council of Australia
Media Release 13th of December 2007
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LaRouche Youth Movement Issues New Pamphlet
"Is the Devil In Your Laptop?"

Are you or your children or grandchildren being trained as the next suicide bomber? Are you spending more time with your laptop than with your human partner? Do you think MySpace, and Facebook are "places to make friends," and violent video games are "OK in moderation"? Do you think Rupert Murdoch's "scar tissue" is healthy medicine for young people? Are you against the Iraq war, yet blindly play war games on your PC? Do you condemn terrorism, but act as a terrorist in the virtual reality of computer games?

Consider the recent study written by University of Michigan Professor Rowell Huesmann, who looked at 50 years of studies of the effect of violent media on young people. He correlates major public health threats with behaviour that increases each threat, and found that only the correlation of smoking with lung cancer is slightly larger than the correlation of violent media, especially violent video games, with violent behaviour. It far exceeds the correlation of so-called unprotected sex, with HIV-AIDS. LaRouche says, violent video games are worse than AIDS!

While some recent newspaper opinion articles have attempted to warn about the addiction of this cyber-world, they have not got to the core agenda of why this cyber-world is so dangerous for our youth which goes further than horrifying suicides of high-school youth and admiration of "school shooter" Seung Hui Cho.

We are now plunging into the greatest financial collapse in world history, caused by an economic doctrine based upon "globalism" and environmentalism, which is every bit as insane as the virtual reality of MySpace, Facebook and violent video games. For example, Australia is in the midst of its worst-ever drought, and the eugenics-inspired, people-hating environmentalist movement demands that we cut back water for our farmers and food supply, in favour of "environmentalist flows"! These same Greens, lawfully, are now promoting a tax-offset for "interactive video game developers", i.e. for those teaching our youth how to commit mass murder.

In face of these realities, why are so many of our youth not acting to revive policies of Australian republican patriots King O'Malley and John Curtin to free Australia from Rupert Murdoch's MySpace, by using their sovereign creative powers to discover the universal physical principles, such as that of gravitation by Johannes Kepler, whose fruits have enabled the world to reach 6.5 billion people?

Lyndon LaRouche and the LaRouche Youth Movement (LYM) are dedicated to exposing and destroying this seemingly-"socially acceptable" brainwashing operation. The LYM has just released a pamphlet identifying the true nature of the violent video games and the "social networking" websites MySpace and Facebook: "The Noosphere vs The Blogosphere: Is the Devil In Your Laptop?" It is only by telling the patient of the extent of the disease, that the cure can be applied to begin the journey to a meaningful existence. But the patient also needs to admit they have the disease. Join the LYM in educating yourself and the nation's youth out of MySpace and virtual space (yes, Prime Minister Mr Kevin '07' Rudd, even you too!), into developing living space for Australia, and cognitive space, in your mind.

Download "The Noosphere vs The Blogosphere: Is the Devil In Your Laptop?" at
http://cecaust.com.au/main.asp?sub=pubs&id=devil_in_your_laptop.html

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Sent: 18/12/2007 at 2:04 PM
Received: 18/12/2007 at 2:06 PM
Subject: Scientists expose fraud at Bali Conference

Citizens Electoral Council of Australia
Media Release 18th of December 2007
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Scientists expose fraud at Bali Conference

Tens of thousands of scientists are shouting from the rooftops that the UN conference in Bali is a complete sham, yet the mainstream media has deliberately ignored this story.

Just last week, approximately one hundred prominent scientists [<http://www.nationalpost.com/news/story.html?id=164004>] signed an open letter to UN Secretary-General, Ban Ki-Moon, clearly slamming the current IPCC process as a fraud [http://www.nationalpost.com/most_popular/story.html?id=164002]. They note that it is "not possible to stop climate change, a natural phenomenon that has affected humanity through the ages."

"The average rate of warming of 0.1 to 0.2 degrees Celsius per decade recorded by satellites during the late 20th century falls within known natural rates of warming and cooling over the last 10,000 years."

"The IPCC Summaries for Policy Makers are the most widely read IPCC reports amongst politicians and non-scientists and are the basis for most climate change policy formulation. The great majority of IPCC contributors and reviewers, and the tens of thousands of other scientists who are qualified to comment on these matters, are not involved in the preparation of these documents."

A team of scientists attending the Bali conference to dispute the man-made global warming theory, experienced heavy handed bully tactics and a mainstream media blackout. Dr. David Evans, a former carbon accounting modeler working for the Australian Greenhouse Office, slammed the conference as a "circus".

Following a press conference in Bali debunking the global warming hoax, British Lord Christopher Monckton issued a statement describing the hoax as UN-backed slaughter of the world's poorest people. This charge of genocide, most accurately reflects the actual intention of the British financial oligarchy pushing this scam.

For more information on the fraud of man-made global warming, visit http://cecaust.com.au/main.asp?sub=global_warming&id=index.htm
To receive a complimentary copy of our international 21st Century Science &

Technology journal, including features on global warming and the Bering Straits tunnel project, visit
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Cc:
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Subject: Six months into global financial crash--Are you ready to listen to LaRouche yet?

Citizens Electoral Council of Australia
 Media Release 120th of December 2007
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 Six months into global financial crash
 Are you ready to listen to LaRouche yet?

The European Central Bank announced Tuesday an unprecedented move to offer unlimited short term money to any European bank at the lowest possible rates. The demand by banks, of 348 billion Euro, exceeded the 260 billion they expected to lend over two weeks, by mid afternoon. This is the largest single money injection by the ECB in history.

Parallel to the ECB's idiocy the Fed has started the first of a series of "universal" money auctions, where all banks can participate and borrow anonymously, for an amount of \$20 billion, against any collateral, for two week terms.

Last week's \$100 billion dollar injection announced by five central banks was judged by financial markets as "too little". The international bailout plan was the fourth of a series of attempted international bailout efforts in the last several weeks, all of which have now failed.

The latest plan is merely designed to take the lowest ranking junk on the books of banks, off the market. If Central Banks didn't purchase these "assets" they would be offered on the open market, establishing market prices well below their fictitious book values, triggering a wave of write-downs, sell-offs, and bank busts.

But contrary to the bankers' desires, only addressing and rectifying the cause of the problem will change anything. In the last couple of days numerous leading financial commentators have begun to recognise that injecting liquidity will not work, as the crisis is not one of liquidity but of solvency.
http://cecaust.com.au/main.asp?sub=breaking/economic&id=2007_12_17_realization_grows_banking_system_insolvent.html

The collapse of Australia's Centro Properties Group is a small part of a crisis of solvency of the entire global financial system. In reality we are six months into the greatest financial crash in modern history; LaRouche called it in his July 25th 2007 webcast when he announced that that the global financial system itself had collapsed and that the whole system, including the banking system, was insolvent. Everything since then is the outcome of that reality. It is now time to introduce real solutions, beginning with the only firewall which will protect the people and the function of banksthe Homeowners and Bank Protection Act, which has been drafted for introduction into the Australian parliament. Sign the Homeowners and Bank Protection Bill petition at http://cecaust.com.au/main.asp?sub=hbpa&id=sign_Australian_HBPA.html

LaRouche will address these issues in his next webcast on January 18, 2008.

For more information visit <http://www.cecaust.com.au>

To have a complimentary copy of our international journal, EIR, with more on the financial crash, and copies of our Homeowners/Bank Protection Act flyer mailed to you, visit

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Citizens Electoral Council of Australia
Media Release 13th of December 2007
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Jan. 18 LaRouche webcast:
Six months into the greatest financial crash ever

The meltdown of the global financial system is now six months along, and has escalated dramatically as of January: Americans banking losses are now well over \$100 billion, and projected to rise into the trillions; the American recession is now a reality, and the U.N. has declared the world is set to follow; oil broke the US\$100 per barrel mark, and already there are options contracts on the NY mercantile exchange to buy oil for \$200; inflation has now been officially recognised as out of control, made worse in Australia by interest rate rises.

The Australian banks have been forced to raise their interest rates, as they desperately seek to refinance their overwhelming debts in a collapsing world money market; however, the rate rise will only compound their problems, as more Australian homeowners are forced into mortgage default, which threatens to collapse the property market, and leave the banks bankrupt.

For four decades LaRouche has warned of exactly this moment. In his July 25th 2007 webcast, he forecast the latest phase of the crash, just days before it began in the form of the so-called U.S. subprime mortgage crash, rapidly spreading worldwide.

On Friday, January 18th at 5am AEST LaRouche will address what we can expect in the coming period, including the prospects for a shift in the U.S. political situation, given the recent turn of events in the campaign of Democratic presidential nominee Hillary Clinton. Clinton has been pushing a version of LaRouches Homeowners and Bank Protection Act, in particular calling for a moratorium on mortgage foreclosures.

The LaRouche Political Action Committee have shaped, and will continue to shape, the policy push in this direction, building support for the HBPA at the grass roots level. The legislation has now been introduced, or drafted for introduction, into the state legislatures of 13 American states, and has been passed by 38 city councils in the USA, many of them major American cities like Philadelphia.

To view LaRouches webcast go to www.cecaust.com.au.

To find out how to mobilise for the Homeowners and Bank Protection Bill in Australia, click [here](#). For free literature on the HBPA and the financial

crash to be mailed to you, click here.

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Received: 25/01/2008 at 3:24 PM
Subject: LaRouche warns of imminent hyperinflationary blowout

Citizens Electoral Council of Australia
Media Release 24th of January 2008
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LaRouche warns of imminent hyperinflationary blowout

The LaRouche Political Action Committee in the U.S. released the following statement on Jan. 22:

The fevered efforts to save the financial system, typified by Tuesdays panicked three-quarter-point interest rate cut by the Federal Reserve and the Bush/Paulson stimulus plan not only will not work, but will backfire spectacularly, and soon, economist Lyndon LaRouche warned today. The financial system is dead, and any attempt to save the fictitious values of the trillions of dollars of worthless financial paper will not only fail, but will destroy any nation foolish enough to attempt to do so," LaRouche said.

The global financial system, emphatically including the United States, is entering a period comparable to that of Weimar Germany in the Autumn of 1923, but on a far larger scale. Whereas the damage from the runaway hyperinflation in Weimar Germany was largely restricted to Germany itself, the current crisis is global in scale. No national system will survive its effects, and the nations might not even survive the present year," he warned.

Under the Versailles Treaty ratified at the end of World War I, Germany was hit with war-reparation payments so high as to make it impossible for the nation to function. To meet its obligations, Germany began printing money, funding its reparations payments and the needs of its economy at the cost of debasing its currency. The monetary stimulation soared to such unprecedented heights that the term hyperinflation was coined to distinguish its debilitating horror.

(The German Reichsmark hyperinflated from six to the US dollar in 1917-18, to 20 to the dollar in 1919, 63 in 1920, and 105 in 1921. Then it exploded to 1,886 to the dollar in 1922, and an unbelievable 535 billion Reichsmarks to the dollar in 1923.)

None of the official government responses will solve this crisis. The foreshadowed budget cuts and interest rate rises coming out of the Australian Government, and the Reserve Bank of Australia, in response to the newly-discovered threat of inflation, will prove as useless as the U.S. stimulus and rate cuts.

The only solution is LaRouches Homeowners and Bank Protection Act, which will erect the fire-walls necessary to protect the public and essential aspects of economic infrastructure to keep the economy functioning as the damage is sorted out. For information on the Australian version of the

Homeowners and Bank Protection Bill, go to <http://www.cecaust.com.au/hbpa/>.

To find out how to mobilise for the Homeowners and Bank Protection Bill in Australia, click [here](#).

To receive free literature on the HBPB and financial crash click [here](#).

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Cc:
Sent: 30/01/2008 at 3:19 AM
Received: 30/01/2008 at 3:20 AM
Subject: February New Citizen: Only LaRouche Can Solve Global Financial Crash

Citizens Electoral Council of Australia
 Media Release 29th of January 2008
 Craig Isherwood, National Secretary
 PO Box 376, COBURG, VIC, 3058
 Phone: 03 9354 0544 Fax: 03 9354 0166
 Email: cec@cecaust.com.au
 Website: <http://www.cecaust.com.au>

February 08 New Citizen: Only LaRouche Can Solve Global Financial Crash
 The CEC has just released the February edition of the New Citizen, which contains the real story behind the chaos in global financial markets in the month of January. In truth, the situation is worse than what it even appears. And the action which has been taken by central banks worldwide, to temporarily stabilise markets, has actually served to make things worse. The newspaper, which will be mass-distributed across the nation, will give citizens a sense of how the next phase of the crash, characterised by Weimar Germany-style hyperinflation, will take place; and, more importantly, how our leaders must be prepared to respond.

The paper features American economist Lyndon LaRouches January 18th webcast, where he entered into dialogue with leading U.S. Congressional, and other institutional figures, on the function of his Homeowners and Bank Protection Act. This legislation is the only solution to the crisis mdash a firewall to protect people and savings banks from being bankrupted as big financial claims come down from corporate banks and hedge-funds as the system collapses.

The Citizens Electoral Council will deploy this New Citizen to expand a mass-mobilisation to recruit elected officials and community organisations at all levels to push for an Australian version of LaRouches Homeowners and Bank Protection Bill.

A resolution, calling on the Federal Parliament to vote up the bill as legislation, has been tabled with all local councils, related local government bodies, and other elected officials.

To join the mobilisation [click here](#), or call us on 1800-636-432.

For a free copy of the February 2008 New Citizen and LaRouches January 18th webcast on DVD [click here](#). [click here](#).

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Cc:
Sent: 07/02/2008 at 3:45 PM
Received: 07/02/2008 at 3:45 PM
Subject: Rate hikes trigger foreclosure tsunami: Federal Government must intervene!

Citizens Electoral Council of Australia
Media Release 7th of February 2008
Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC, 3058
Phone: 03 9354 0544 Fax: 03 9354 0166
Email: cec@cecaust.com.au
Website: <http://www.cecaust.com.au>

Rate hikes trigger foreclosure tsunami: Federal Government must intervene!
Eleven consecutive interest rate increases by the Reserve Bank, and the recent independent rate rises by the private banks, have triggered a mammoth explosion in the foreclosure rate as homeowners buckle under the burden of their enormous debts.

The well-reported JP Morgan/Fujitsu analysis due to be published next month will estimate that, as rates rise, 750,000 homeowners will be suffering mortgage stress in the months ahead, with 35% or more of their income going to pay the mortgage. 300,000 of those in severe mortgage stress will likely be foreclosed on this year that is 6,000 per week!

Contrary to this reality, Prime Minister Rudd claims that the economy is "enjoying its 17th year of economic growth." Rather than weakly proclaiming the "independence" of the Reserve Bank, Rudd should intervene as old Labor stalwarts like Jack Lang did, to defend the general welfare of Australias citizens.

Rudd must immediately pass the Homeowners and Bank Protection Bill, to impose a moratorium on all home and farm foreclosures until the mortgages can be renegotiated to reflect real values once the housing bubble bursts, and protect the retail banks and peoples savings from the massive financial losses to come. The Citizens Electoral Council is circulating this bill to every councillor and State and Federal Member of Parliament in the country.

To sign the petition calling on the Federal Government to enact the HBPB as law, [click here](#). To receive a complimentary copy of our latest New Citizen and EIR magazine, which outline the causes of the global financial crash and how to deal with it, [click here](#).

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Cc:
Sent: 12/02/2008 at 4:38 AM
Received: 12/02/2008 at 4:39 AM
Subject: Freezing weather exposes global warming swindle

Citizens Electoral Council of Australia

Media Release 11th of February 2008

Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC, 3058
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Email: cec@cecaust.com.au
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Freezing weather exposes global warming swindle

Recent freezing conditions throughout much of the world have sent Al Gore and his associate fraudsters into a massive panic. The "global warming" swindle was supposed to con us into higher energy prices and for us to willingly "love our poverty," while shutting down our farmers and manufacturers. While impoverishing the majority, a small group of carbon traders, fund managers and scientists willing to play the game have made a fortune. The mainstream media blackout of the majority of scientists not buying into this swindle has failed to fool thinking citizens. And now, given the recent global cooling, anyone insisting that we're causing a global warming disaster, is starting to look as silly those in the Flat Earth Society.

Satellites have obtained the most reliable temperature record of the earth's atmosphere since they commenced measurements in December 1978. And in the past twelve months, the planet has experienced an overall temperature drop of a very significant 0.63 degrees Celsius. In January, average global temperatures slipped to 0.044°C below the long-term (1979-98) average. So what has this meant in the real world? Let us look at the following:

* China is now battling its coldest winter in 100 years. The China Meteorological Administration said the weather was the coldest in 100 years in central Hubei and Hunan provinces, going by the total number of consecutive days of average temperature less than 1 degree Celsius. In Guangzhou city in the south about 800,000 people remained stranded, unable to take either bus or train. A million police and troops were dispatched to help keep roadways open as thousands of vehicles became stranded in the snow and ice. Freezing weather has killed scores of people.

* Tajikistan has had its coldest winter in at least 50 years, with temperatures dropping to -22 degrees Celsius in the capital, Dushanbe. Electricity is now only available for just 10 hours a day. Heavy snowfall and frozen rivers have led to damage of water and hydroelectric supply systems. Mountainous villages are in isolation, and severe food shortages are leading to starvation.

* In one of the worst cold snaps to have ever struck Iran, the nation has suffered turmoil with people freezing to death in their cars, numerous towns have suffered cuts in gas supplies, and all schools and government offices were forced to close in the capital, Tehran. The dunes of the Kavir-e Lut desert in southwestern Iran were covered in a dusting of snow for the first time in living memory. The official IRNA news agency reported, "The villages elders said they

had never seen or heard about snow in those areas." The lowest temperature overnight was minus 24 degrees Celsius in Shahre Kord in western Iran.

* Mumbai, India, experienced its coldest day in 46 years when the temperature dropped to 8.5 degrees Celsius.

The case of China shows reality is catching up on the IPCC lies. In May of 2007, researchers Stephen McIntyre and Douglas Keenan exposed the IPCC to be using fraudulent historical temperature records. They showed Phil Jones, Director of the Climate Research Unit at the University of East Anglia, U.K., and co-author Wei-Chyung Wang, Professor at the State University of New York in Albany, U.S.A, had knowingly falsified data from the 84 Chinese temperature stations used in their study.

For more information on the fraud of man-made global warming, click here

http://cecaust.com.au/main.asp?sub=global_warming&id=index.htm .

To receive a complimentary copy of the April/May 2007 edition of The New Citizen newspaper, with a special feature on the fraud of global warming, click here

http://cecaust.com.au/free_GW_NC.shtml .

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Cc:
Sent: 20/02/2008 at 6:16 PM
Received: 20/02/2008 at 6:16 PM
Subject: Corporativist financiers back fascist takeovers in Europe, U.S., Australia

Citizens Electoral Council of Australia
 Media Release 20th of February 2008
 Craig Isherwood, National Secretary
 PO Box 376, COBURG, VIC, 3058
 Phone: 03 9354 0544 Fax: 03 9354 0166
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 As global hyperinflation explodes...

Corporativist financiers back fascist takeovers in Europe, U.S., Australia

Financial interests in Wall Street and the City of London have launched simultaneous moves to impose a Mussolini-style "corporativist", aka fascist, solution to the hyperinflationary global financial meltdown, through the impending presidential candidacy of current New York mayor Michael Bloomberg in the United States, and the new Lisbon Treaty to bring the nations of Europe under a bankers' dictatorship.

The Bloomberg candidacy is being engineered by George Shultz and Felix Rohatyn, whose backing for fascist regimes extends back to their sponsorship of the Pinochet coup in Chile in 1973; Bloomberg's economic policies will facilitate a government bail-out of the bankrupt banks, through measures that drive down living standards, and corporate subsidisation schemes like Public-Private Partnerships. (visit [http://cecaust.com.au/main.asp?sub=breaking/uselections&id=2008_02_22_Drive_Escalates_Impose_Mussolini_Bloomberg.html] for the full story.)

Simultaneously, the drive to rid European nations of their sovereignty has dramatically escalated with the "Lisbon Treaty" now on a fast-track to be ratified by May. The treaty, which was rejected in May 2006 and revived by subterfuge in December last year, will force European nations to submit to European Union decisions, including in matters of war. The former Justice Minister of Austria, Hans Klecatsky, declared that "Member states lose the substance of their existential statehood and turn into merely regional administrative bodies." (visit [http://cecaust.com.au/main.asp?sub=breaking/larouche&id=2008_02_16_helga-zepp-larouche-gives-opening-remarks-transrapid-conference.html] for the full story.)

In a February 18th statement [http://cecaust.com.au/main.asp?sub=breaking/larouche&id=2008_02_17_stop-rohatyns-treason.html], American statesman Lyndon LaRouche declared that any sane citizen who does not recognise this as a threat to the life and freedom of his or her nation and families, will suffer the same fate as the poor Germans who did not take seriously the threat which Mussolini and Hitler represented to civilisation as a whole already in 1933-1934.

It is crucial that Australians recognise the signs of the same policy trajectory here: state government moves to annihilate local democracy through council amalgamations, and prop up corporate profits through our own public-private partnerships; and the federal government's foreshadowed

vicious budget cuts and calls for wage "restraint" under the guise of fighting inflation (which also typified the beginning of Hitlers regime).

The writing is on the wall, but these moves can be defeated by the public's support for a genuine solution to the financial crisis, in the form of LaRouche's Homeowners and Bank Protection Bill, to erect a "firewall" to protect the people from the financial crash, while the banking system is put through financial reorganisation by sovereign governments.

To understand the historical processes behind the drive for fascism, including Weimar-style hyperinflation, listen to the 4 minute introduction of a new bombshell documentary here [http://cecaust.com.au/main.asp?sub=Articles&id=Fed_Copies_Weimar_Hyperinflation.html], or visit [<http://cecaust.com.au/main.asp?id=HyperinflationDVD.html>] to have the entire 80 minute DVD mailed to you.

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Cc:
Sent: 29/02/2008 at 11:11 PM
Received: 29/02/2008 at 11:12 PM
Subject: Deepening mortgage, banking crisis demands Homeowners and Bank Protection Bill

Citizens Electoral Council of Australia
Media Release 29th of February 2008
Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC, 3058
Phone: 03 9354 0544 Fax: 03 9354 0166
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Website: <http://www.cecaust.com.au>

Deepening mortgage, banking crisis demands Homeowners and Bank Protection Bill

The average household in Australia is straining under severe mortgage stress, with 37.4 percent of household income taken up in payments on the average household mortgage, according to the latest statistics from the Real Estate Institute of Australia.

The REIA's figures, from a December 2007 survey, follow a JP Morgan/Fujitsu Consulting Mortgage Industry report which forecast 300,000 mortgage foreclosures across Australia this year.

(These mortgage industry figures do not include the parallel crisis among renters, who are burdened with similar housing costs, which are rapidly skyrocketing as the deepening mortgage crisis fuels increased demand for a decreasing number of rental properties.)

As bad as the housing crisis is, the bigger crisis is in the banking system, which is teetering under the burden of its exposure to a massive, unpayable sea of debt.

Australia's banks are in the same desperate crisis as their U.S. counterparts: NAB, ANZ and the CBA have all recently been forced to raise rates independently of the Reserve Bank, CBA twice; the ANZ has had to make a provision of over \$200 million for expected losses from its exposure to the sub-prime mortgage crisis; the CBA's bad debts are now growing faster than its new loans, meaning it is suffering a net loss of assets; but Australia's banking regulator APRA is questioning the banks' declared exposure to such losses, and has recently written to all of the banks asking them to ensure their declared position is "realistic", i.e. honest.

The Rudd government's only response to this crisis, to propose government subsidies for private investors to build extra housing, is a disaster, because it does not address the crushing burden of existing debt that is costing families their homes and threatening to close the banks.

This is an unprecedented economic crisis, which U.S. physical economist Lyndon LaRouche has identified is plunging the entire world into a depression far worse than the 1930s; such a crisis demands a coordinated government response to defend the common good of the nation's citizens.

Only LaRouche's Homeowners and Bank Protection Bill represents such a response: a moratorium on all foreclosures of households and family farms and government protection to keep the banks trading, followed by a comprehensive reorganisation of the financial system, including a write down of debt levels and restructured mortgage payments to affordable levels that reflect the reduced values of the properties.

The Citizens Electoral Council is escalating its mobilisation to promote the HBPB to local, state and federal elected officials, churches, welfare agencies and industry groups. To help in this mobilisation, contact the CEC for bulk copies of the New Citizen to distribute in your area, and get a free copy of the DVD "Firewall", an 80-minute documentary on the global financial crisis. Fill out the form at <http://cecaust.com.au/main.asp?id=HyperinflationDVD.html> or call Toll Free 1-800-636-432

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Cc:
Sent: 20/03/2008 at 5:33 AM
Received: 20/03/2008 at 5:33 AM
Subject: Constituent: Councils must move with HBPB

Citizens Electoral Council of Australia
Media Release 19th of March 2008
Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC, 3058
Phone: 03 9354 0544 Fax: 03 9354 0166
Email: cec@cecaust.com.au
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Constituent to councils:

"Support the CEC's HBPB, 'cause you'll be responsible for the social mess!"
A citizen from Western Australia sent the following letter to the CEC. It underscores the urgency of the CEC's mobilisation for local councils to support the Homeowners and Bank Protection Bill (HBPB), by providing a mere glimpse of the excruciating reality which all councillors in Australia will soon face, as the global financial crash accelerates. The letter reflects what is really happening, in what is otherwise regarded as the "boom" area, of Australia's "boom" state.

The Editor
March 16, 2008

On reading the latest publications about making contact with local councils; I was wondering if anyone had presented the question to councils of whose responsibility it's going to be to deal with all the homeless people living in their local parks. Who is going to deal with the hygiene problems that would arise? All this is most definitely going to be the local council's problem.

We have already had an article in the latest Fremantle paper about 70 people living in a beachside car park, and that the Rangers were checking on them. This report indicated it was accepted but if they were disruptive the Ranger would asked them to move on. The report went on to cover the story of a young lady who worked on a mine site, two on one off, her week off was spent in her car parked at the beach. Her problem wasn't lack of funds but lack of rental accommodation. Another paper from the Rockingham/Kwinana area covered a story of several families that had been asked to leave rentals as the owners wanted to increase their rents. These families, one of which had five kids, were living in a tent in a family member's back yard. This is summer, just wait until winter sets in and they all get sick. The hospitals are struggling now just wait a few months and we will see people camped in hospital grounds.

The councils don't seem to want to get involved politically but they are the ones that will be left with the mass problems resulting from this. They are, after all, the first port of call for local issues. So as I see it they should be the ones making the most noise to avoid this catastrophe.

The homeless issues that they will be addressing are gigantic; I cannot fathom their hesitance in taking action to support the CEC.

Are they just keeping seats warm...who are they scared of? What the hell do we vote for...parking inspectors and accounting staff to take in the revenue it seems.

I do believe that your message is going to get much more attention from the local population now that the mainstream media is actually reporting some of the negatives.

Best of luck,

R. Marston, WA

More information on the Homeowners and Bank Protection Bill is available at <http://cecaust.com.au/HBPA>
Sign the petition calling on the Federal government to enact the Homeowners and Bank Protection Bill at http://cecaust.com.au/main.asp?sub=hbpa&id=sign_Australian_HBPA.html

Visit [<http://cecaust.com.au/main.asp?id=HyperinflationDVD.html>] to have a copy of the 80 minute DVD, "Firewall: In Defence of the Nation State" mailed to you.
Visit [<http://cecaust.com.au/#video>] to view a 10 minute documentary on the fascist model vs the LaRouche/FDR approach to dealing with the financial crash.

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Cc:
Sent: 05/03/2008 at 11:41 PM
Received: 05/03/2008 at 11:42 PM
Subject: Time for Rudd to admit global financial crash behind housing crisis

Citizens Electoral Council of Australia
 Media Release 5th of March 2008
 Craig Isherwood, National Secretary
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 Email: cec@cecaust.com.au
 Website: <http://www.cecaust.com.au>

 Time for Rudd to admit global financial crash behind housing crisis

Prime Minister Kevin Rudd's pathetic response to the more than 1.1 million households caught in Australia's housing affordability crisisgovernment subsidies to private corporations to build an extra 50,000 houses over five years, starting with a piddling 3000 in the first yearis a fraud.

Rudd's intention is to save the speculative paper, representing a sea of unpayable debt, and not the people, because he refuses to acknowledge that the unaffordability of housing in Australia was caused by the deliberate creation of a global property bubble, in order to prop up the international financial system.

The creation of "subprime loans" and "mortgage backed securities", etc., was an attempt by collapsing banks to continue to sell homes, or more appropriately, sell debt, as prices rose prohibitively high.

Now, the vaporisation of trillions of dollars of nominal wealth has triggered an avalanche of losses, which the system cannot withstand, and which is making the banks even more desperate.

Increasing interest rates, in the name of fighting inflation, will ensure that rents continue to rise. Injecting public money into private companies through "Public Private Partnerships" to build new houses will provide a new inflow of taxpayers' money into the bubble.

New U.S. reports [
http://cecaust.com.au/main.asp?sub=breaking/economic&id=2008_02_27_home-prices-falling-accelerating-rate-putting-households-debt-arrest.html
] show record declines in both housing prices and sales. Given that Australia is already beginning to follow that trend, the price of family homes will soon collapseso who is Mr Rudd really looking to help here?

The only action that could truly help homeowners and renters as the bubble bursts, is an immediate freeze on mortgage foreclosures, followed by the reorganisation of those mortgages as the price of the home deflates, restructured at 1-2% fixed interest rates. (Visit <http://www.cecaust.com.au/hbpa/> to read about CEC/LaRouche's Homeowners and Bank Protection Bill.) 1.1 million households are running out of time!

Visit [<http://cecaust.com.au/main.asp?id=HyperinflationDVD.html>] to have a copy of the 80 minute DVD, "Firewall: In Defence of the Nation State" mailed to you.

Visit [<http://cecaust.com.au/#video>] to view a 10 minute documentary on the fascist model vs the LaRouche/FDR approach to dealing with the financial crash.

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Cc:
Sent: 13/03/2008 at 8:14 AM
Received: 13/03/2008 at 8:15 AM
Subject: LaRouche Webcast: "Averting Doom" - LIVE March 13, 2008, 4am AEDT

Citizens Electoral Council of Australia
Media Release 12th of March 2008
Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC, 3058
Phone: 03 9354 0544 Fax: 03 9354 0166
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Website: <http://www.cecaust.com.au>

LaRouche Webcast: "Averting Doom"

March 13, 2008, 4am AEDT live at www.larouchepac.com
The webcast will be archived shortly thereafter.

The world banking system has crashed, and the world economy is plunging into a depression worse than the 1930s. By one measure, housing, Australia is already in near-depression conditions. Over 1000 home foreclosures per week, and rising, is causing a crisis of family homelessness: 1660 families are listed as homeless in one Victorian shire alone, and a northern Melbourne caravan park has reported that it is turning away up to 80 families per day. Similar stories are emerging right around the country.

As in the 1930s, the world is menaced again by the spectre of fascism, in Europe, inside the USA, and in Australia. Then, U.S. President Franklin Roosevelt saved the U.S.A. from a fascist takeover, and led the economic mobilisation which crushed fascism in Europe. Roosevelt defined the threat to the U.S. Congress on April 29, 1938: "The liberty of a democracy is not safe if the people tolerate the growth of private power to the point where it becomes stronger than their democratic state itself. That, in its essence, is Fascism--ownership of government by an individual, by a group, or by any controlling private power."

American economist Lyndon LaRouche will address this issue in his webcast, "Averting Doom": "We have a crisis in elections and government in Europe and in the United States," LaRouche stated during a recent meeting with political leaders in Rome. "We have a threat of a return to fascism on a scale far beyond anything that we've known in the past." The impetus for this London-backed drive is the ongoing disintegration of the world financial system, the greatest collapse in modern European history. If the London-based financial oligarchy succeeds in consolidating power in the midst of this crisis, through imposition of the dictatorial Lisbon Treaty in Europe, and of an intended fascist Bloomberg coup in the United States elections, it will eliminate all national sovereign governments, and carry out policies that will lead to worldwide depopulation on a scale only comparable to that of the 14th Century Dark Age.

The brutal austerity already being imposed on Australia by the Rudd Government, through savage budget cuts, wage freezes and cuts, and a green light to the privately-controlled Reserve Bank to continue to raise interest rates, in the name of "fighting inflation", is a foretaste of the fascist policies that will destroy our nation, and kill people.

"But I think we can mobilise ... and build up the confidence to take the measures which are needed to lead the world out of this nightmare, by the methods of Franklin Roosevelt," LaRouche argued. "You can count on one thing: We can all go to Hell, in a sense, but we have a chance to win. The chance to win lies in the achievements of our culture, and if we can awaken ourselves to confidence in our cultural legacy, we can win! Do we have the will to win?"

LaRouche, the only political leader who has accurately forecast both the current financial blowout and political crisis, will lay out how that victory is possible in his March 13 webcast.

Visit [<http://cecaust.com.au/main.asp?id=HyperinflationDVD.html>] to have a copy of the 80 minute DVD, "Firewall: In Defence of the Nation State" mailed to you.

Visit [<http://cecaust.com.au/#video>] to view a 10 minute documentary on the fascist model vs the LaRouche/FDR approach to dealing with the financial crash.

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Sent: 15/03/2008 at 4:18 AM
Received: 15/03/2008 at 4:18 AM
Subject: Death Treaty now in force

Citizens Electoral Council of Australia

Media Release 14th of March 2008

Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC, 3058
Phone: 03 9354 0544 Fax: 03 9354 0166
Email: cec@cecaust.com.au
Website: <http://www.cecaust.com.au> <<http://www.cecaust.com.au/>>

Death Treaty now in force

On 3rd December 2007, as his first official act of government, Prime Minister Kevin Rudd signed the Kyoto Protocol; now, 90 days later, Australia is officially subject to that genocidal monstrosity, and its devastating assault on agriculture and industry will only accelerate the present global economic collapse.

In April 2004, Andrei Illarionov, economic advisor to Russian President, Vladimir Putin, slammed the Kyoto Protocol as a death treaty which will impose such strong economic constraints that it will be like an international Auschwitz.

The mainstream media, a key asset of the British financial oligarchy pushing this international Auschwitz, has been quick to trumpet Rudds ratification of the Kyoto Protocol. They also gloated when mining boss and Rio Tinto frontman, Ross Garnaut released his interim report on climate change last month, in which he demanded that firm commitments be made immediately in 2008 for major reductions in emissions, where an emissions trading scheme (ETS) would be the centre-piece of a domestic mitigation strategy. This proposed trading scheme, if implemented, wont stop pollution, but will be one of the biggest financial swindles to ever be pushed onto an unwitting population.

Garnaut admits, an ETS with ambitious mitigation objectives will be difficult and will make heavy demands on scarce economic and finite political resources which is a clear indication that economic collapse is actually intended.

Australians suffering from amnesia should note that this is not the first time Ross Garnaut has directed major economic reforms for our economy. Garnaut, currently Chairman of Lihir Gold, a director of Ok Tedi Mining, and the head of the International Advisory Group which recommended that Papua New Guinea sell off (privatise) its staggering raw materials wealth to the British-owned global minerals cartel, was one of the most influential economists advising the Hawke-Keating administration. His economic prescription of floating the currency, removing trade barriers and liberalising banking regulations, have led to the economic crisis which we face today, where manufacturers and farmers are a dying species and banks are set to foreclose on hundreds of thousands of homeowners this year.

In the face of this genocidal insanity, the Australian media has conveniently

ignored The 2008 International Conference on Climate Change, held on March 2-4 in New York, where hundreds of delegates including many of the worlds top climate scientists, exposed the IPCC lies and the global warming hoax. Likewise, our media ignored a U.S. Senate report last December, where over 400 prominent scientists were extensively quoted, disputing claims of man-made global warming, including even IPCC Vice Chairman, Prof Yuri Izrael who has stated, there is no serious threat to the climate.

For more information on the fraud of man-made global warming, click here
<http://cecaust.com.au/main.asp?sub=global_warming&id=index.htm> .

Click here <<http://cecaust.com.au/main.asp?id=HyperinflationDVD.html>> to have a copy of the 80 minute DVD, Firewall: In Defence of the Nation State mailed to you.

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Sent: 26/03/2008 at 8:45 AM
Received: 26/03/2008 at 8:45 AM
Subject: DOOM HAS STRUCK!: Three Steps to Survival

Citizens Electoral Council of Australia
Media Release 25th of March 2008
Craig Isherwood, National Secretary
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DOOM HAS STRUCK!: Three Steps to Survival
by Lyndon H. LaRouche, Jr.
March 17, 2008

As most clearly stated by the voice of Germany's financial market, the Frankfurter Allgemeine Zeitung (FAZ), the Bear Stearns bankruptcy marks the point at which the present world monetary-financial system has entered the terminal, hyperinflationary-collapse phase of that breakdown-crisis which began at the close of the previous July. Now, there are three essential measures which must be taken more or less immediately, before the situation in the U.S.A. and western Europe becomes hopeless. These are the three types of measures which I have presented earlier; those who continue to resist the adoption of these measures now fall promptly into the category of incompetence known as mental cases.

My Housing and Bankers Protection Act of 2007 must be adopted and set into motion immediately. If not, the situation of the U.S. becomes quickly hopeless.

A two-tier credit system, in which a.) U.S. government credit for physical-economic recovery programs is provided at between 1-2%, and b.) other utterances of credit-injections float more or less freely.
The U.S. government must now immediately approach the governments of Russia, China, India, and others for the prompt establishment of an international, emergency fixed-exchange-rate system, ending the presently hopelessly bankrupt floating exchange-rate system.
Under that latter, proposed agreement, long-term treaty-agreements must be focused on intergovernmental development of capital-intensive types of essential basic economic infrastructure, as in: a.) new construction in power generation (with emphasis on nuclear), b.) fresh-water sources creation (relying largely on high-temperature nuclear reactors), c.) increasing reliance on synthetic fuels, such as high-temperature, nuclear-power-generated power, in place of petrochemical materials used as fuels; d.) high-density systems of globally integrated rail, maglev network developments must replace presently excessive reliance on highway transport; e.) de-emphasis on giant conglomerates and monopolistic practices, in favor of smaller, more closely held productive enterprises dispersed as essential elements of the economy of moderate-sized regions of combined private entrepreneurial industry and agriculture; f.) heavy, and increasing emphasis on development of high-energy-flux-density modes in

technological progress of manufactures and other applications.

Comment:

The present Trans-Atlantic monetary-financial system is now hopelessly bankrupt; the wild-eyed measures associated with actions by the U.S. Treasury and Federal Reserve System represent an eruption of lunatic recklessness beyond belief! Those relevant public or private officials who disagree with that assessment, or who continue to oppose the HBPA as I have defined it, now clearly require professional psychiatric care.

Since efficient, modern production and supporting infrastructure, require emphasis on capital intensive forms of physical capital investments in the order of between a quarter-and a half-century estimated useful life over the course of physical and/or technological attrition, long-term treaty-agreements among trading-partner nations in those orders of magnitude, at interest rates charged to and among governments in the order of 1-2% per annum, will be the required practice if proper human goals for populations, as in Asia and Africa, are to be reached.

To facilitate this, the pseudo-scientific, neo-Malthusian humbug of so-called global warming, must be brought to a halt; otherwise, a plunge of the planet into a mass-murderous new dark age, one worse than that experienced by mid-Fourteenth-Century Europe, were inevitable for the planet as a whole.

There are no known, sane alternatives existing at this juncture.

The success of President Franklin Roosevelt's reforms of the 1932-1944 interval, is the model of policy-shaping which provides a proven precedent for the policies which must be adopted among sane nations now.

NOTE:

It should be noted, that the current proposal for privatising systems of basic economic infrastructure, and the Tower of Babel model which the British Empire has drafted for adoption by a proposed, neo-feudalist form of empire such as the Lisbon Treaty draft, is not only a mimicking of the Biblical Tower of Babel, but, as proposed by New York Mayor Bloomberg et al., is a proposed return to the league of cities monstrosity associated with the Lombard League's plunge of Europe into a medieval New Dark Age, whose effects included an obliteration of an estimated fifty percent of the parishes of Europe, an estimated collapse of the European population by one-third, and the pollution of Europe by screaming, predatory hordes of those maddened creatures typified by the Flagellants of that time.

More information on the Homeowners and Bank Protection Bill is available at <http://cecaust.com.au/HBPA>

Sign the petition calling on the Federal government to enact the Homeowners and Bank Protection Bill at

http://cecaust.com.au/main.asp?sub=hbpa&id=sign_Australian_HBPA.html

 Visit [<http://cecaust.com.au/main.asp?id=HyperinflationDVD.html>] to have a copy of the 80 minute DVD, "Firewall: In Defence of the Nation State" mailed to you.

Visit [<http://cecaust.com.au/main.asp?sub=media/video&id=main.html>] to view a 15 minute video on the fascist apparatus behind New York Mayor Michael Bloomberg and others pushing the Mussolini corporativist/PPP model.

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Subject: Iemma attacks LaRouche, pushes fascism

Citizens Electoral Council of Australia
Media Release 27th of March 2008
Craig Isherwood, National Secretary
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Iemma Attacks LaRouche, Pushes Fascism

The unspoken target of NSW Premier Morris Iemma's call to ban all political donations to political parties is the Citizens Electoral Council, the Australian associate of American physical economist and statesman Lyndon H. LaRouche, Jr.

The global financial system is disintegrating by the second, as witnessed by the recent collapse of Bear Sterns, and the financial oligarchy for which Iemma speakswittingly or notis desperate to keep LaRouche's ideas for dumping globalisation in favour of re-establishing the sovereignty of nation states anchored on national banking, out of the political debate.

One has only to ask, "Who decides what parties get public funding, and how much?", to see the scam. The privately-owned mass media of Rupert Murdoch and other oligarchs determine what parties are "relevant" to be covered, and largely determine how many votes they get, as well.

Were Iemma's fascist wet dream to be adopted, for instance, the Citizens Electoral Council, which is funded by thousands and thousands of ordinary Australians, would no doubt be judged "not worthy" of public funding, and therefore would not be able to carry out its present life-or-death campaign for the Homeowners and Bank Protection Bill (HBPB) to protect Australian homeowners from the mass foreclosures now underway, and to keep the Australian banking system from simply disintegrating. The HBPB is modelled on similar legislation first proposed by LaRouche in the U.S. in 2007, as a "firewall" to protect ordinary citizens against the ongoing global financial collapse.

The choices we have are the same as the U.S., Germany and other nations faced during the Great Depression:

1. The installation of fascist dictators like Mussolini and Hitler by the oligarchy, with brutal austerity against the population and probably war, or;
2. A national and international recovery program based on the precedents of U.S. President Franklin Delano Roosevelt, which put the citizenry above the interests of those Wall St. and London forces whom he denounced as "the economic royalists."

If Iemma is so big on "public funding", how about massive public funding for urgently-needed state and national infrastructure? Instead, he and the NSW Labor government are the world's leaders in pushing "public-private

partnerships" (PPP); these were initiated by Italian fascist dictator Benito Mussolini and their purpose is to loot the public to the benefit of private financiers.

More information on the Homeowners and Bank Protection Bill is available at <http://cecaust.com.au/HBPA>

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Citizens Electoral Council of Australia

Media Release 8th of March 2012

Craig Isherwood, National Secretary
PO Box 376, COBURG, VIC 3058
Phone: 03 9354 0544 Fax: 03 9354 0166
Email: cec@cecaust.com.au
Website: <http://www.cecaust.com.au>

Isherwood: A Greek debt default is good news

If Greece defaults on its debt this week it will throw a lighted match on the *\$1.4 quadrillion* mountain of tinder-dry derivatives that are the cause of the global financial crisis. The resulting explosion will bankrupt many parasitical speculators and investment banks, and provide an opportunity to implement Lyndon LaRouche's call for a global Glass-Steagall, Citizens Electoral Council leader Craig Isherwood declared today.

"A Greek debt default is good news," Isherwood said, "if it is used to reorganise the entire global financial system.

"But, if instead the various governments continue the City of London-dictated bailout policy, to bleed and kill people in order to prop up their derivatives bubble, they will unleash a deluge of hyperinflation and drive the world into a new dark age."

Isherwood said the best thing about a Greek default is the carnage it would wreak in the credit default swap markets.

“Since 2008, millions of people worldwide have had their lives ruined, losing their homes, their jobs, their entitlements, their savings, often everything, so that governments could prop up the banks which gambled on [credit default swaps](#)—derivatives—and lost,” he said.

“Because the IMF, European Central Bank and EU have thrown hundreds of billions of euros at trying to prop up Greece’s debt to the City of London/Wall Street banks, most banks have gambled that Greece will not default, so if it does, that will wreak havoc on the derivatives gamblers. Couldn’t happen to a nicer bunch of bloodsuckers.”

Glass-Steagall

Isherwood elaborated [LaRouche’s Glass-Steagall solution](#):

“U.S. President Franklin Delano Roosevelt’s 1933 original Glass-Steagall law is the principle that the government should protect the financial activities of the real economy, i.e. the daily lives of the people, and not the gambling bets of speculators,” he said. FDR had to take on Wall Street before he could launch the great infrastructure projects which brought the U.S. out of the Great Depression, and build the powerful economy which secured the global victory against fascism in World War II.

“[The 1999 repeal of the original U.S. Glass-Steagall law](#) allowed Wall Street and City of London investment banks to sink their fangs into the commercial banks which serviced the real economy and held the people’s deposits. This both fed the flood of derivatives gambling that caused the global financial crisis, *and* created financial institutions that screamed when the GFC erupted, that they were ‘too big to fail’ and so demanded the government bail-outs that have since bankrupted governments all over the world, and led to the sovereign debt crises presently blowing up in Europe.”

He continued, “A global Glass-Steagall as prescribed by Lyndon LaRouche, the world’s most accurate economic forecaster, would provide the standard to sort out the global debt burden: debt incurred to invest in productive enterprises such as infrastructure or physical industry would be honoured; debt built up purely from speculative gambling—the vast majority of the world’s debt—would be cancelled, and the investment banks trading in that debt would be allowed to go bankrupt.

“Glass-Steagall is an emergency measure, which would allow governments to take the next step that is crucial to a real recovery, which is the establishment of national banks, owned and controlled by governments—unlike the present *privately*-controlled central banks. These national banks would issue new credit into the economy in the form of long-term investment in new, grand infrastructure projects, to recapitalise the national economies of the world.

“For Australia, the CEC has developed a [‘blueprint for recovery’](#), centred on 18 large-scale water diversion projects such as the Bradfield Scheme of North Queensland; a high-speed railway network between the major cities and ringing the whole country; a nuclear power grid to utilise our abundant uranium and thorium resources for cheap electricity; high-speed shipping for trade into Asia; and a space base on Cape York Peninsula.”

Isherwood concluded, “In a crisis this big, our only hope is to fight for principle, the principle of the common good. The welfare of the people comes first, and that can only be secured through Glass-Steagall, and then national banking. The CEC is the only political party presenting an actual solution to the present crisis, which is worsening by the day. So if you want to get out of this hellish mess, you should [join us](#).”

[For an extensive DVD review of the original crisis which triggered Glass-Steagall, and how Glass-Steagall reversed that crisis but was later dismantled by bankers and their political friends, click here.](#)

[Click here to buy a copy of *The Infrastructure Road to Recovery* \(\\$13 inc. p&h\)](#)

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HYPERLINK "http://mmlink.co/3TEqBby6SH"Click to preview and PlayNowÂ®.The Citizens Electoral Council says the Federal Government is about to bail out Australia's banks. Robert Barwick, Executive Member, CEC Research Director, argues the CBA is hiding its finances. Barwick reckons the RBA will copy the US Government's qualitative easing. The CEC is urging people to sign its contract.

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Keywords

banks (1), RBA (1), Australia's (1)

Interviewees

Anon, Spokesman, CEC

Robert Barwick, Executive Member, CEC Research Director

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Citizens Electoral Council of Australia

Media Release Wednesday, 17 July 2013

Craig Isherwood, National Secretary
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Email: cec@cecaust.com.au
Website: <http://www.cecaust.com.au>

Rudd brings forward ETS—Enron’s Trading Scam

Kevin Rudd’s decision to fast-track the ETS (emissions trading scheme) locks Australia into the next big casino scam cooked up by multinational banks and hedge funds to loot the world economy.

This particular scam of emissions trading was pioneered by one of the most criminal corporations in history—Enron.

Enron was the world’s biggest energy company before it spectacularly imploded into bankruptcy in 2001, finally revealed for the criminal scam operation it was.

In the meantime, it had claimed billions in profits through outright fraud, by counting its borrowings as revenue—giving rise to the new term “Enron accounting”. Enron’s young punk traders had sadistically unleashed chaos, untold misery and even death on millions of people in California by ordering their power stations to turn off in the middle of heat waves, triggering waves of crippling blackouts, in order to sharply force up the spot price of electricity so they could boost their profits. And Enron had been the biggest financial contributor to George W. Bush’s campaigns for Texas governor and U.S. president, as well as Texas Senator Phil Gramm, whose wife Dr. Wendy Gramm was an Enron director.

The latter is particularly significant and relevant today, because it was Sen. Gramm who sponsored the U.S. law called the Gramm-Leach-Bliley Act of 1999, which repealed the Glass-Steagall Act 1933 that since the Great Depression had kept the banking system safe by separating commercial banks with deposits from Wall Street’s investment banks.

Gramm’s law allowed the predatory gamblers on Wall Street and in the City of London to siphon off the deposits of the American people for their speculation in toxic derivatives; the face value of derivatives contracts worldwide skyrocketed from around \$100 trillion in 2000, to \$1.4 quadrillion (\$1,400 trillion) by the eruption of the GFC in 2008.

Enron was a pioneer and pace-setter in derivatives speculation. From 1988-1992, Dr Wendy Gramm had chaired the U.S. Commodity Futures Trading Commission (CFTC). Her last act as CFTC chair was to change the rules, at Enron's request and without consulting her fellow commissioners, to narrow the definition of futures contracts, so that Enron's energy futures and swaps were excluded from regulatory oversight. Within weeks she had joined the Enron board.

Having started out as a natural gas company which expanded by buying into pipelines and power stations, in the 1990s Enron increasingly moved into energy derivatives trading, so that by 1999, its revenue from actually supplying energy through its physical assets was roughly the same as its revenue from energy trading—\$20 billion or so from each. After Phil Gramm repealed Glass-Steagall in 1999, Enron's "revenue" from derivatives trading quadrupled in one year, from \$20 billion to \$80 billion.

Environmental hero

Enron's skills in derivatives gaming enabled it to be the pioneer and pace-setter in emissions trading schemes, initially in such pollutants as sulphur dioxide and nitrogen oxides. To boost its profits from emissions trading, the notoriously anti-regulation Enron actively lobbied for tougher regulation of air pollution.

For the same reason Enron championed the global warming fraud: an Enron memo stated that the 1997 Kyoto Protocol to reduce carbon dioxide emissions "would do more to promote Enron's business than will almost any other regulatory initiative outside of restructuring the energy and natural gas industries in Europe and the United States."

Enron won environmental awards from America's Environmental Protection Agency. It participated in the Pew Centre on Global Climate Change, and was a board member of and major donor to the U.S. Nature Conservancy. An internal memo boasted that due to its support of the Kyoto Protocol, "Enron now has excellent credentials with many 'green' interests including Greenpeace, World Wildlife Fund, Natural Resources Defense Council [NRDC], German Watch..." The NRDC's Ralph Cavanagh declared "on environmental stewardship, our experience is you can trust Enron." (The NRDC went on to promote electricity deregulation in California, from which Enron did so much damage.)

Fight the criminal fraud with Glass-Steagall

Citizens Electoral Council leader Craig Isherwood said today, "Rudd's Enron Trading Scam is simply another means for banks such as [Malcolm Turnbull's Goldman Sachs—which took over the mantle of leading emissions trader when Enron went bust](#)—to pillage the economy and destroy people.

"We can defeat this if the population rises up and force the Parliament to enact a Glass-Steagall banking separation, which will cut off the derivatives fraudsters from their source of loot.

"The CEC is leading that fight, so [join us](#)."

*The details on Enron cited in this release were sourced from *Executive Intelligence Review* magazine, the video documentary entitled "The Smartest Guys in the Room", and the book "Power Play: the fight for control of the world's electricity", by Sharon Beder.

[Click here for a free literature pack on Enron's crimes, the fraud of carbon trading, and the urgent need for Glass-Steagall.](#)

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Citizens Electoral Council of Australia

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31 March 2014

Mr David Murray
 Chairman
 Financial System Inquiry
 Commonwealth of Australia

Citizens Electoral Council submission to the Financial System Inquiry

Dear Mr Murray and panel,

The Inquiry you are charged to conduct will be incomplete, unless it includes the threat currently facing the Australian people of a total collapse of the financial system, as a consequence of the reckless speculation by Australia's banks in financial derivatives that are based on Australia's property bubble.

Furthermore, your Inquiry should investigate the solution that the CEC supports, and which has broad support around the world: that of a complete separation of all retail banking from all investment and related banking, as mandated in the successful United States law which lasted from 1933-1999, the *Glass-Steagall Act*.

Both issues cited above come under Point 2 of your Inquiry's Terms of Reference.

The following points summarise the systemic risks confronting the Australian financial system, and why a full Glass-Steagall banking separation is the only solution:

- * Australia's financial system is concentrated in just four banking conglomerates, which are by definition too-big-to-fail (TBTF);
- * all four of these banking conglomerates are heavily exposed to the real estate market, which accounts for about 60 per cent of their combined business;
- * this exposure to real estate is far higher than the banks in most other countries;
- * the median value of Australia's residential real estate has soared in a little over a decade, to more than 7 times median annual household income, and in some pockets even higher, which is well above the historical house price to annual income ratio of 3-3.5 times—this, by any definition, constitutes a "bubble";
- * the major banks in that time borrowed hundreds of billions of dollars from overseas to lend into the domestic property market, which borrowings caught them out in the October 2008 credit crunch, such that they were only kept solvent by the Rudd government's emergency guarantee (the banks have reduced this exposure since then, but it is still in the hundreds of billions);

* the major banks have entered into many trillions of dollars' worth of derivatives contracts that are related to their exposure to the real estate market, such as interest rate swaps and currency swaps on their hefty overseas borrowings;

* even more alarming than the volume of the banks' derivatives exposure, is the accelerating rate of growth in their use of derivatives, and the decision by Australia's largest bank, CBA, in 2012 to no longer disclose the full face value, aka notional principal, of its rapidly growing derivatives obligation.

Therefore, in the event of an inevitable collapse in property prices, Australia's banks will be wiped out. Moreover, the impact will flow through to their derivatives counterparties, which has implications for the global financial system.

How will the Australian government and Australia's banking authorities—RBA, APRA and ASIC—respond to such an event?

Presently, there are two possible responses on the agenda:

1. Bail-out/bail-in;
2. Glass-Steagall

Bail-out/bail-in

It is not possible for the Australian government to bail out all four major banks. Indeed, Australia's Council of Financial Regulators acknowledged in 2009 that the government couldn't even honour its deposit guarantee, the Financial Claims Scheme, if just one of the major banks collapsed.

That leaves bail-in, which the Australian Treasury is presently preparing legislation for enactment in Australia. It is officially denied that bail-in will apply to bank deposits, as was the case in Cyprus in March 2013. Purportedly the Australian bail-in legislation will only apply to a certain kind of bail-in-able bank bond. However, the legislation is not yet public. Given the European experience, and the fact that the IMF has deemed Australia's financial system collectively to be globally systemically important, it is more likely than not that if the failure of Australia's big four banks threatened a global chain reaction, and that failure could only be averted by bailing in depositors a la Cyprus, that is what would happen.

Glass-Steagall

The alternative to bail-in is Glass-Steagall, which I can attest is the only solution. Bail-in will in fact destroy the banking system it is trying to save, by completely destroying the confidence that depositors have in the banks. Glass-Steagall will save the banking system.

As demonstrated in the U.S. between 1933 and 1999, completely separating all commercial (retail) banking from investment banking dramatically decreases the risks to which bank deposits are exposed. Testifying to the effectiveness of the *Glass-Steagall Act* is a) its longevity of 66 years; and b) the disaster that befell the U.S. banking system after its repeal, caused by excessive financial speculation of a volume that was not possible under the *Glass-Steagall Act*.

For Australia, Glass-Steagall would mean splitting up the Big Four banks into completely separate retail banks, and investment banks/insurers/brokers. Any government guarantees would only apply to the retail banks, but bolstering the guarantees would be the reality that the retail banks are at far

less risk. The derivatives exposure would be worn by the investment banks, which would require unwinding the securitisation derivatives and others that are based on the mortgages which originated from the deposits in the retail banks.

If implemented before another major financial meltdown, a Glass-Steagall separation could be imposed in an orderly fashion, over a number of years. The government could use capital controls to minimise any speculative disruptions.

Presently, there are four bills before the U.S. Congress to fully reinstate Glass-Steagall, over a five-year period. There are bills before a number of European parliaments, and there is widespread support in Europe generally for Glass-Steagall, especially in the U.K. Parliament, such that if it passed in the U.S. it would be quickly copied in other jurisdictions.

Conclusion

Included in this submission are four reports that the CEC has recently produced, which bear out all of the claims made in this submission:

1. *Memo: The Great Australian Mortgage Bubble*
2. *How safe is your super?* The CEC's response to State Super Financial Services Australia's 27 August 2013 "Investment Viewpoint".
3. *Glass-Steagall Now!*, a comprehensive explanation of Glass-Steagall, why it is necessary for Australia, its global support, and the U.S. legislation to restore it in that country.
4. *Commonwealth National Credit Bank Bill*, the CEC's draft legislation for a new National Bank, owned and controlled by the elected government, which can harness and direct the credit of the nation into developing the infrastructure Australia needs for a prosperous future.

Yours sincerely,



Craig Isherwood
National Secretary
Citizens Electoral Council of Australia

Memorandum

Re: The Great Australian Mortgage Bubble

By Robert Barwick and Allen Douglas

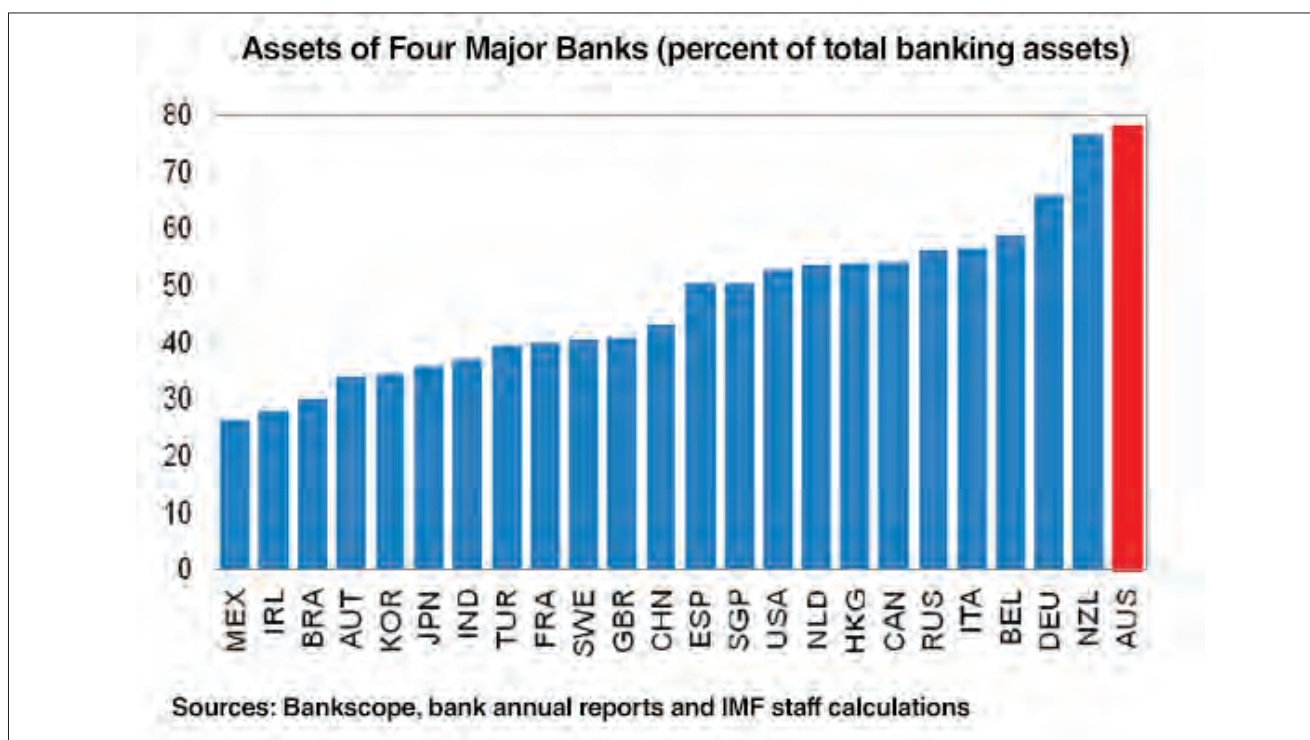
Citizens Electoral Council of Australia

1 March 2014

Australia's "Big Four" banks are intimately tied into the world's London and Wall Street-centred financial system through their combined holdings of \$A23 trillion in derivatives. Thus the Australian financial system could blow at any moment that the inevitable chain reaction starts from London or Wall Street. But, putting that defining reality aside for the moment, even in its own, more narrow terms, Australia's financial system could also explode at any moment because it is built upon arguably the largest mortgage bubble in the world, one which is presently expanding exponentially. Australian legislators have a responsibility to act to save the nation from this otherwise inevitable explosion, and thus must understand, first, that it is a Dutch tulip bulb-style bubble, and second, how to defuse this keg of mortgage dynamite upon which the nation is sitting, through Glass-Steagall and the establishment of a National Bank. The purpose of this memo is to sketch merely some of the parameters of this bubble.

The Overview

Though Australia is indeed inexorably linked with the London/Wall Street globalist speculative-centred monetary system, for historical reasons it has certain unique characteristics of its own, which date from the way in which the financial deregulation process was carried out here following the end of the Bretton Woods fixed exchange rate system on 15 August 1971. In brief, it is probably the world's single most concentrated financial system, which itself sits on top of the worst mortgage bubble in the world, centred in our "Big Four" banks: Commonwealth Bank of Australia, the ANZ Bank, Westpac, and National Australia Bank.



<http://www.whocrashedtheeconomy.com.au/blog/>

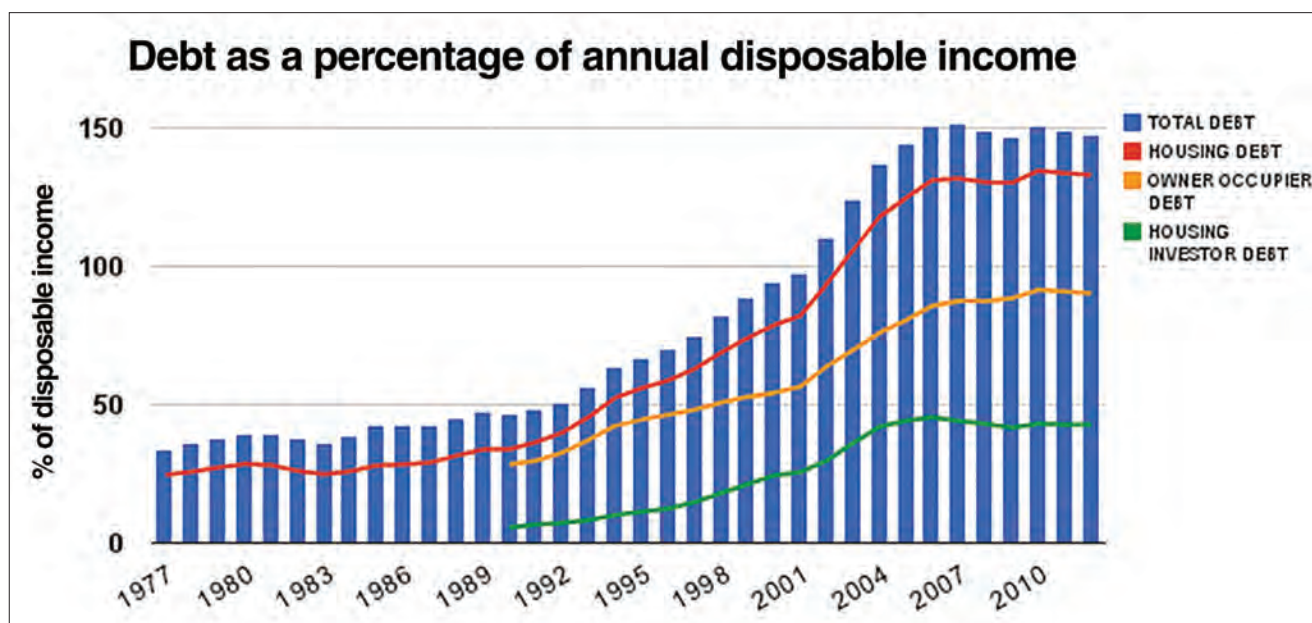
Australian financial and political figures proclaim the Big Four to be "some of the safest banks in the world". Many of them actually believe that, also because that same line is frequently echoed elsewhere in the world. Most of this reputation of "safest" arises from the supposed fact that the Big Four were ostensibly in no danger of melting down during the 2007-08 Global Financial Collapse, unlike banks everywhere else in the world. That is utter nonsense. In fact, they would certainly have collapsed had not the government stepped in over the weekend of 11-12 October 2008 to provide them (and their sister Macquarie Bank) government guarantees for all of their deposits and

for their huge foreign borrowings, which latter they were otherwise not able to roll over when the international credit markets seized up in the wake of the Lehman Brothers collapse in September 2008.

Each of these Big Four ranks among the world's top fifty largest banks, and have been named Globally Systemically Important by the Bank for International Settlements (BIS). As for the CBA, "In May, analysts at UBS said the Commonwealth Bank of Australia was the most expensive large bank in the world by nearly every standard valuation measure. The bank's shares closed at \$73.82 on Friday." [Kehoe, *Australian Financial Review* article, see reference below]. The CBA also happens to be the most heavily invested of the Big Four in the mortgage bubble. In 2012 it suddenly stopped disclosing its skyrocketing derivatives exposure. The twin realities of heavy mortgage, and heavy derivatives exposure are not surprising: the overwhelming amount of the Big Four's \$A23 trillion in derivatives are in currency and interest rate swaps, taken out to "insure" their heavy overseas borrowing for the purpose of pouring those funds into the domestic mortgage market, as noted below. Thus, were the Australian mortgage bubble to pop, that by itself could easily blow out the entire world's financial system. Note that "the market capitalisation of the Australian banks has swelled from 2 per cent of the global banking index to 14 per cent over the past decade." ["Wall St's latest worry: Australian banks", *Australian Financial Review*, 16 September 2013, John Kehoe.]

Reflecting the growth of this mortgage bubble over the past three decades, Australians now have either the highest or second highest ratio of household indebtedness to disposable income in the world, depending on whose figures one looks at. A paper by Reserve Bank of Australia economist Michael Davies ("Household debt in Australia") observed a staggering rise already before 2007, and it has worsened since:

"During the 1980s, the ratio of debt to disposable income for Australian households was fairly stable at around 45%. But since 1990, this ratio has risen rapidly, reaching 157% in December 2007. Housing debt accounts for the bulk of the increase, with the ratio of housing debt to disposable income rising from 31% to 134% over the period. ... Many advanced economies have witnessed a large rise in household indebtedness over the past two decades. However, the increase in Australia has been particularly pronounced. The ratio of household debt to income in Australia went from being one of the lowest in the advanced economies in the late 1980s to one of the highest in December 2007."



Source: "Fretting about mortgage debt?" 12 April 2013 Author: Jodi Bird
<http://www.choice.com.au/reviews-and-tests/money/borrowing/your-mortgage/mortgage-debt.aspx>

Unlike Americans, Australians cannot merely walk away from mortgages they can no longer pay, because the banks are allowed to garnishee their salaries/wages until the full mortgage is paid. We are, truly, debt slaves. Only declaring bankruptcy discharges Australians of their mortgage obligation.

Moreover, with the sharp collapse in the "mining boom", and the recent closure of major manufacturing industries, including oil refineries, food processors, aluminium smelters and the announced shutdown of Australia's entire car manufacturing industry by 2016, an estimated 100,000 people or more will be thrown out of work, many

perhaps even most of whom, presumably, will no longer be able to meet their mortgage payments. The Abbott government has ostentatiously chosen not to extend help to these industries, even as they pour assistance into the “finance sector”, with much more planned via the FSI.

For many years now, the Big Four have borrowed massively from overseas; some 30-40 per cent of all their liabilities derive from the overseas wholesale funds market. As is almost universally acknowledged, they borrowed so heavily from that market, close to \$900 billion at the peak prior to 2008, for only one reason—to pour the funds into the domestic home mortgage bubble. Australia has a \$5 trillion residential property market. The Big Four hold some 83 per cent of all mortgage loans in that market, and these loans constitute the majority of their entire loan book. Australia’s financial regulator, the British-modelled Australian Prudential Regulatory Authority (APRA), allows the banks to hold a mere 2 per cent of reserves against these mortgages, compared with much higher reserves it demands from loans to agriculture or to industry, through the ruse of “risk-weighting” capital. (In fact, the more that property prices inflate, the less capital APRA demands that they set aside against those mortgages.) That of course, provides a built-in motivation for them to lend for mortgages at the expense of the real economy—but such APRA regulations were constructed in the first place to support an already existing property bubble.

Additionally, the Reserve Bank of Australia has now set its base interest rate at 2.5 per cent—the lowest in sixty years—precisely in order to facilitate this mortgage process, to encourage more people to pour into that market. Lawfully, the Big Four’s lending into the property market has taken on such steam in the past year or two, that there is even an ongoing public debate in the news media on whether Australia now has a “property bubble”. The Australian government, notably through Treasurer Joe Hockey, has loudly proclaimed that “there is no such bubble, Australian houses are the largest in the world, they have unique characteristics”, etc. etc. But the very fact that such an intense debate is under way, is itself clear evidence that such a bubble does exist and is gathering speed by the moment.

The bubble accelerates

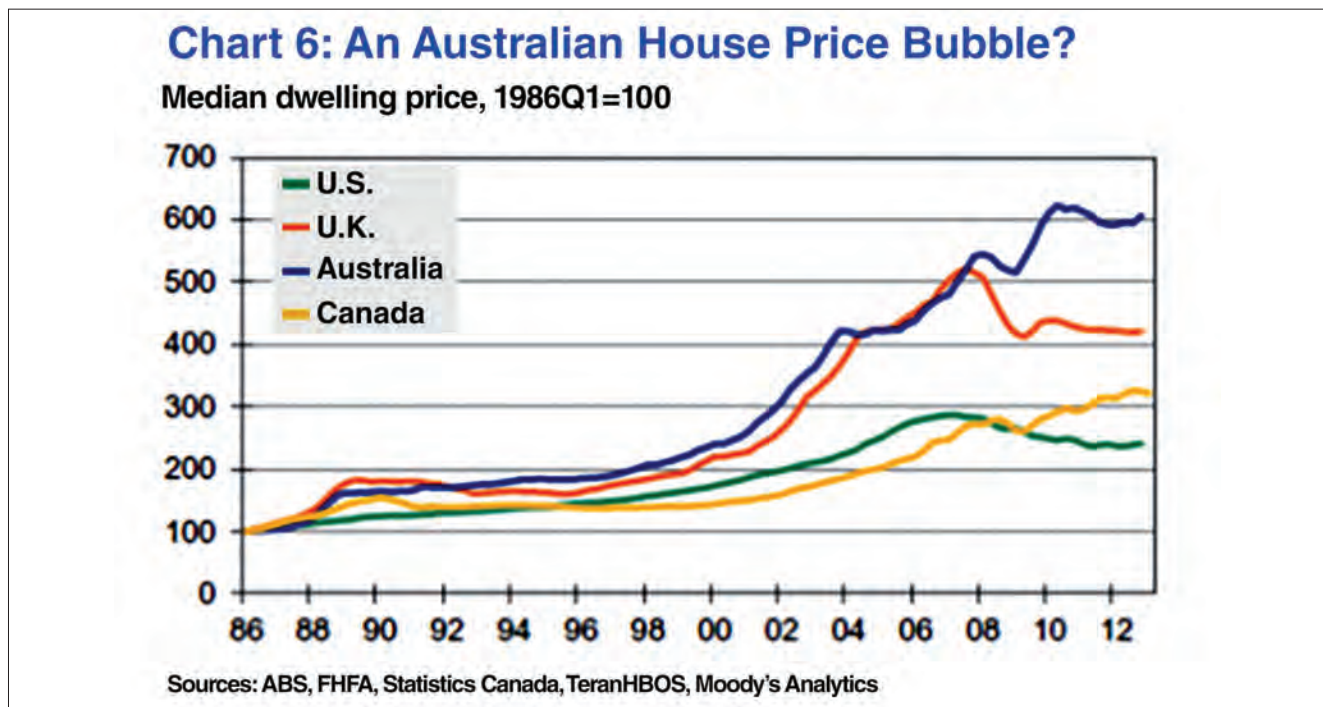
Over the past 12 months, for instance, Sydney has seen an 8.5 per cent rise in property prices, Perth with 7.5 per cent and Melbourne with 6 per cent. An 18 January 2014 article in *The Australian* titled “Low-doc loans back in play” provided clear evidence of the bubble taking off:

“High-risk, no-deposit home loans and low-doc loans—so-called ‘liar’s loans’ are re-emerging in the heated property market, raising concerns over lending standards. With first-home owners and aspiring investors locked out of the market due to soaring prices, lenders are again offering loans covering up to 99 per cent of a property’s purchase price, while others are spruiking loans where borrowers ‘self-certify’ their own income. ... Several lenders are offering loans requiring 1 per cent deposits or less, while some are advertising loans which cover 106



per cent of a property's purchase price. The major lenders have loosened lending standards in recent years, with most offering loans providing 95 per cent of a property's purchase price, with a number of providers, such as RAMS, offering 97 per cent, after including lender's mortgage insurance. However, other lenders are avoiding the requirement for a deposit almost altogether, by coupling home loans with large-balance credit cards."

Already on 18 May 2011 Moody's had downgraded the credit ratings of the Big Four, noting that the decade prior to 2008 had seen a 150 per cent rise in property prices, which had pushed Australia's household debt to annual income to 159 per cent by mid-2010—a higher level than the U.S., U.K. and Spain at the peak of their housing cycles.



In 2013, \$26 billion of Australian Residential Mortgage-Backed Securities (RMBS) were issued, more than double that of 2012. ["Japan enters Aussie mortgage market", which notes that Bank of Tokyo-Mitsubishi "has launched the first major salvo by a Japanese bank into the Australian mortgage market, extending a \$500 million one-year mortgage-backed facility to AMP Ltd." —Source: www.macrobusiness.com.au, 26 November 2013.]

Let us look briefly at the history of the creation of this bubble, in order to further appreciate how the entire Australian financial system has been constructed upon it over the past three decades or more, and why ever more desperate and blatant measures have been taken in recent years to keep pumping air into it, under the clear recognition that it will otherwise most certainly pop. In fact, a chief proclaimed rationale for the Financial System Inquiry (FSI) established last year and now under way is to conduct a "once every several decades root-and-branch review of Australia's financial system", to figure out ways to "increase funding to the banks", in order to decrease their dependency on borrowing overseas. The FSI is dominated by private bankers, beginning with chairman David Murray, former chairman of the Commonwealth Bank from 1992 to 2005 when its derivatives holdings exploded, and one of its leading members, Ken Henry, a former Treasury Secretary and private banker, who played a decisive role in propping up the bubble as Treasury Secretary from 2001-11. A second major rationale for the FSI is to revamp state and federal regulations of all sorts, including such minimal regulation of Australia's financial system as still exists, in order to finance a speculative boom in infrastructure construction.¹

1. "Infrastructure, infrastructure" is the mantra chanted every day by Australia's present Liberal Party/National Party government. Prime Minister Tony Abbott has said that he wants to be known as "the Infrastructure Prime Minister", while Treasurer Joe Hockey has taken the point as chairman of the G20 Finance Ministers this year, to lead a crusade for an internationally-agreed series of regulatory changes to facilitate new infrastructure, one which mirrors completely the efforts of Europe's Long Term Investors Club (LTIC) over the past several years. The line is "Governments don't have money, they can't finance infrastructure anymore, so we have to change any and all existing regulations, risk evaluations, etc. in order to allow the private sector to take the lead in building this infrastructure, with the necessary backup by governments", notably on the "Public-Private Partnership" model trumpeted by the LTIC. In practice, Abbott and Hockey intend to privatise whatever has not been already privatised of federal government assets, and to force the states to also privatise everything which has not already been sold off. The funds from those forced sales are then to be reinvested in "new infrastructure", with massive fees flowing to the investment banks arranging these deals, and the returns guaranteed by "user-pays"—slapping tolls on all new roads, or any other kind of infrastructure.

Another unique facet of the Australian financial system which is important to understanding its mortgage bubble is the “superannuation industry” established by Australian Labor Party (ALP) Prime Minister Paul Keating in the 1990s. Thanks to “Super”, Australia now boasts the second or third single largest pool of liquidity in the world, some \$1.7 - \$1.9 trillion.² All of that money has to be invested somewhere, and much of it is invested in the stocks of the Big Four banks, which comprise an astonishing one-third of the entire Australian stock market (one-half trillion dollars in all—*Australian Financial Review*, 15 November 2013, George Liondis), the same Big Four whose record-setting profits this year are based upon the mortgage bubble.

In November 2013, a UBS report concluded that the high amount invested by Australians—mainly through their super—in banks, shares, bonds and other securities was a potential “concentration risk”. “We believe that the concentration risk to bank securities is more significant in Australia than other areas of the developed markets”, UBS analysts Jonathan Mott and Chris Williams wrote in the report. UBS said investments in shares and other securities linked to the Big Four banks accounted for 21 per cent of all household wealth in Australia outside housing and deposits and that Australians had a further \$762 billion in deposits at the Big Four. They asked, “Is it appropriate that 21 per cent of their net worth outside housing deposits is invested in four highly correlated banks? Will this become an increasing concern for fund trustees and financial planners? Further, given the Australian banks are highly leveraged to the property market, on a look-through basis this further increases the concentration of household net worth to residential and commercial property.”

An increasing share of Super is also being pumped into the domestic mortgage market, especially through Self-Managed Super Funds (SMSF), of which there are 439,000 holding \$421 billion, or about one-third of the entire superannuation pool. [News.com.au 21 March 2011, Anthony Keane] (Aside from their own funds, these SMSF’s have been allowed since 2007 to borrow heavily to invest in property (typically 65-70 per cent of the property value), and in the past two years the percentage of property held in such SMSF’s has typically risen from 50 to 80 per cent.) The rest of that pool outside of the SMSF’s is managed by “professional fund managers”, invariably former investment bankers for JPMorgan Chase, Deutsche Bank, and their cohorts from the other London/Wall Street TBTF banks. It would appear that the ongoing FSI intends to loosen present regulations on “Super”, to allow much more of it to be channelled into RMBS. That would certainly be one tried-and-true way of “ensuring more funding to the banks.”

Australia’s mortgage bubble, and the role of that bubble as the base upon which the entire Australian financial system rests, was initiated in the late 1970s by the Australian arms of the elite, London-centred Hill Samuel Bank and the even more elite Schroders Bank, through Schroder’s Australian subsidiary Darling & Co. But unlike what happened in the rest of the world during 2007-08 when some of the air was temporarily let out of the mortgage bubble in the U.S. and elsewhere through the “subprime crisis”, that never really happened in Australia. In fact, the Australian government and financial authorities took measures to expand the bubble even more rapidly, while conspiring to cover up the reality of mass defaults on mortgages by simply holding onto the vacant houses and pretending they didn’t exist, even as many thousands of Australians were forced onto the streets. The bubble was so central to the entire Australian financial system even then, that if any air were let out of it, the whole system would have blown to smithereens. Bespeaking the growing hysteria over the past couple of years that this mortgage bubble could pop, note just a couple of the desperate measures that governments, both the preceding Labor government (2007-13) and the present Coalition government have taken, again keeping in mind that additional, perhaps even more dramatic such measures will result from the present FSI.

2. As federal Shadow Treasurer in the late 1970s and early 1980s before becoming Federal Treasurer under PM Bob Hawke in 1983, Keating became the protégé of the top names in the British Crown-centred international minerals cartel around Rio Tinto, BHP Billiton, etc. Early on, and then during his own stint as Prime Minister from 1991-96, he openly proclaimed that he intended to let agriculture or industry live or die on their own (after pulling down most protective tariffs) and instead to turn Australia into a giant raw materials quarry. He also proclaimed his intent to create an “Antipodean Venice” in Australia—a world leading “financial industry”, to replace agriculture and industry. (See pp. 67-72 of the CEC’s *Glass-Steagall Now!* pamphlet for Keating’s intentions, and for the history of the disastrous financial deregulation since the 1970s, of which the present Financial System Inquiry is the next phase.) Now that Australia’s China-centred “mining boom” is slowing down, and under the new Liberal/National Coalition government, there is more of an emphasis than ever on expanding the “finance sector” as the lynchpin of Australia’s economy.

1) The overall suite of measures was summarised in 2010 by then Opposition Treasurer, now Treasurer, Joe Hockey. The CEC reported his summary in a 29 November 2010 press release headlined, “Joe knows the banks are stuffed, but only the CEC will act”:

Mr Isherwood referenced Hockey’s fairly dramatic 22 November Canberra press conference, when the Opposition Treasurer very soberly stressed, “I think 2011 is going to be a very challenging year in global markets and I think, as I’ve said in Parliament, you will see a tsunami of government debt hitting the markets over the next 12 months. Australian financial institutions are amongst the biggest borrowing banks in the world for their size. *I say again, Australian banks are amongst the biggest borrowing banks in the world for their size, and Australia is a massive importer of money.* Now, if there is a huge demand for money offshore, with all these governments rolling over their paper and the private sector rolling over its paper, it’s going to create real challenges for the cost of funds in Australia, and it may mean higher interest rates again. So let’s prepare now.” [emphasis added]

In an *Australian Financial Review* column that day, Hockey also highlighted the extent to which Australia’s private banks were dependent upon government support:

- Australian taxpayers are guarantor for more than \$850 billion worth of the banks’ liabilities—\$690 billion in deposit guarantees and \$163 billion in overseas borrowings guarantees;
- The Reserve Bank of Australia has pumped in \$43 billion in very favourable loans;
- \$16 billion worth of mortgage-backed securities has been purchased by the Commonwealth Treasury, to prop up smaller lenders, using the excuse of promoting “competition”.
- His conclusion? “... we have world-class banks and a very good financial system.” !!!!!

[end CEC press release]

2) On 12 December 2010, ALP Federal Treasurer Wayne Swan announced that he was introducing legislation to allow the Big Four for the first time ever to sell “covered bonds”, and legislation to do so was duly passed in 2011. Covered bonds have long been used in Europe, but never before in Australia. The bonds are basically residential mortgage backed securities, but even though they are sold, the underlying mortgages are kept on the Big Four’s books. Thus, in the event of a default on the bonds, the buyer has access not only to the underlying mortgages, but to any and all other assets of the bank—the definition of “covered”. In other words, covered bonds are ranked above all other bank creditors, including individual depositors—a gross violation of the cornerstone *Banking Act 1959* upon which Australia’s present financial system still basically rests.

The covered bond legislation allowed for the Big Four to sell up to 8 per cent of their total assets in such bonds, a total estimated by the government to be \$130 billion. Swan pledged that the government would buy \$4 billion of those bonds immediately. In 2012 Australia’s Big Four collectively dominated the world in covered bond sales with CBA selling the second largest total in the world.

3) The government through the Reserve Bank is now creating a \$380 billion Committed Liquidity Facility (CLF), an institution which Australian financial specialists report to be unique on the planet. Its purpose is to allow the Big Four to dump their RMBS into the CLF in return for liquidity at dirt-cheap rates, to satisfy Basel III capital requirements, but actually to keep pumping air into the bubble lest it pop. In addition, the chief vehicle used by the Big Four in the Reserve Bank of Australia’s repo market, are of course RMBS.

Aside from these measures, Australia has long had a tax incentive for property investors, called “negative gearing”. Individual property investors can claim any ongoing losses from an investment property off their income tax. This is such an incentive to buy investment properties, that out of 23 million Australians, as of 2011 nearly two million owned investment properties, and that year they claimed losses off their tax of \$13 billion—a large amount by Australian standards.

The history, briefly

The following is a summary chronology of merely some of the highlights of the expansion of Australia's mortgage industry, to demonstrate the almost uninterrupted expansion of that bubble since its original creation, into today.

1999: Treasurer Peter Costello introduced a 50 per cent discount on capital gains tax. At the time the welfare lobby group, the Australian Council of Social Service, warned it would create a property bubble. Within a short time they were proven right.

2000: Howard-Costello government announced a \$7,000 grant for first home buyers. The same year, Australian banks and mortgage brokers started issuing so-called "low-doc" and even "no-doc" loans, for people without normal credit histories. These loans were only 1 per cent of the total in 2000, but by 2008 such lending had increased to 20 per cent—Australia's version of sub-prime lending.

2003: *The Age* newspaper's economics writer Tim Colebatch reported on 8 July that the implications of the rapidly-growing housing bubble were understood at the highest levels. In an article called, "Why Costello should scrap negative gearing", Colebatch wrote, "As Reserve Bank governor Ian Macfarlane told the parliamentary economics committee last month, the main threat to the economy is the unsustainable growth in home lending and house prices. In six years, our after-tax income per head has risen 27 per cent. But average house prices have risen 85 per cent, and our housing debt has doubled to almost \$400 billion. ... But the biggest risk is that a bust in home prices will bring down the economy."

2006: Treasurer Peter Costello allowed self-managed superannuation funds to invest in property, and to borrow to invest in property.

2007: Banks started foreclosing on home owners in large numbers, throwing a lot of families onto the street. But house prices only declined marginally. It was later demonstrated that the banks sat on an enormous number of empty properties, refusing to sell, knowing such large-scale selling would crash prices.

2008: In the global shock following the collapse of Lehman Brothers, the Australian government sprang into action to avert a collapse of the property bubble, knowing it would cause the banks to crash. They guaranteed the banks' overseas borrowings, which they needed to keep lending into the local market, and on 14 October 2008 the government boosted the first home buyers grant. The First Home Owner Boost (FHOB) was announced, one month after Lehman Brothers filed for bankruptcy. For first home buyers purchasing an existing dwelling, the FHOB was a \$7,000 boost to the existing \$7,000 first home buyers grant introduced on 1 July 2000. An estimated 200,000 buyers took up the offer within the next year. Additionally, the government changed the requirements by the Foreign Investment Review Board, to allow temporary residents to purchase real estate in Australia without having to first gain approval from the FIRB. This boost was plainly not to make housing more affordable for home buyers, but to push up prices, which the CEC exposed in this press release:

CEC press release, 27 September 2010:

Rudd-Gillard increased home owners grant to make housing more expensive.

First home buyers of the past two years have been bled—by their own government.

When the First Home Owners Grant was increased by the Rudd-Gillard government in October 2008, the public was told it was to support construction, and make housing more "affordable". ...

As revealed—but only in passing—in the June 2010 book *Shitstorm* by *The Australian's* Lenore Taylor and David Uren, on the weekend of October 11-12, 2008, when Australia's financial system was on the brink, an emergency meeting of the Rudd government's Strategic Priorities and Budgetary Committee (SPBC)—Rudd, Julia Gillard, Wayne Swan and Lindsay Tanner—which included Treasury Secretary Ken Henry and Reserve Bank Governor Glenn Stevens, decided as one of their courses of emergency action to support the housing market, *to reverse the slight fall in house prices and get them rising again.*

How? *By increasing the First Home Owners Grant.* Use public funds to induce buyers to overcome their natural prudence and rush into the market, to drive up prices—which it did, by around triple the size of the increased grant. In other words, the worsening affordability of housing that occurred as a result of the increased grant wasn't an unintended consequence, *it was the aim.*

Taylor and Uren report, “Treasury’s analysis had shown that, far from helping first home buyers get into the market, most of the benefit went to the people selling them their first homes, as the additional few thousand dollars was added to the price. ‘One of the risks in the Australian economy—and we saw it playing out in the U.S. and elsewhere—was the risk of house prices falling sharply. One of our concerns about the option of the first home buyers scheme is that *it gets house prices up and that was the point.* In that week, we found ourselves quite comfortable with it for that reason. You’re in a situation where bidding up house prices is not a negative,’ [Ken] Henry says.” [Emphasis added.]

It was that same weekend that the government propped up the banks with the twin guarantees—of deposits and of foreign borrowings—because the banks pleaded if they didn’t, “they would be insolvent sooner rather than later” (*The Great Crash of 2008*, by Ross Garnaut and David Llewellyn-Smith).

But equally crucial to propping up the banks, was supporting their loans into the property bubble, for which most of the enormous foreign debt of Australia’s banks—over \$800 billion, of which over \$400 billion was on 90-day-terms—was incurred. ...

Summation

With such massive government aid to the residential housing markets, why so little aid to manufacturing and agriculture, which have been in dire crisis for at least a couple of decades? Because the entire financial system does not rest upon them, as it does upon the Big Four’s dealing in RMBS.

How safe is your super?

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Shortly after the CEC began its campaign in June 2013 to stop secretive plans by the Swiss-based Bank for International Settlements (BIS) to ram bail-in legislation through the Australian parliament, State Super Financial Services Australia (SSFSA) issued the following “Investment Viewpoint”. Given the document’s timing, as well as its obvious intent to reassure SSFSA’s clients and perhaps others as to the stability of the Australian and global financial system—in which case bail-in would presumably never be needed—we reply, sequentially, to each of the SSFSA’s assertions.

The purpose of “bail-in” legislation is to save those Too Big To Fail banks (including Australia’s Big Four), whose unbridled speculation caused the 2008 GFC in the first place, and is now plunging the world into a far worse crisis. One of these TBTF banks, JPMorgan Chase & Co., is the Custodian for the SSFSA. The bank is one of the world’s largest traders in derivatives, with over \$75 trillion in current deals, and has just agreed to pay the US government an unprecedented \$13 billion in fines for multiple crimes including rigging bond markets, betting against its own customers, mortgage fraud, and fixing electricity and commodity prices. In Italy, meanwhile, prosecutors seek its indictment for fraud in collusion with Italy’s third largest bank, the scandal-ridden Monte dei Paschi in Siena in which JPMorgan Chase owns extensive shares (and in which the SSFSA has also invested). To protect such ill-gotten gains, JPMorgan Chase is leading the crusade in the United States against the reintroduction of the Glass-Steagall law to split normal commercial banking from the speculative activities typical of investment banks.

We have italicised certain words or phrases in the SSFSA document for emphasis, and explain their actual meaning in our accompanying commentaries.

Craig Isherwood
National Secretary
Citizens Electoral Council

What is the SSFSA?

Its public documents state that the SSFSA “provides past and present NSW and Commonwealth public sector employees and their family members with financial planning and funds management services”. Managing more than \$12 billion, the SSFSA was established by the SAS Trustee Corporation, itself 100 per cent owned by the SAS Trustee Corporation Pooled Fund. The present and former managers of the SAS Trustee companies, like many super fund managers, have been drawn from the ranks of former executives of such speculative giants as Deutsche Bank, National Australia Bank, Macquarie Group Limited, ABN AMRO, Royal Bank of Scotland, and Lazard, among others.



The SSFA document “Investment Viewpoint”

The focus of global banking regulatory activity since the Global Financial Crisis (GFC) has been to reduce the probability and the severity of a repeat of the banking crisis that occurred in 2008. Regulators have approached this task by targeting the regulatory and operating environment within which banks operate.

The CEC responds: Notice that the “focus of global banking regulatory activity”, is *not* to ensure the expansion of the world’s *actual physical economy* nor the full employment and well-being of its citizens in all nations, but to ensure the safety of the banks. Ironically, if the former were ensured, then the latter obviously would be also. At present, however, according to those regulators’ own figures, the banks are lending but a small fraction of their deposits into the real economy while the bulk of their funds are tied up in speculation on the financial markets.

In essence, the business of a commercial bank, one focused on accepting deposits and providing loans, revolves around using deposits to advance loans. They make a margin on the loan that is above the cost of the funds they have lent, delivering a profit to shareholders.

CEC: That is indeed the function of a “commercial bank” under the Glass-Steagall-style separation of commercial and investment banks which prevailed in the United States, for instance, from 1933 until the 1980s and in many other countries as well, but not the way banking functions at present, either in the U.S. or most of the world. The “margin” which the banks now make is drawn overwhelmingly from speculation, notably in the international derivatives trade now estimated at \$1.4 quadrillion, 20 times the GDP of the entire world. Banking in the service of speculation rather than of the physical economy inevitably leads to a financial crash.

Prior to the GFC, the relatively lax global regulatory oversight of banks meant they could increase their leverage and maintain a very low level of capital to underpin those borrowings. A high level of leverage leads to strong profitability in a positive credit growth environment but also increases the sensitivity of the system to negative impacts from systemic shocks. In the GFC, we saw the equity of global banks being significantly reduced or extinguished entirely. In addition, if it was not for Governments providing guarantees for bank deposits and supporting the debt of banks, more banks would have defaulted.

CEC: That last sentence is the understatement of the year: in fact it is almost universally acknowledged that without such government guarantees *the entire world banking system would have collapsed*. And had the government of Australia not provided open-ended guarantees to all of the Big Four banks, those banks by their own admission would have certainly failed.

The negative impact of the GFC on banks was exacerbated by two contributing factors. One was the interconnected nature of the global banking system. In effect, banks conducted business with each other, whether that was in holding the debt of another bank or as a counterparty to a derivative transaction.

CEC: This is precisely what we said above: the banks were (and still are) mainly conducting speculative transactions with each other, not lending to the real economy.

The second issue was the increased size of investment banking operations. With these activities came greater exposure to increasingly complex derivative transactions. In the heat of the crisis, without clarity on the size and types of exposures to these transactions for individual banks, banks did not want to lend to each other, as they were not aware of the exact level of derivative exposure of the other bank. As a result, inter-bank activity froze and without this activity, the liquidity (the ability of a bank to pay back cash in the short-term) was significantly reduced. For some banks, this saw them default on their liabilities (i.e. Lehman Brothers) or get very close to such a situation. Indeed, without the significant injection of liquidity to capital markets provided by government agencies, the GFC would have caused even greater damage.

CEC: The above constitutes a straightforward admission that derivatives speculation *caused* the GFC. And the derivatives exposures of what the BIS terms Global Systemically Important Banks (G-SIBs), have soared since then. So have those of a second tier known as the Domestic Systemically Important Banks (D-SIBs), which include Australia's Big Four, each of which ranks among the top fifty largest banks in the world. Thus the BIS demands that each G20 nation enact bail-in legislation to prepare for the coming inevitable collapse, which has been temporarily forestalled by the "significant injection of liquidity by governments" to save the banks, estimated to be \$23 trillion from the US Federal Reserve alone.

It is worth noting that the vast majority of derivative positions for commercial banking operations are for the management of interest rate risk within their assets and liabilities. This is quite distinct from the more exotic derivatives that were seen at the centre of the GFC. However, as noted above, the interconnectedness of the system meant that banks stopped wanting to deal with other banks because they were worried about potential insolvency and potential derivative exposures.

CEC: Following the passage of Glass-Steagall legislation in 1933, the world got along just fine for almost six decades without derivatives to "manage interest rate risk". In fact, such "plain vanilla" derivatives as "interest rate swaps" have helped bankrupt hundreds of U.S. cities, hospitals, school boards, etc., which were pressured or forced into buying them before the banks would agree to float their bonds.

In fact, most interest rates worldwide are pegged to the London Interbank Offered Rate (LIBOR), which a London-centred cartel of major banks has illegally run up and down like a yoyo for the past two decades for their own profit, thus ensuring "interest rate volatility". Most of those same banks are now under investigation by U.S., British, and Swiss authorities for also rigging the ISDAfix, a benchmark number used worldwide to calculate the price of interest rate swaps. In fact, the New Jersey-based firm ICAP, the world's largest broker of interest rate swaps, admitted on 25 September 2013, that it, too, had been involved in LIBOR rigging.

But even assuming that the "vast majority of derivative positions" are indeed contracted for banks' "management of interest rate risk", why has the Commonwealth Bank taken to *hiding* its actual derivatives exposure? And has there been so much "interest rate risk" that the derivatives holdings of all of Australia's Big Four have soared since 2008?

Regulatory Response

Regulators have responded to those issues by seeking to moderate the ability for banks to leverage their asset base and to operate across a broad spectrum of activities. The regulators are seeking to reduce the banks' risk profiles and moderate the interconnectedness of the global banking system. ...

CEC: If that be true, then why in Australia, for instance, do the Big Four boast an astoundingly high average leverage rate (the ratio of loans to capital) of 26.5 to 1? By comparison, the leverage rate of the Long-Term Capital Management (LTCM) hedge fund shortly before its collapse in 1998 almost blew out the world's entire financial system, was 27 to 1.

The updated regulatory environment will mean commercial banks have a lower risk profile. *However, we would not suggest that the new measures mean a future banking crisis will not occur because in reality a banking crisis largely reflects a crisis of confidence. Given the current scenario of elevated indebtedness of banks and governments globally, confidence could be easily affected. We have seen this happen when Euro-*

pean debt concerns surfaced a number of times in recent years.

CEC: This constitutes a virtual admission that we are heading for a new GFC.

Depositor Positioning

[The SSFSA document here touts the importance of the \$250,000 per depositor “guaranteed” by the Financial Claims Scheme.]

CEC: The FCS is worthless, as APRA and the FSB themselves have acknowledged. (See Fig. 2, p. 3 of this *New Citizen*.) Compare, for instance, the FCS “guarantee” of \$20 billion per bank with the actual deposits of the Big Four as of 2012: ANZ, \$397 billion; CBA, \$428 billion; NAB, \$420 billion; Westpac: \$395 billion.

The importance of depositors to the banking system is also recognised by the Financial Stability Board (FSB), which has defined the “Key Attributes” for a resolution strategy to maintain a functioning system in the face of systemic stresses. ...

CEC: One could drown in the hypocrisy here: the same FSB which is pushing full-steam ahead to bail-in depositors, claim to have those same depositors’ best interests at heart, as amplified in the following paragraph.

[P]rotecting depositors is a key part of the FSB’s resolution requirements in the face of a banking crisis. This focus on depositors helps bolster confidence in the banking system. The prioritisation of depositors can also be seen in the fact that depositors have a priority claim on the assets of a failed Approved Deposit-taking Institution (ADI), ahead of *other unsecured creditors*. APRA is charged with the prudential regulation and supervision of Approved Deposit-taking Institutions and has a mandate to ensure that, *under all reasonable circumstances*, they meet their financial promises to depositors, within a stable, efficient and competitive financial system. ...

CEC: Note the admission here that depositors are in fact “unsecured creditors”. Presuming they are not bailed-in, they supposedly rank first for payouts from a failed bank. In fact, then-Treasurer Wayne Swan ushered the *Banking Amendment (Covered Bonds) Act 2011* through Parliament which created a new, “secured” form of financial instrument which is guaranteed *ahead of depositors*, notwithstanding the *1959 Banking Act* which did prioritise depositors.

Meanwhile, the phrase “under all reasonable circumstances”, is an escape hatch so big you could drive a semi-trailer through it. Will a global financial crash be regarded as a “reasonable circumstance”? If not, then any “prioritisation of depositors” goes out the window.

The Risk to Australian Bank Depositors

Overall, the Reserve Bank of Australia views the Australian banking system as well capitalised and strongly regulated. However, the system’s reliance on some proportion of funding from overseas does mean we cannot be totally insulated in the event of global financial stress. Since the GFC, Australian banks have sought to moder-

ate their reliance on funding their operations from overseas borrowing and this has been effective, with typical levels of overseas borrowing moderating from over 60% to around 30%. Importantly, on average, this borrowing has also been extended in maturity to reduce the shorter-term sensitivity to stress events in global financial markets.

CEC: Overseas borrowing is indeed a vulnerability, especially when such borrowing is used to make more mortgage loans to feed the Australian housing bubble. But a much greater vulnerability is the \$23 trillion in derivatives held by Australian banks. That is the elephant in the room.

Overall, we would agree that the Australian banking system appears to be robust when compared to other banking systems. This view is underpinned by the broad support from credit rating agencies, who believe Australia’s major banks are amongst the highest rated banks globally. The asset profile of Australian banks is typically more skewed towards the domestic housing market than for some of their global counterparts and this drives the strong focus of the RBA and credit rating agencies upon the health of the Australian residential housing market.

CEC: The exposure of Australia’s banks to the domestic housing market is a terminal vulnerability, because the housing market is just one big bubble waiting to explode. The present debate as to whether the recent 5.5 per cent growth in house prices constitutes a bubble is a fraud—the Australian housing market has been a bubble for the best part of the last decade. Historically, house prices stay at a multiple of around 3 times annual income, i.e. around \$150,000 for a household income of \$50,000. In Australia it has been around 7 times annual income for a decade—the highest in the world. Already in April 2010 *The Economist* magazine calculated that Australian house prices were the most overpriced in the world, while a recent UBS report observed that “Australia may have the world’s most leveraged landlords, making the nation more vulnerable to a property market collapse than regulators, banks and investors expect.”

As noted above, there is a Government guarantee in place for depositors up to a level of \$250,000. The question of whether this guarantee could be taken away in the case of a banking crisis is extremely difficult to answer but the FCS and depositor preference is enshrined in legislation. The example of Cyprus suggests that it could not be completely ruled out; however, we would underline the significant difference in the position of Australian banks to those in the periphery of Europe. ...

CEC: Do you feel safer now? Without quite saying it outright, this whole paragraph basically admits what the CEC has been saying all along – that “depositor preference” *will* be taken away, “enshrined in legislation” or not. As for the “significant difference” in Australian banks, remember that they almost collapsed in 2008 and are in much worse shape today, with far higher derivatives and a loan base tied up in the world’s worst property bubble.

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SPECULATION



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Citizens Electoral Council of Australia

CEC Australia is a national political party, established in 1988 in Queensland. In the early 1990s, the CEC became closely associated with the LaRouche organisation in the U.S., based upon physical economist Lyndon LaRouche's concepts of achieving peace and national sovereignty through economic development, both for Australia, and for all regions of the world.

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Letter of Transmittal

Dear Fellow Citizen,
The world today, and our nation along with it, faces an existential choice: either nation-states decide to scrap the entire City of London/Wall Street “globalist” dictatorship of privatisation, deregulation, and free trade which has increasingly brutalised mankind since the end of the Bretton Woods fixed exchange rate system in August 1971, or, the entire world will soon plunge into a crisis which will dwarf the GFC of 2007-08. My friend and associate, the American physical economist and statesman Lyndon H. LaRouche, Jr. has long warned of this reality, and even leading spokesmen for the City of London and Wall Street-centred financial oligarchy have recently chimed in to the same effect.

But do you really need experts to tell you this? Just look at the global trade in derivatives—the speculative instruments concocted out of hot air and statistical hocus-pocus which lay at the heart of the 2007-08 GFC. Their total now stands at an estimated \$1.5 quadrillion, 21 times the world’s GDP. This is a bubble, and therefore identical in essence to all bubbles, which survive only by expanding exponentially. Classic examples include the tulip bubble of the early 17th century when a single tulip commanded the equivalent of \$17,000 before the bubble burst; or the legendary early 18th century South Sea and Mississippi bubbles of England and France respectively; or of the London and Wall Street bubbles of the early 20th century which burst in 1929. There is one difference, of course: the present bubble is far, far larger than any of its predecessors, and encompasses almost the entire globe. Do you really think that there is any way that this present bubble will not pop?

Therefore, the pamphlet you now hold in your hands was written as a battle manual. It provides you with the essential background to more fully understand this crisis, including a snapshot of how the City of London and Wall Street intend to survive at the expense of the rest of us. But, more importantly, it provides you with a summary of the weapons you need to defeat this oligarchy: the principle of Glass-Steagall legislation to separate the speculative, derivatives-laden Too Big To Fail (TBTF) banks (including our Big Four) from normal commercial banking, and the outline of legislation to establish a new National Bank dedicated to the Common Good, in the footsteps of King O’Malley’s original Commonwealth Bank.

As we prove herein, Australia’s Big Four are nothing but local branch offices of London and Wall Street’s TBTF behemoths. They are therefore doing exactly what their masters tell them. This includes staging the new Financial System Inquiry (FSI), whose expressed intent is to further deregulate Australia’s financial system in order to allow still more speculation and the creation of a still larger bubble—all in the hope of postponing the crisis by a few more weeks or months, and in the meantime strengthening the financial oligarchy’s control over whatever is left of Australia when it hits. Treasurer Joe Hockey’s choice of David Murray to head the FSI bespeaks its intent: Murray headed the Commonwealth Bank from 1992-2005 when its derivatives exploded from \$166 bil-

lion to \$894 billion, and is an opponent of Glass-Steagall. Further deregulating Australia’s financial system along the trajectory established by Hawke and Keating following the Campbell/Martin Committees of the early 1980s, will allow a new round of looting of whatever is left of Australia’s agro-industrial physical economy and of Australian citizens themselves. Typical is the new mortgage bubble which Hockey et al. are now creating, on top of the decades-long bubble unleashed by Campbell/Martin almost three decades ago. That bubble is why the ratio of Australian household debt to disposable income is now either the highest in the world or very close to it. A central purpose of the FSI, as noted even in the media, is to figure out more ways to “fund the banks”. But since the banks lend overwhelmingly into the property market, that will only pump more air into what is often already described as “the worst mortgage bubble in the world.”

The real intent of the FSI—to further loot the population to the benefit of the Big Four and their owners in London and Wall Street—is also evident in the FSI’s de facto sibling, the National Commission of Audit, whose announced purpose is to slash any and all government spending at the expense of the general welfare of average Australians.

So here is the choice for members of the Australian Parliament and for Australian citizens in general: Will you submit to another, even more vicious round of looting for the benefit of the City of London and Wall Street and their local appendages in the Big Four, enforced by the brutal austerity and ultimately police-state measures that inevitably come with that, as in the 1930s? (Just look again at the draconian “Anti-Terror” laws passed by Howard in 2002-03.) Or, will you demand that the sole focus of any new FSI must be to enact Glass-Steagall banking legislation for Australia, and to establish a new National Bank?

Only so can we re-establish national sovereignty, revive our agro-industrial base, and provide for the general welfare of all Australians. That is the challenge now before you, and before your conscience. This pamphlet arms you with the weapons you need.

Sincerely,



Craig Isherwood
National Secretary
Citizens Electoral Council
15 January 2014



1. Stop the Bail-In/Bail-Out Plot against Australians

On 3 June 2013 an article appeared in the *Australian Financial Review* under the title, “Shareholders, creditors must pay if banks fail: BIS”. Little noticed by most, the article contained the ominous assertion that the Swiss-based Bank for International Settlements has proposed that “faltering ‘too big to fail’ banks, such as Australia’s big four lenders in the event of a crisis, be wound up over a weekend and their assets carved up and sold, so shareholders and creditors—not taxpayers—incurred losses. ... Under the BIS plan, shareholders and creditors whose claims were ranked below other bond holders in the failing bank’s capital structure would bear the brunt of the losses” (Fig. 1). That rang alarm bells at the Citizens Electoral Council. A short but intensive investigation developed voluminous proof that legislation for a “bail-in” was indeed being prepared for Australia, just as the Financial Stability Board (FSB) had stated (Fig. 2). By July the CEC had launched an extensive mobilisation to expose this plot, to stop it in its tracks, and to instead initiate a great national debate on the necessity for Australia to enact legislation for a Glass-Steagall bank separation and for a National Bank. One feature of this mobilisation was the full-page advertisement which appeared in *The Australian* on 3 December,

“Don’t seize our bank accounts—pass Glass-Steagall!” (page 20), which followed on the heels of the CEC’s petition for Glass-Steagall (page 19), tabled in the Parliament on 3 June. (The content, history, and current status of Glass-Steagall banking laws are set forth in Chapters 5 and 6.)

Bombarded with queries from local councillors, MPs and others whether bail-in were indeed being prepared, the Abbott government and Treasurer Joe Hockey in particular, assured everyone that “no such legislation was being contemplated.” But the bail-in plotters were once again caught with their pants down on 14 November when an article appeared in *The Australian*, “S&P warns of ‘bail-in’ dangers for lenders” (Fig. 3), which followed one on 6 September in the same paper, “Moody’s fulfills vow to downgrade bank debt” (Fig. 4). Both confirmed in spades, that the bail-in plot was “live”.

The Australian journalist Michael Bennet made clear that rating agencies like Standard & Poor’s consider bail-in so likely to be implemented in Australia, that they have plans to downgrade the debt rating of the country’s Big Four banks because of it. In the September article, Bennet reported that Moody’s had already downgraded the Big Four’s subordinated debt for the same reason.



Fig. 1

The argument goes, that lenders and depositors would be so afraid of their funds being seized in a crisis, for bail-in purposes, that they would not lend to or make deposits in these banks in the first place. Bennet wrote in November, "The credit ratings of the big four banks and Macquarie Bank could come under pressure if creditors were at risk of taking losses after being 'bailed in' following banking collapses, Standard & Poor's has warned."

Bennet confirmed that the bail-in policy that the ratings agencies anticipated would be applied in Australia, is the same policy of seizing deposits to prop up banks that was imposed on Cyprus in March: "In Cyprus, uninsured depositors were this year 'bailed in' as part of a recapitalisation of the nation's biggest banks."

The confirmation that the global bail-in plot is a live issue for Australia should catch the attention of every citizen. Not because we should be overly concerned about what ratings the international agencies hand out to the Big Four, but because the bail-in powers put every business and household in the country in jeopardy of having their funds seized to prop up those big banks. Bail-in is not the solution we need! What we need, as this pamphlet outlines, is Glass-Steagall banking separation, which will secure and protect normal banking functions against derivatives speculation. And then we must establish a National Bank.

Fig. 2

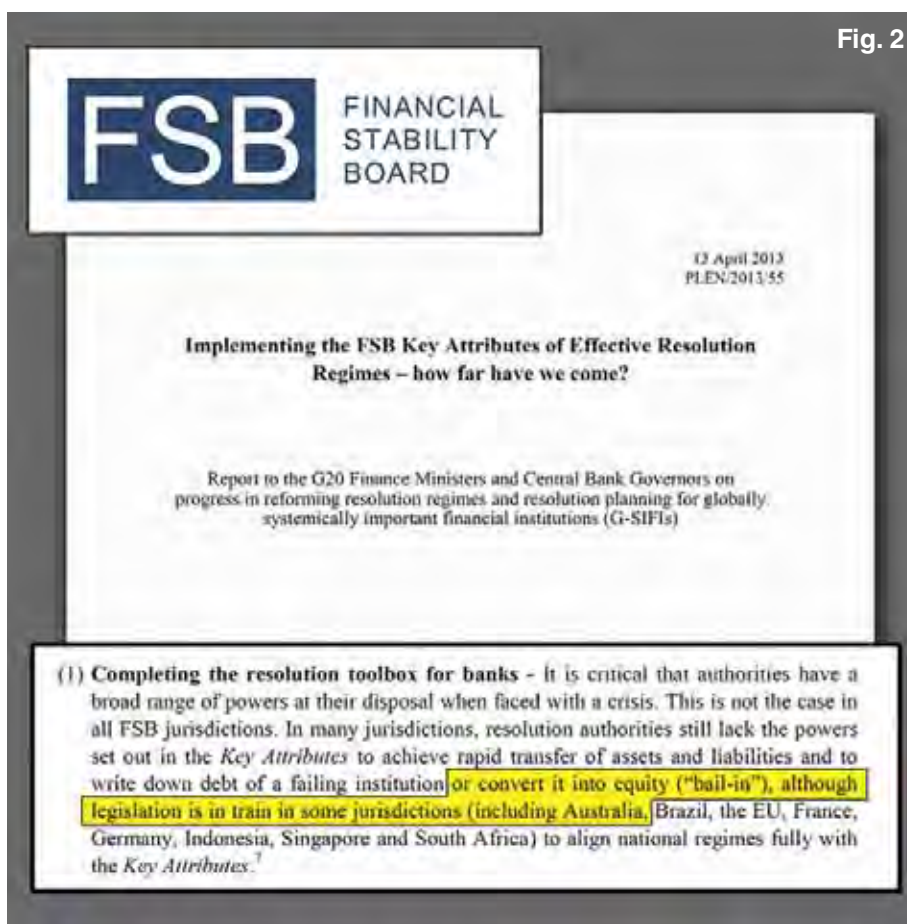


Fig. 3



Fig. 4



2. Joe Hockey: Flunky for London and Wall Street

Joe Hockey has bragged that he has been calling for a “root and branch” inquiry into Australia’s financial system since 2010. His intent behind what he has called a “granddaughter of Campbell” or a “son of Wallis” inquiry, is to fully consolidate control over Australia’s finances by his masters in the City of London and Wall Street; to seize Australians’ bank deposits; to ruthlessly cut their living standards; and to sweep aside any traditions of “democracy” which get in the way.

Let us look at the evidence for these charges, much of which comes right out of Hockey’s own mouth. First of all, as chairman of the G20 group of finance ministers as of 1 December 2013, he has publicly committed to implementing the G20 financial agenda. This was designed by the Swiss-based Bank for International Settlements (BIS), the notorious “central bank of central banks”, and features the “bail-in” seizure of individual bank deposits. The BIS was founded by the Bank of England (BoE) in 1930 and played a crucial role in financing Hitler’s regime throughout the 1930s and 1940s, as leading financiers of the Gestapo and SS sat on the BIS’s governing board. The BIS’s Financial Stability Board (FSB) is today chaired by BoE head Mark Carney, and it is the FSB which is leading the charge internationally for “bail-in” in order to save London and Wall Street’s Too Big To Fail banks. In a 24 October 2013 speech entitled “The UK at the heart of a renewed globalisation”, Carney noted that “At the St. Petersburg summit in September, G20 leaders mandated the FSB to develop these proposals [for BIS dictatorship over the world financial system, and for bail-in legislation to be passed in every G20 country]. The BoE is now working intensively with other authorities and the financial industry [i.e. London and Wall Street]. Our aim is to complete the job by the next G20 Summit in Brisbane.”

And the man charged with enforcing all this is Joe Hockey, chairman of the G20’s finance ministers.

These measures constitute a literal dictatorship over sovereign nation-states by the City of London and Wall Street, and if this dictatorship requires a return to the actual fascism of the 1930s to enforce its diktats, these bankers say, so be it. Besides the BoE and the BIS, no one better exemplifies this tradition than JPMorgan Chase, heir to the JPMorgan bank

which financed an attempted coup against President Franklin Delano Roosevelt, when he was reining in Wall Street in the 1930s via Glass-Steagall and other measures.

Joe Hockey gave his first foreign address as Treasurer, at JPMorgan Chase in New York City, on 15 October 2013 under the title “Open for Business”, parroting the five-word mantra most strongly associated with BoE Governor Mark Carney in connection with Britain and the City of London: “We are open for business.” On 28 May, some months before Hockey’s appearance at JPMorgan Chase, the bank had issued a report entitled “The Euro Area Adjustment: About Halfway There”. There it argued that the main obstacle to consolidating a BoE/European Central Bank (ECB) dictatorship over the countries of the European Union was the existence of anti-fascist constitutions which had been adopted in Europe following World War II, in particular the “national legacy” guarantees of a decent standard of living, guaranteed pensions, affordable healthcare, etc. After bemoaning these expensive “national legacy” problems, the report continued, “In the early days of the crisis, it was

The American Australian Association
is pleased to present a

Welcome Lunch for
The Hon Joe Hockey MP
Treasurer of the Commonwealth of Australia



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12 noon - 12:30pm - Registration & Refreshments
12:30 - 2:00 pm - Lunch and Address

Mr. Hockey’s lunch address will be his first major speech in the United States since being sworn in as Treasurer on 18 September 2013. The inaugural address will outline Australia’s economic prospects and highlight the policy priorities of the new Abbott Coalition Government.

Hosted by
J.P.Morgan

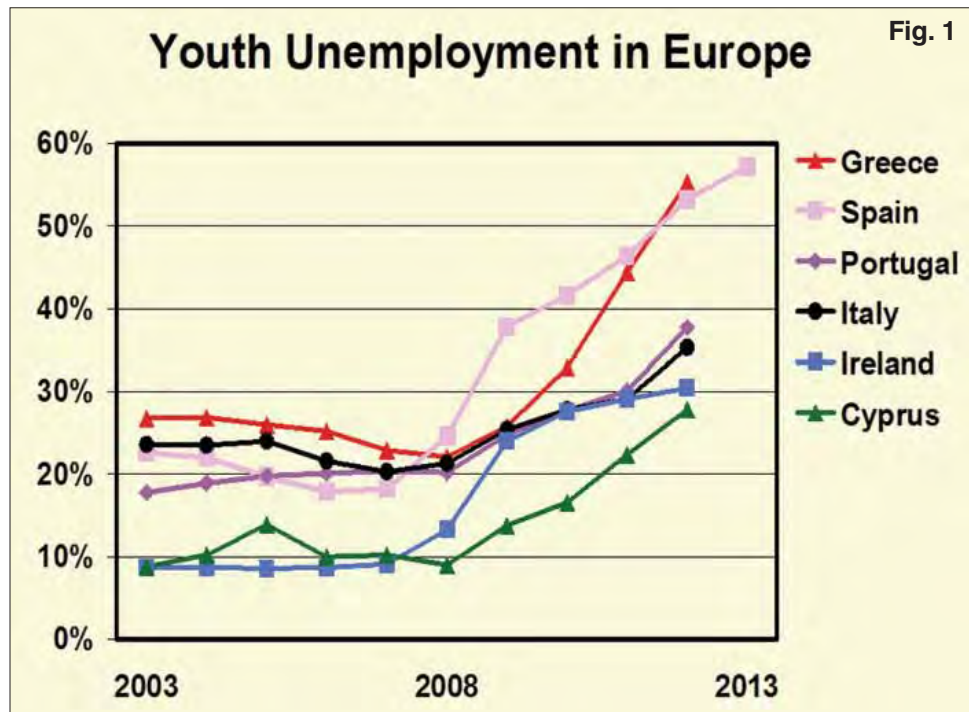
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thought that these national legacy problems were largely economic But, over time it has become clear that there are also national legacy problems of a political nature. The constitutions and political settlements in the southern periphery [Spain, Portugal, Italy, Greece], put in place in the aftermath of the fall of fascism, have a number of features which appear to be unsuited to further integration in the region” (i.e. to the consolidation of a London/ECB dictatorship).

The report then specified the particular problems embodied by the “Constitutions ... gained after the defeat of fascism”, which must now be eliminated: “Political systems around the periphery typically display several of the following features: weak executives; weak central states relative to regions; constitutional protection of labor rights; consensus building systems which foster political clientalism; and the right to protest if unwelcome changes are made to the political status quo.”

A BIS study around the same time echoed those same themes. Now shift to the Institute of Economic Affairs (IEA) in London on 17 April 2012. The featured speaker is Joe Hockey, and his theme is “The End of the Age of Entitlement”. The IEA first achieved notoriety in the 1970s as the author of Margaret Thatcher’s brutal privatisation/deregulation/union-busting agenda, the leading world think tank arguing for dismantling the nation-state in favour of “freedom of the marketplace”. Its key ideologue for many years was the pro-fascist Austrian nobleman Friedrich von Hayek. The IEA’s progeny in Australia such as the Centre for Independent Studies (CIS), the Institute of Public Affairs (IPA), and the HR Nicholls Society spearheaded the same anti-state crusade here beginning in the 1980s. Indeed, upon the election of the Abbott government, Hockey gave his first public address at the CIS in Sydney.

That day in 2012 in London, Hockey took the lectern to proclaim his full solidarity with the IEA’s pro-fascist philosophy. By the “entitlements” featured in the title of his speech, Hockey explained that he meant government spending on “education, health, housing, subsidised transport, social safety nets and



This is what Hockey intends to bring to Australia. Note the phase shift up from the 2008 GFC.

retirement benefits”. These, he said, must be cut back ruthlessly; but, he also noted, “As we have already witnessed, it is not popular to take entitlements away from millions of voters in countries with frequent elections.” Nonetheless it must be done, because “entitlement is a concept that corrodes the very heart of the free enterprise that drives our economies.”

Hockey’s solution? A strong government that can resist democratic pressures: “A weak government tends to give its citizens everything they wish for. A strong government has the will to say NO!”

Except it’s not the government that’s strong, it’s the multinational bankers whose lending to governments Hockey believes entitles them to dictate government policy:

“In today’s global financial system it is the financial markets, both domestic and international, which impose fiscal discipline on countries”, Hockey said. “Lenders have a more active role to play in *policing public policy* and ensuring that countries do not exceed their capacity to service and repay debt. This is playing out most dramatically in Europe where the European Commission and the European Central Bank are either directly or indirectly heavily influencing public policy in Greece, Italy, Spain and Portugal to name a few.” (Emphasis added.)

In each of these countries where Hockey cites approvingly the role of the EC and ECB, unemployment has soared, particularly among youth (Fig. 1), as have hunger, suicides, and business and personal bankruptcies, while the provision of health care is being slashed and people are being forced out of their homes because they can no longer pay the rent or mortgage.

Hockey is obviously aware of that, and of the unrest which goes with it: “It is likely to result in a lowering of the standard of living for whole societies as they learn to live within their means. ... Already in the U.K. and parts of Europe we have seen the social unrest that can result when fiscal austerity bites. But the alternative is unthinkable. *Adam Smith’s free hand is perfectly capable of forming a fist to punish nations who ignore the fundamental rules.*” (Emphasis added.)

Now is this the same Joe Hockey who is presently crusading to build a lot of new infrastructure, which is certainly expensive, and might well fall under the heading of “national legacy” or “entitlements”? The contradiction is only apparent. While demanding that the Federal and state governments pawn off whatever infrastructure they have left, Hockey intends not so much to build new infrastructure, as to launch a financial bubble, Macquarie-style, on whatever little public-private partnership (PPP) infrastructure does happen to get built. (Macquarie has long been one of the world’s most notorious derivatives traders.) It is lawful, therefore, that the man Hockey chose to oversee the Financial System Inquiry, Future Fund chairman and ex-CBA boss David Murray, also happens to be a close collaborator of leading elements of the financial oligarchy grouped in the Europe-based Long Term Investors’ Club (LTIC), whose 20 or so state savings banks and sovereign wealth funds hold an estimated \$4.5 trillion among them. The LTIC’s agenda has little to do with actually building infrastructure, but a great deal to do with lobbying to change the regulations, tax laws and other obstacles which presently stand in the way of freeing up the \$93 trillion in super funds, insurance companies and sovereign wealth funds, which can then be poured into “project bonds” and other financial instruments to be floated in the name of “infrastructure”—invariably “user-pays”, PPP-style looting à la Macquarie.

Pope Francis vs. Joe Hockey on Christian Morality

Joe Hockey is alleged to be a Catholic, one who even speaks out from time to time on radio or TV about God and the importance of religions for maintaining human values. But compare what Hockey had to say at the IEA about the “financial markets imposing discipline on countries”, in “policing public policy”, and on the need to end entitlements and democracy be damned, with Pope Francis’ first encyclical, *Evangelii Gaudium*. In this 224-page document, the Pope calls upon financial experts and political leaders from around the world to bring about a financial reform which defends the common good, and replaces the tyranny of a “survival of the fittest, where the powerful feed upon the powerless”, where

“the ancient golden calf is worshipped”, and where human beings are “considered consumer goods to be used and then discarded” (Appendix C, page 61).

In diametric opposition to Hockey and his masters, the Pope admonishes that “it is the responsibility of the State to safeguard and promote the common good of society.”

He writes: “The worship of the ancient golden calf (cf. Exodus 32:1-35) has returned in a new and ruthless guise in the idolatry of money and the dictatorship of an impersonal economy lacking a truly human purpose. ...

“This imbalance is the result of ideologies which defend the absolute autonomy of the marketplace and financial speculation. Consequently, they reject the right of states, charged with vigilance for the common good, to exercise any form of control. A new tyranny is thus born, invisible and often virtual, which unilaterally and relentlessly imposes its own laws and rules. ...

“A financial reform open to such ethical considerations would require a vigorous change of approach on the part of political leaders. I urge them to face this challenge with determination and an eye to the future Money must serve, not rule!”

Pope Francis also specifies that welfare measures, while needed, are not sufficient, but that changes must be structural and far-reaching: “Just as goodness tends to spread, the toleration of evil, which is injustice, tends to expand its baneful influence ... an evil embedded in the structures of a society has a constant potential for disintegration and death. It is evil crystallised in unjust social structures, which cannot be the basis of hope for a better future. ...

“As long as the problems of the poor are not radically resolved by rejecting the absolute autonomy of markets and financial speculation, and by attacking the structural causes of inequality, no solution will be found for the world’s problems, or, for that matter, to any problems. Inequality is the root of social ills.

“The dignity of each human person and the pursuit of the common good are concerns which ought to shape all economic policies.” (Emphasis added.)

As we demonstrate in this pamphlet, the centrepiece of the ruthless financial system which the Pope so powerfully attacked, and to which Hockey is fanatically committed, is the trade in *derivatives*. Does Joe Hockey himself, perchance, have any personal connection to derivatives? Well, you could say it’s a family affair.

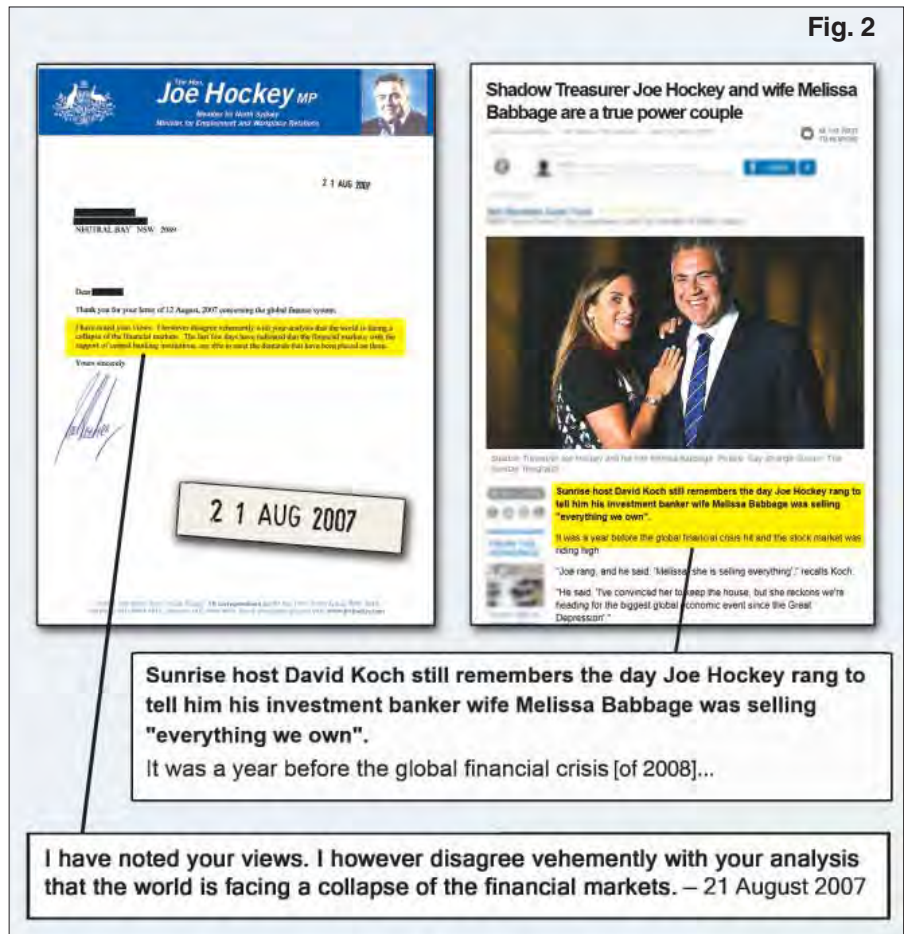
It just so happened that on the eve of the GFC, his wife Melissa Babbage was a top derivatives specialist for Deutsche Bank, the world’s largest derivatives trader, as their Head of Global Finance and Foreign Exchange for Australia and New Zealand. With insider

knowledge that a crash was coming, she sold all the family investments except their house, *even as her husband simultaneously assured his constituents and others that there was definitely no international financial crisis on the way* (Fig. 2).

Joe himself, it turns out, has also had his fingers in the derivatives pie. He was a financial lawyer with Corrs Chambers Westgarth where he worked on the privatisations of the State Bank of NSW and the Government Insurance Office, and also handled the securitisation of David Jones' credit-card business (i.e. constructed derivatives upon credit card debt) in company with later Australian Securities & Investments Commission (ASIC) chief Greg Medcraft. And when Wayne Swan introduced and oversaw the passage of legislation for covered bonds in 2011, Hockey bragged, "I originally proposed this initiative in October 2010 as part of my nine point plan for banking reform". "Covered bonds" are a form of mortgage-backed securities, the same kind

of derivatives which unleashed the 2007-08 GFC. And despite the *Banking Act 1959* enshrining "depositor preference" in case of bank failure, these new covered bonds are placed ahead of repaying depositors.

Fig. 2



(Advertisement)

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**On the eve of the Crash:
 Defeat the Synarchy—
 Fight for a National Bank**

The world is now on the verge of a financial crash far greater than that of the 1930s Depression. When it hits, there will be only one question on the table: who will eat the hundreds of trillions of dollars of bad debt? Will it be the general population, through unimaginable cuts in their living standards, health care and education, or will it be the global financial oligarchy, whose policies have caused this crash? Living standards have already been slashed through "IMF conditionalities", economic rationalism and globalisation; far, far worse is still to come if the oligarchy succeeds.

In the 1920s and 1930s collapse, City of London and Wall St financiers, known as the Synarchy, were the intelligence agencies who first set up the Synarchy (approximately 24% of the world's population) and financing the wars of aggression that led into World War II. In the United States, President Franklin D. Roosevelt fought the financiers, whom he called the "economic royalists". He called the people and institutions of the U.S. to put the Common Good above the interests of the financiers, and to build their way out of the Depression; he directed state into large infrastructure projects like the Tennessee Valley Authority (TVA) and so created millions of jobs.

Roosevelt's policies did not go unchallenged. He was almost assassinated by a right-wing extremist, and the Synarchists of Wall St, such as the Morgenthau, the Mellon and the Dalberg, attempted a military coup against him. In Germany, the Synarchists of Wall St and London attempted Hitler to overthrow

The world is now on the verge of a financial crash far greater than that of the 1930s Depression. When it hits, there will be only one question on the table: who will eat the hundreds of trillions of dollars of bad debt? Will it be the general population, through unimaginable cuts in their living standards, health care and education, or will it be the global financial oligarchy, whose policies have caused this crash? Living standards have already been slashed through "IMF conditionalities", economic rationalism and globalisation; far, far worse is still to come if the oligarchy succeeds.

This extraordinary, 68-page 2004 issue of *The New Citizen* documents how British-backed financiers and corporate leaders in Australia in the 1930s created mass fascist armies to enforce their policies of brutal austerity and private control over national finances. After World War II that same elite (the "Synarchy") kept pushing those policies—revamped since the Hawke/Keating era as privatisation, deregulation, and globalisation.

Available from the CEC, PO Box 376 Coburg VIC 3058. Cost: \$10 (postage/handling included). Ph: 1800 636 432

3. Without Glass-Steagall, Australia's Banks Will Crash

Derivatives—the Deadly Cancer of the Financial System

Australia's banks are riddled with derivatives. Australian bank deposits—their obligations to their customers—currently total \$1.64 trillion. But the same banks have another obligation that is about 14 times larger—derivatives. The total amount of off-balance-sheet derivatives contracts that Australia's banks are locked into is \$23 trillion (Fig. 1).

What Are These Derivatives?

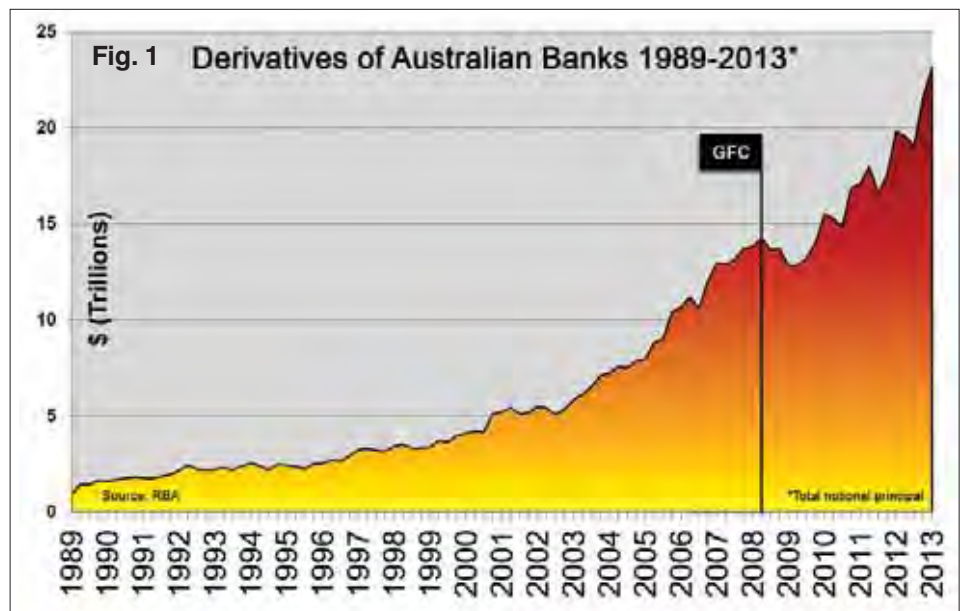
The standard definition is “a financial instrument whose value is linked to, or derived from, some other security”, such as a commodity, stock or bond. The most basic forms of derivatives are options and forwards (futures). An option is the *right* to buy or sell something in the future; a forward is the *obligation* to buy or sell something in the future. All more complex derivatives are a combination of forwards and options.

Derivatives, therefore, involve no real product changing hands. From a technical standpoint, they are nothing but gambling side-bets in the financial markets. But in reality, they are instruments of calculated fraud, wielded to loot an unsuspecting population of their livelihoods. Though very few people actually deal in derivatives, since the early 1980s virtually everyone has become intimately involved with them, because their banks, their superannuation funds, and their insurance companies are, and because derivative speculation has unleashed skyrocketing prices for electricity, food and fuel.

Derivatives have starved the physical economy of the investment in manufacturing, agriculture, infrastructure and other tangible wealth which allow growth in the size of the population, and an increase in its living standards.

In *Tax Derivatives Speculation*, a pamphlet which his movement issued already back in 1993, American economist Lyndon LaRouche summed up the reality: “Derivatives are an investment in something for which there is really no security, which takes wealth—money in the form of wealth—out of the productive and trading process, and never puts anything back in. What we have, is the prospect of a derivatives bubble which grows like a cancer at the expense of its host, and shrinks its host, at the same time that its appetite is growing, while the means of satisfying that appetite are collapsing. Not a very sound investment.” Shortly afterwards, LaRouche developed his famous “Triple Curve” pedagogy to explain the process of the destruction of the physical economy by financial speculation, and why that process must explode at some point (Fig. 2).

Derivatives were a minor part of the financial system prior to the 1987 stock market crash, the worst in history until that point. Mostly, these derivatives were futures contracts traded in such places as the Chicago Mercantile Exchange and the Chicago Board of Trade, originally on commodities, and then, following the 1971 collapse of the Bretton Woods system of fixed exchange rates, and the ensuing global push for deregulation,



Australian banks' exposure to toxic derivatives gambling increased rapidly until the 2008 global derivatives meltdown. After that hiccup, their exposure took off at an even faster pace, hitting \$23 trillion as of June 2013.

futures trading started on currencies, interest rates, and government bonds.

But following that 1987 stock market crash, incoming U.S. Federal Reserve chairman Alan Greenspan supervised a shift in the trade of derivatives away from exchange-traded futures and options, to wilder, riskier “over-the-counter” (OTC) products, typically conducted privately between one bank and another. From this beginning, OTC derivatives trading has rapidly grown into an enormous bubble, as LaRouche had forecast (Fig. 3).

The Derivatives Experience

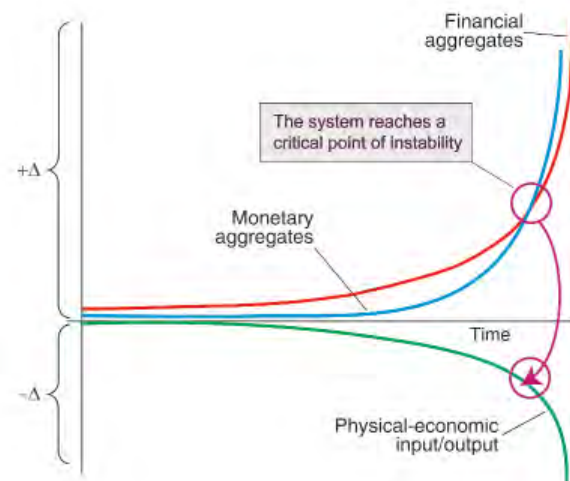
In 1997 a former derivatives salesman for Bankers Trust and Morgan Stanley, Frank Partnoy, wrote a book on his personal experience selling derivatives from 1993-95, *F.I.A.S.C.O.: Blood in the Water on Wall Street*. At the time, hardly anyone outside the inner sanctums of the City of London and Wall Street knew anything about derivatives. Partnoy confirmed, from his privileged vantage point, everything LaRouche had charged several years earlier about derivatives being used to loot unsuspecting individuals, institutions and the physical economy in general. Partnoy’s key revelations:

- **Derivatives trading banks overtly encouraged a vicious, primal trading culture.** The banks recruited head traders from military backgrounds, the better to inject a killer-instinct into trading

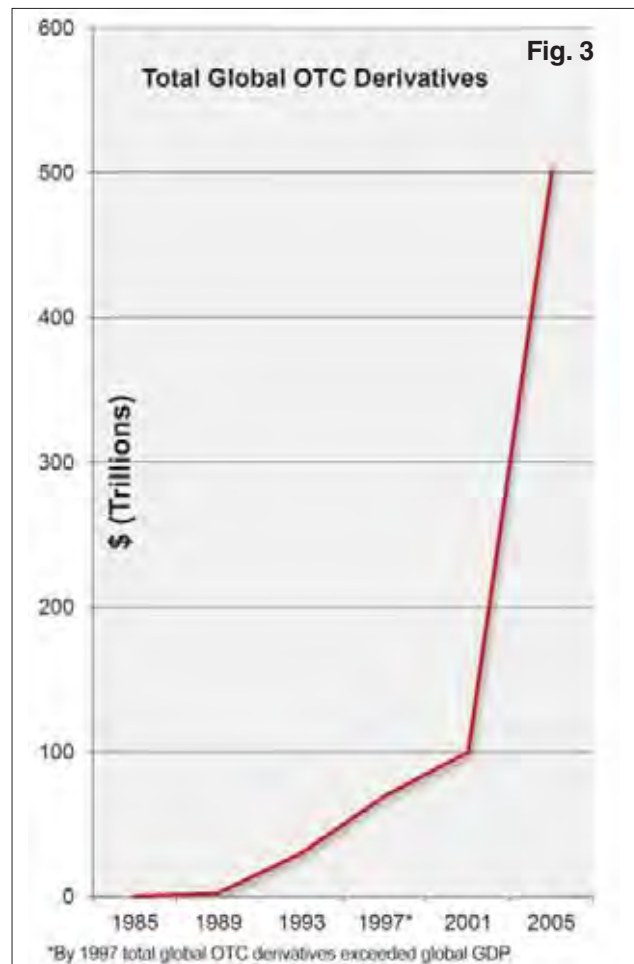
rooms. Morgan Stanley CEO John Mack ordered his traders to take advantage of the bank’s own clients who were losing massively by buying derivatives of which they had no hope of understanding. Mack exhorted his minions: “There’s blood in the water. Let’s go kill someone.” The standard jargon of derivatives traders for earning a huge commission from a client who lost a lot of money, was “I ripped his face off”.

- **Derivatives traders targeted fund managers.** The easiest targets for banks to sell derivatives to, and the source of most of the massive growth in derivatives deals, is the managers of pension funds, superannuation funds, insurance funds, municipal funds etc. The fund managers are betting other people’s money, mostly have no idea what they are buying, and in all likelihood get a kickback, while the bank siphons off massive commissions. The derivatives are structured so as to evade regulations intended to ensure that all investments are reasonable, and basically safe.

Fig. 2 Lyndon LaRouche’s Triple Curve Function



LaRouche developed this “Triple Curve” pedagogy in 1995, to illustrate the process of the destruction of the physical economy under a non-Glass-Steagall, speculative financial system. The curves are not separate, but are one function, in which the system is heading toward a discontinuity, a crash. The explosion of “financial aggregates” is typified by derivatives. “Monetary aggregates” include the hyperinflationary money-printing by central banks trying to prop up the derivatives bubble. The expansion of these two aggregates collapse the physical economy at an accelerating rate.



The biggest bubble in history: global OTC derivatives have grown exponentially, from virtually zero in 1987. The BIS claims it reached \$650 trillion in 2008, and has stayed around that mark, but other analysts insist it is now more than \$1.5 quadrillion (\$1,500 trillion). Source: BIS

- **Derivatives are designed to hide losses, and make losses appear as profits.** Partnoy explains Morgan Stanley's legendary MX missile derivative, which it sold to Japanese banks in 1995 to enable them to hide their massive losses arising from the February 1995 bankruptcy of Barings Bank, caused by derivatives. Partnoy simplifies the highly complex MX derivative through an analogy with a bucket of gold.

Say you own a bucket of gold worth \$100. But only half of the gold is real, and that is worth \$90. The other half is fool's gold, worth only \$10. If you sold the real half for \$90, you would break even, and make no profit. However, you can use accounting trickery to conjure up a profit by averaging the value of the two halves of the bucket, so both halves are valued at \$50. Then, by selling the real half for \$90, you can claim a \$40 profit. You can get away with this fraud, as long as you don't sell the other half of the bucket, for which you'll only get \$10, and will therefore have to record a \$40 loss, which will cancel out the profit. These fool's gold half-buckets can and regularly are parked for years either on the bank's books, or more likely off-balance-sheet inside accounting tricks known as "special purpose vehicles". This enables the banks to hide losses indefinitely, even as they declare huge profits year after year after year.

Frank Partnoy's 1997 book, *F.I.A.S.C.O.*, should have triggered a crackdown on derivatives that would have averted the 2008 crisis, but U.S. Federal Reserve chief Alan Greenspan (formerly of JPMorgan Chase) intervened to protect the racket.



Australian Bank Derivatives

Following the 1987 crash, Australia's banks, like the rest of the world, moved into OTC derivatives in a big way. This move coincided with a crisis in the three big private banks—NAB, ANZ, and Westpac. According to then Treasurer Paul Keating, all three had been virtually wiped out in the speculative frenzy of the mid- to late-1980s, which was unleashed by the Campbell/Martin Committees' deregulation of the financial system (page 67-72), and would have collapsed had the Treasury and Reserve Bank not propped them up behind the scenes.

By March 1993, Australian banks' total derivatives obligations totalled \$2 trillion, six times Australia's GDP. Concern was growing in the country about this rapidly-expanding bubble, and according to a

Case Study 1. Enron

Enron is a perfect case study in derivatives, involving witting criminal fraud, and high-level political corruption, the latter a typical feature of the derivatives business. Enron started in 1985 as an energy company, owning natural gas and electricity assets. But by the time of its spectacular bankruptcy in 2001, it had transformed itself into primarily a derivatives trader. This shift was enabled by the chairperson of the U.S. Commodity Futures Trading Commission (CFTC), Wendy Gramm, whose final act as CFTC chair at the end of her six-year term (1987-93) was to exempt over-the-counter derivatives, including Enron's particular energy trading derivatives, from regulation. Within weeks, the shameless Gramm joined Enron's board, and even sat on its Audit Committee as Enron expanded its derivatives on all fronts, on electricity, natural gas, weather, and even internet

bandwidth. By 1999, Enron declared earnings that were split roughly half and half between physically delivering electricity and natural gas, and trading derivatives, around \$20 billion from each. That year, Wendy Gramm's husband, Texas Senator Phil Gramm, sponsored the *Gramm-Leach-Bliley Act* through Congress, which repealed the 66-year old *Glass-Steagall Act* that separated commercial banking from speculative investment banking. A year later in 2000, Enron claimed a massive increase in revenue from derivatives trading, of \$80 billion. But less than a year after that, Enron collapsed, wiping out \$70 billion in shareholder value, de-

faulting on tens of billions of dollars of debt, and throwing 20,000 employees out of work. Bankruptcy proceedings revealed that Enron's derivatives traders would shut down the company's power generators in California during heat waves in order to drive the electricity spot price through the roof, because it made more money speculating on the energy market than in selling energy.

Only derivatives had made all this possible. Enron used them to hide its escalating debts and losses, while inflating its claimed profits. Through derivatives deals known as "swaps", conducted with its own arms-distance front companies called special purpose entities (SPE), Enron was able to use ultimately worthless shares in various dot.com companies as collateral for huge loans; to run up massive debts through its SPEs that it kept off its own balance sheet; and to sell assets to its SPEs at massively inflated prices, which prices Enron then used to value-up the remainder of similar assets still on its books. Partnoy's "bucket of gold" analogy raised to the *n*th power.



Former U.S. Commodity Futures Trading Commission chair and Enron director Wendy Gramm, and her husband Senator Phil Gramm.

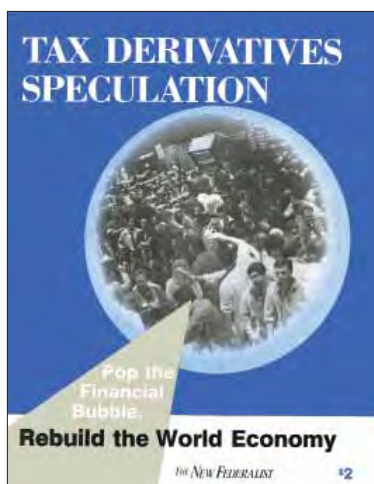


Fig. 4

Everyone was warned: LaRouche's *New Federalist* newspaper produced this 1993 pamphlet (left), which the CEC mass distributed into Parliament and across Australia. On 27 January 1994, the *Australian Financial Review* newspaper (right) quoted LaRouche's warning about derivatives. LaRouche was right then, and he's right now.

Draft Report of the Australian Securities Commission (ASC), there was a real possibility of criminal sanctions being applied against Westpac, Macquarie Bank, Bankers Trust Australia and other big derivatives speculators. The corporate legal firm Mallesons Stephen Jacques provided advice to their clients in April of that year, that most derivatives trading in Australia was probably illegal. But the public campaign against the growing derivatives menace to the Australian financial system was led by the CEC, which mass distributed LaRouche's 1993 pamphlet, *Tax Derivatives Speculation* to every Federal MP, while the Attorney-General's office requested extra copies. In 1994, the CEC provided background on derivatives to the *Australian Financial Review* for its special feature on derivatives, which opened by quoting Lyndon LaRouche as probably the best-known opponent of derivatives (Fig. 4).

When the third and final tranche of the privatisation of the Commonwealth Bank was completed in 1997, it joined the ranks of the private banks, but with a much lower derivatives exposure than the other three. Without a public bank to compete with, private bank profits shot up, and so did their derivatives exposure. In 2001, Australia experienced an economic shock, part of the global shock following the collapse of the dot.com bubble which precipitated a wave of massive bankruptcies, including Enron, Tyco, Global Crossing, and in Australia, Ansett Airlines. A panicked Howard-Costello government responded by establishing a first home buyers grant in order to stimulate the property market. Property prices zoomed, as did Australian household debt. And so did the Australian banks' short-term foreign borrowings, which they were using to fuel the property market, along with the

Case Study 2. The Goldman Sachs derivatives fraud to hide Greek public debt

The creation of the single European currency, the euro, which was designed to force sovereign nations to submit to supranational controls by London and Wall Street, also led to a derivatives bonanza for the latter's benefit. Exploiting legal and accounting loopholes, the derivatives may have been technically legal, but their intent was fraud. For instance, for European nations to qualify to join the eurozone, they had to reduce their annual budget deficits to a maximum of three per cent of GDP.

So Goldman Sachs in 2001 approached Greece with a derivatives

deal that would do two things: shift debt off Greece's books, so the country would appear to be in compliance with E.U. requirements, and make Goldman Sachs massive profits. The deal was a foreign currency swap, using a fictitious exchange rate, by which Goldman Sachs gave Greece 2.8 billion euros up front, to be repaid much later. Though obviously a disguised loan, this cash was not recorded as debt, so it allowed Greece to hide 2.8 billion euros of its public debt in that single transaction. Goldman Sachs earned a huge commission on the deal, and profited later even more when the real exchange rate shifted, and Greece's hidden debt to Goldman Sachs ballooned to 5.1 billion euros.

Goldman Sachs, JPMorgan and other Wall Street and London banks

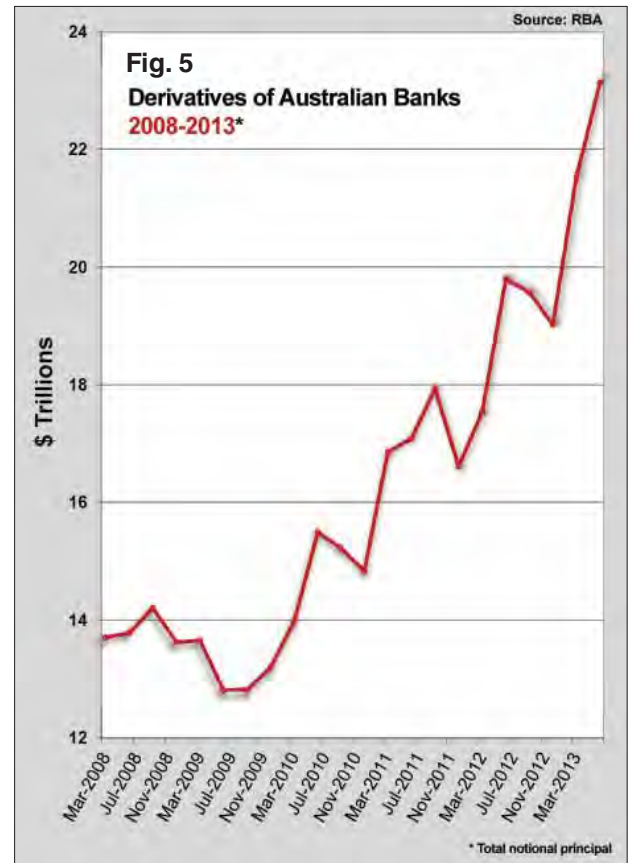
pulled the same trick all across Europe, plunging prospective E.U. members further into debt. Another notorious case was Italy. Investigators at London's *Financial Times* revealed in June 2013 that Italy had used derivatives in the 1990s to make its deficit appear to reduce in time to join the euro, but only by committing to even heftier obligations in the long-term. In 2012 Italy wore a loss on those derivatives of 31 billion euro. Italy's Treasury boss at the time of the deals was Mario Draghi; in 2002 Draghi left the Italian Treasury to join Goldman Sachs, whose London office he headed for several years. Today he heads the European Central Bank, enforcing brutal austerity against the nations (including his own) which were stung by these derivatives deals.

banks' derivatives, mostly in the form of interest rate and foreign exchange swaps. By mid-2008, the total derivatives exposure of Australia's banks had reached \$14 trillion.

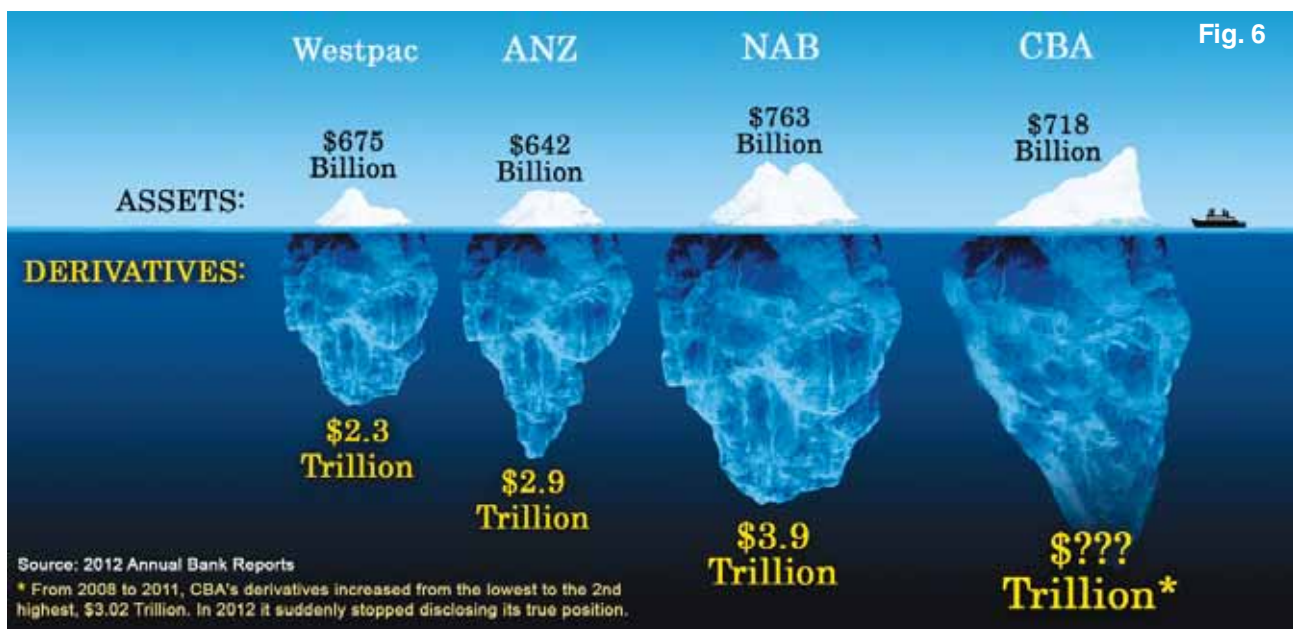
Then, in September 2008, the global derivatives bubble, which by then had expanded to well over \$1 quadrillion (\$1,000 trillion), went into meltdown. The trigger was the derivatives on the mortgages ("mortgage-backed securities") that had fuelled property bubbles all over the world.

Contrary to the official line that Australia's banks are and have always been fundamentally sound, the ensuing banking crisis, in which hundreds of banks in the U.S. and many more in Europe collapsed, virtually wiped out Australia's banks too. On the weekend of 11-12 October 2008, Australia's banks had an emergency meeting with the Rudd government, and demanded government guarantees for their foreign liabilities—the hundreds of billions in short-term borrowings they were unable to roll over, upon which were based trillions of dollars of exchange rate and interest rate swap derivatives. Without guarantees, the banks warned Rudd they would "be insolvent sooner rather than later", according to Ross Garnaut and David Llewellyn in *The Great Crash of 2008*. Rudd announced two things: government guarantees for both bank deposits and foreign borrowings (which also constituted a guarantee of the derivatives based on those borrowings), and a massive boost to the first home buyers grant to push up the price of property, which also shored up the mortgage-backed securities and related derivatives based on the banks' mortgages.

Since that point of crisis, Australia's banks have ex-



perienced a record-breaking run of profits. This growth in profits is not supported by a boom in the Australian economy; it is matched only by an unprecedented increase in the banks' derivatives obligations, an increase that defies the global trend of a marginal decrease in derivatives (Fig. 5). Australian banks' derivatives exposure far outstrips their assets (Fig. 6). This raises the question: are the profits of the Big Four banks actually



What lurks beneath? The enormous derivatives exposure of Australia's Big Four banks is hidden away off-balance sheet, and unregulated. In the case of CBA, it is now fully hidden. The customers of these banks, and indeed everyone dependent upon the domestic financial system that these four banks dominate, are unaware that they are exposed to risks of the kind that melted down the global financial system in 2008.

real? It is no small question, given that those combined profits ballooned to a record \$27.4 billion in 2013 (even as Westpac, NAB and ANZ have slashed 1900 fulltime jobs, replacing domestic workers with lower-paid workers overseas). That total, according to the Bank for International Settlements, makes them “the most profitable in the developed world for the third year running”, as reported in the 24 June 2013 *Sydney Morning Herald*.

But take the most profitable among them, CBA. Since the 2008 crisis it has leapt to the front of the pack in profits, even as its derivatives obligations have zoomed from being the lowest of the Big Four, to the second-highest as of 2011. The derivatives growth was so rapid that it was on track to overtake NAB as having the highest derivatives exposure, when CBA suddenly decided to stop disclosing its full derivatives exposure* (Fig. 7). Under questioning by the CEC, CBA executives initially tried to claim they took the decision because the full derivatives figure would be confusing to investors, but when pressed they admitted they no longer wanted the figure to be made public.

CBA falsely claims the true picture of their derivatives exposure is reflected in their much smaller “fair value” assessment, of around \$30 billion. The Australian Prudential Regulation Authority (APRA) concurs. In fact, in 2008 when APRA acknowledged that Australian banks held \$13.8 trillion in off-balance sheet derivatives, the agency also claimed that “these figures have been discounted to \$112 billion using internationally accepted accounting standards”, reported a 4 November 2008 article in *The Age*. Such “writing down” using “internationally accepted standards” and “off-balance sheet

*Total notional principal, aka face value

accounting”, has been variously denounced or ridiculed by many experts in the field, among them Pauline Wallace, the top specialist in Financial Instruments for the London office of PricewaterhouseCoopers. Wallace said, shortly after the 2008 meltdown, “I’ve always regarded [off-balance sheet accounting] as a bit of a magic trick. Magicians come to parties and they make things seem to disappear. The risk is somewhere, but you never knew where.” In 2008, the world found out where.

Conclusion

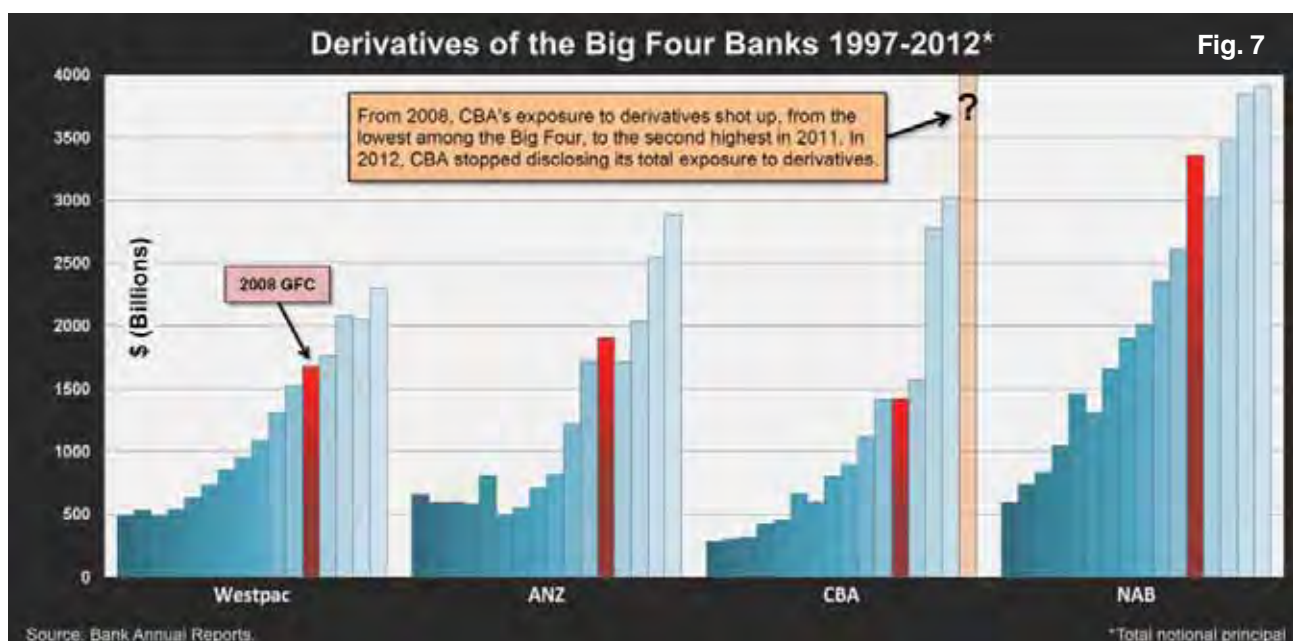
Based as they are upon pure speculation and outright fraud, derivatives are really nothing new. In his



King O'Malley

1939 pamphlet *Big battle*, issued as a rallying cry to restore the power of the Commonwealth Bank, King O'Malley penned a withering attack on what he called “fog wealth”:

“Permanent wealth is produced by the slow process of industry, combined with skill and the manipulation of capital. Fog wealth is produced by the rapid process of placing one piece of paper in the possession of a bank as a collateral security for two pieces of paper. Some of the enormous quantity of paper which is being created now will sooner or later collapse. But with the Commonwealth Bank capable of sustaining legitimate credits, there can be no panic which will again destroy the market value of intrinsic values, ruin debtors, deprive workers of work, and produce general distress.”



While the 2008 GFC put a brake on derivatives growth globally, Australia's banks have binged, which puts a big question mark over the record profits they have claimed in the same period.

4. Australia's Real 'Big Four': HSBC, JPMorgan, National, Citicorp

Australia's financial system is dangerously concentrated in just four banks—NAB, CBA, ANZ and Westpac—known as the four “pillars”; they account for 80 per cent of the entire financial system.

But that's not the full picture. The financial system is even more concentrated than it looks, because in truth these four banks should be regarded as one single banking entity. This is because the four largest shareholders in each of Australia's Big Four banks are the same companies: *HSBC Custody Nominees*, *JPMorgan Nominees Australia*, *National Nominees*, and *Citicorp Nominees*, in that order. In fact, almost all of the minor banks should be included in that single entity as well, because the same companies are the four largest shareholders in Bendigo Bank/Adelaide Bank, and effectively in St. George, BankSA, Bankwest, and even Rams and Aussie Home Loans too, because the latter are all wholly-owned subsidiaries of ANZ, Westpac, NAB, and CBA. Bank of Queensland and Suncorp each have three of the four nominee companies in their top four shareholders.

Between them, these four global entities control Australia's banking system, because no other single force could even come close to challenging their combined shareholdings in the Big Four banks:

ANZ	53.00 %
CBA	39.34 %
NAB	49.07 %
Westpac	44.08 %



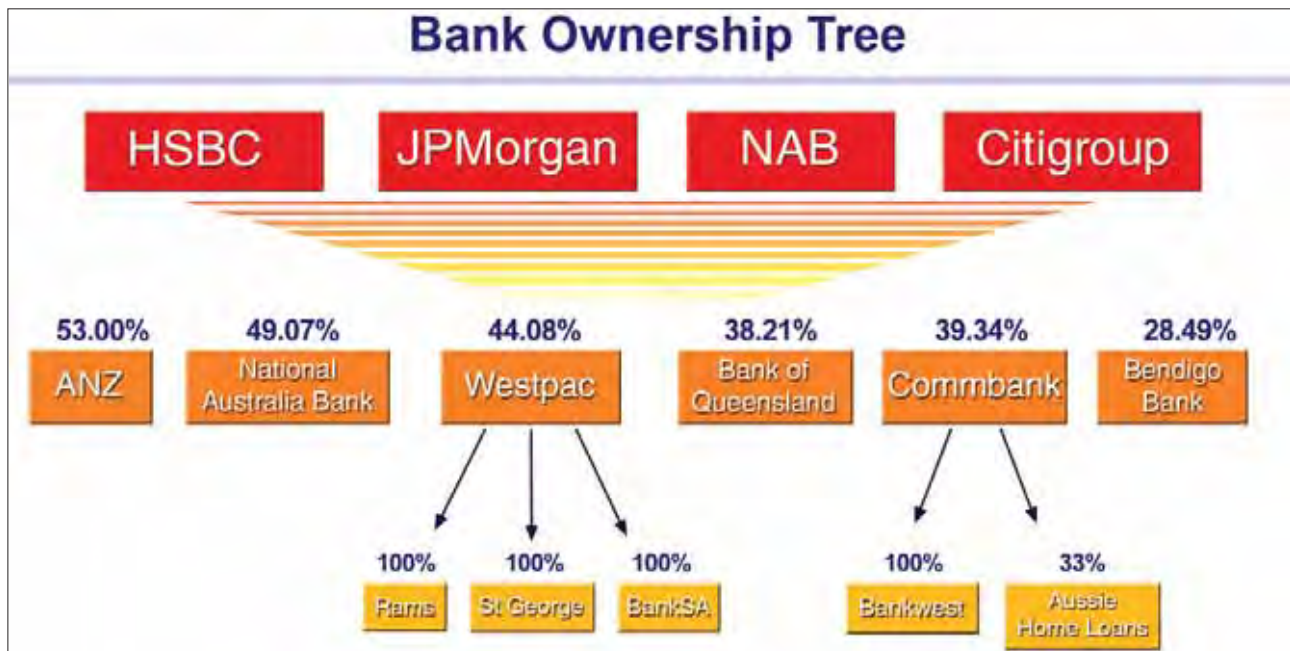
And that's not all. These four global entities are also the top four shareholders in virtually every major Australian corporation, with combined shareholdings in the following corporations:

AMP	50.20 %
BHP-Billiton	53.21 %
Brambles	77.17 %
Fosters Group	70.01 %
Goodman Group	83.43 %
Origin Energy	55.02 %
Rio Tinto	54.98 %
Tabcorp	56.72 %
Telstra	56.27 %
Wesfarmers	44.45 %
Westfield Group	71.04 %
Woodside	40.92 %
Woolworths	42.89 %

So who are these entities? They are nominee companies which are wholly-owned subsidiaries of the banks they are named for:

HSBC—Hong Kong Shanghai Banking Corporation, Britain's biggest and dirtiest bank, which was born out of Britain's two mid-19th century opium wars against China, when Queen Victoria in the name of “free trade” waged war to force China to open its ports to British opium, which the Emperor of China had banned because it was destroying Chinese society. The British took Hong Kong as its spoils of those wars, which became the centre of British drug-running for over a century, financed by HSBC. In 2012, the U.S. government found HSBC was involved in laundering drug money, and in acting as a conduit of Saudi funds to al-Qaeda-linked terrorist groups, but HSBC escaped with only a minor fine, because Barack Obama's Attorney General Eric Holder deemed a more serious





This tree depicts the actual ownership of nominally “Australian” banks. The nominee companies at the top of the tree constitute the top four shareholders in each of the banks in the next level down. The percentage shown is their combined ownership of each of those banks.

punishment could destabilise the fragile global financial system; i.e. HSBC was “too big to jail”.

JPMorgan Chase—the most British bank on Wall Street, the biggest derivatives gambler in the U.S., and the bank that is taking the lead to crush any moves to restore a Glass-Steagall banking separation. Under current boss Jamie Dimon, JPMorgan Chase has gambled aggressively on derivatives through its London office, leading to a massive \$2 billion loss in 2012. Incorporated in the U.S. state of Delaware, JPMorgan bared its fangs in June when the Delaware State Legislature tried to debate a motion endorsing a return to Glass-Steagall. The bank sent along a delegation to intimidate the elected legislators into shutting down the proceedings. It has since employed 1,500 lobbyists to swarm the U.S. Congress building, to use intimidation and/or bribery to ensure U.S. politicians do not support a return to Glass-Steagall.

National Australia Bank—NAB is Australia’s most powerful establishment bank, boasting extensive political connections; it’s also the biggest derivatives gambler. Its major stake in all the other Australian banks makes a farce of its recent publicity stunt, when it announced it was “breaking up” with the other banks.

Citigroup—formerly Citicorp, is the Wall Street bank that in 1999 spent \$300 million bribing American politicians to scrap the *Glass-Steagall Act*, so it could merge with Travelers Insurance and its associated investment bank Salomon Smith Barney. This act led directly to the 2008 global financial meltdown. (In 2012 former Citigroup chairman Sandy Weill declared the repeal of Glass-Steagall was a mistake, and in September 2013 the former CEO John Reed declared likewise.)

Technically it is not the case that these four banks are themselves the owners of the shares that their nominee companies hold, but they fully own, and therefore control, the nominee companies. The nominee companies themselves are like huge investment funds that HSBC etc. manage on behalf of investors. What characterises a nominee company is that the investors remain anonymous. It is these anonymous investors who are the major shareholders in all of Australia’s banks and major companies. This raises many questions: why do they wish to be anonymous? And why do so many investors who wish to be anonymous invest through the same four banking institutions? Who exercises the power associated with these shareholdings, the nominee company, or the anonymous investors?

This last question is important, because many times small shareholders in corporations have tried to engage in “shareholder activism”, and join together to use their collective shareholdings to convene extraordinary general meetings in order to force the board of directors to change a certain policy. Invariably, however, the chairman of the board will be holding a majority of “proxy” votes that he/she can use to outvote any motion that the board doesn’t support. The small shareholders never have a chance. The fact that four nominee companies control all of Australia’s banks and major corporations means the real power in Australia’s corporate economy can remain both anonymous, and locked tight.

It is also the more reason that Australia too needs a Glass-Steagall banking separation—not just to split up the concentration of the Big Four banks, but to break up the even more concentrated ownership and control of the entire Australian financial system.

5. The Glass-Steagall Solution

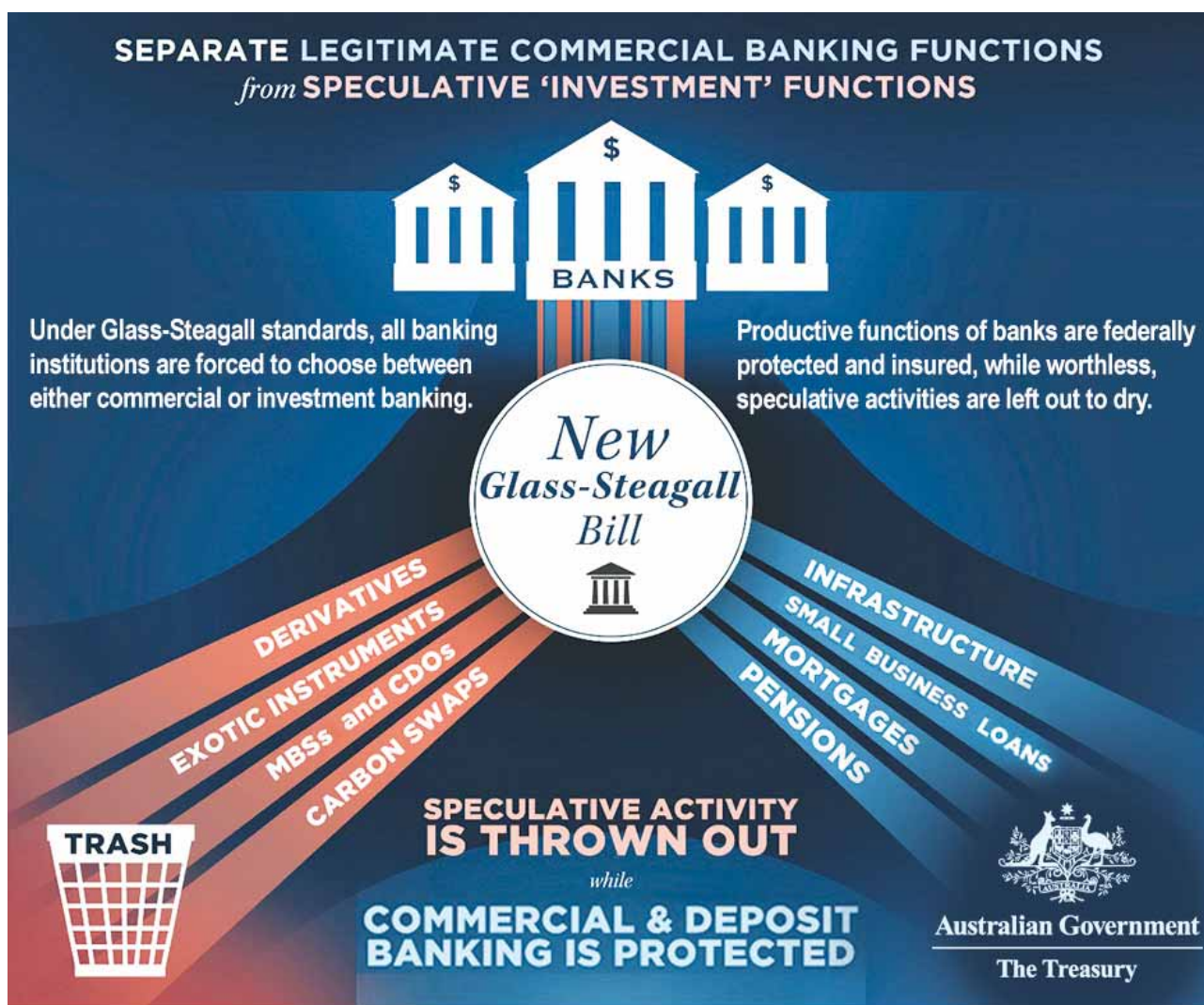
The original *Glass-Steagall Act of 1933* (page 18), named for its sponsors in the U.S. Congress, was a crucial instrument in President Franklin Roosevelt’s program to lift the United States out of the Great Depression. Barring savings and deposit banks from engaging in financial activities traditional for investment banks, it protected the function of the former as lenders to the real economy: agriculture, home construction, businesses and industries. The final demise of Glass-Steagall in 1999, after years of its being weakened through deregulation legislation, was a turning point in the takeover of banking worldwide by financial speculation.

Around the world, the return of Glass-Steagall is an idea whose time has come, as we report in Chapter 6. In Australia, the CEC has led the fight to protect our economy and our nation, starting with Glass-Steagall

banking separation.

The CEC petition “Australia Urgently Needs a Glass-Steagall Separation of Banks” (page 19) was drafted in March 2013, and circulated nationwide. A concerted CEC mobilisation used the petition to educate Australians about Glass-Steagall, which found widespread support from people of all political persuasions and backgrounds. On 3 June, the petition bearing thousands of signatures was tabled in the House of Representatives of the Commonwealth Parliament.

On 3 December 2013 the statement to the Australian Parliament “Don’t Seize Our Bank Accounts—Pass Glass-Steagall” (page 20) appeared as an advertisement in *The Australian* with 450 signatures of current and former elected officials, political party officials from the full spectrum of parties, election candidates, union leaders, academics and community leaders.



Franklin Roosevelt's 1933 Glass-Steagall Act

Below are excerpts from the 37-page U.S. *Glass-Steagall Banking Act of 1933*.

An Act

To provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes. ...

[Sec. 3 (a)] Each Federal reserve bank shall keep itself informed of the general character and amount of the loans and investments of its member banks with a view to ascertaining whether undue use is being made of bank credit for the speculative carrying of or trading in securities, real estate, or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions; and, in determining whether to grant or refuse advances, rediscounts or other credit accommodations, the Federal reserve bank shall give consideration to such information. The chairman of the Federal reserve bank shall report to the Federal Reserve Board any such undue use of bank credit by any member bank, together with his recommendation.

[Sec. 7] ...the Federal Reserve Board shall have power to fix from time to time for each Federal reserve district the percentage of individual bank capital and surplus which may be represented by loans secured by stock or bond collateral made by member banks within such district ... it shall be the duty of the Board to establish such percentages with a view to preventing the undue use of bank loans for the speculative carrying of securities. ...

[Sec. 11 (a)] No member bank shall act as the medium or agent of any non-banking corporation, partnership, association, business trust, or individual in making loans on the security of stocks, bonds, and other investment securities to brokers or dealers in stocks, bonds, and other investment securities. ...

[Sec. 20] After one year from the date of the enactment of this Act, no member bank shall be affiliated in any manner described in section 2 (b) hereof

with any corporation, association, business trust, or other similar organization engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities. ...

[Sec. 21 (a)] After the expiration of one year after the date of enactment of this Act it shall be unlawful—(1) For any person, firm, corporation, association, business trust, or other similar organization, engaged in the business of issuing, underwriting, selling, or distributing, at wholesale or retail, or through syndicate participation, stocks, bonds, debentures, notes, or other securities, to engage at the same time to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor...

[Sec. 32] From and after January 1, 1934, no officer or director of any member bank shall be an officer, director, or manager of any corporation, partnership, or unincorporated association engaged primarily in the business of purchasing, selling, or negotiating securities, and no member bank shall perform the functions of a correspondent bank on behalf of any such individual, partnership, corporation, or unincorporated association and no

such individual, partnership, corporation, or unincorporated association shall perform the functions of a correspondent for any member bank or hold on deposit any funds on behalf of any member bank, unless in any such case there is a permit therefor issued by the Federal Reserve Board; and the Board is authorized to issue such permit if in its judgment it is not incompatible with the public interest, and to revoke any such permit whenever it finds after reasonable notice and opportunity to be heard, that the public interest requires such revocation.



U.S. President Franklin Delano Roosevelt

PETITION

Australia Urgently Needs a Glass-Steagall Separation of Banks

TO THE HONOURABLE THE SPEAKER AND MEMBERS
OF THE HOUSE OF REPRESENTATIVES

This petition of the Citizens Electoral Council of Australia draws to the attention of the House the threat facing Australia's banking system from the deepening global financial crisis, which puts at serious risk the bank deposits of the Australian people, and essential banking services for the real economy.

Australia is now vulnerable because our banking system is concentrated in just four banks, which between them hold the overwhelming majority of deposits and provide the majority of banking services, but which have dangerously exposed themselves to shocks in the global financial system, including through nearly \$20 trillion in derivatives speculation.

We therefore ask the House to take immediate action to protect deposits and essential commercial banking services, by enacting strict banking separation as did U.S. President Franklin Roosevelt's Glass-Steagall Act 1933. Glass-Steagall split deposit-taking, standard commercial banks from Wall Street's speculative investment banks, creating entirely separate entities under different roofs, thus successfully protecting the U.S. banking system until Glass-Steagall's repeal in 1999. We ask the House to apply the Glass-Steagall principle to Australia through legislation to divide each of the four major banks into two parts:

- 1) Normal commercial banks as per Glass-Steagall standards, and
- 2) Institutions involved in investment banking and other forms of speculation.

Banks that speculate will then do so with their own money and at their own peril, with no government protection whatsoever.

6. Glass-Steagall Legislation Pending in Major Countries

In this chapter we shall document the surge of support for a reinstatement of Glass-Steagall, starting in its home country, the United States, and extending around the globe—including within the British Parliament. Our documentation includes statements by the leading U.S. Congressional supporters for renewing Glass-Steagall protections, as well as the text of the most thorough draft bill, S. 1282, introduced in the U.S. Senate. Beginning on page 36, we present a roster of prominent supporters of Glass-Steagall reinstatement from many countries.

There are four bills presently before the U.S. Congress to restore the strict separation of commercial banking from investment banking, which was in force for 66 years, 1933-99, under the original *Glass-Steagall Act*. The bill before the House of Representatives, House Resolution 129, the *Return to Prudent Banking Act of 2013*, was introduced in January 2013, and has 78 cosponsors (page 32). In May of 2013, on the 80th anniversary of the 1933 law, Senator Tom Harkin (Democrat) introduced a companion bill into the Senate (Senate Bill 985). On 11 July, four senators, led by former financial regulator Elizabeth Warren (Democrat) and former presidential candidate John McCain (Republican), introduced a separate bill to the same end, the *21st Century Glass-Steagall Act* (below). In December 2013 Representatives John Tierney and Walter Jones introduced an identical bill into the House of Representatives (H.R. 3711).

The U.K. Parliament, although Glass-Steagall legislation is not yet before it, has been the scene of intense debate of this principle (page 34). The day after introduction of the Warren-McCain bill in the U.S. Senate, the *Financial Times* of London, the City's flagship paper with 2.2 million daily readers worldwide, endorsed it in an editorial titled, "Split the banks: A new Glass-Steagall Act is needed—not just in the US."

The giant Wall Street banks have reacted to the U.S. bills with terror and rage, knowing that if they

pass, the game is up. Hitherto the Wall Street culprits, whose gambling and fraud caused the worst financial crisis since the Great Depression, have got off scot-free. The Obama administration, dominated by Wall Street bankers, has protected them from any legal repercussions of their crimes; Attorney General Eric Holder admitted in the case of giant British bank HSBC, caught in multiple proven crimes including drug money laundering on a staggering scale, that he had decided not to take legal action because it could destabilise the fragile financial system. To date, the bankers who are "too big to fail" have also been "too big to jail". Restoring the *Glass-Steagall Act's* separation of banking will solve both problems—and Wall Street knows it.

The giant banking conglomerate JPMorgan Chase, which last year made a \$13 billion settlement with Holder's Justice Department in order to halt any further investigation of its role in the mortgage fraud that triggered the 2008 meltdown, is leading Wall Street's frantic efforts to stop Glass-Steagall. It employs an army of high-powered lobbyists to pressure Washington politicians not to support the bills. It is even trying to intimidate state politicians, who have no power themselves to re-enact Glass-Steagall, but who have organised resolutions in 25 states calling on their federal counterparts to do so (page 33). Beginning in the 1980s, JPMorgan Chase had spearheaded the drive to repeal Glass-Steagall, which finally succeeded in 1999.

Standing against the wealth and power of JPMorgan and Wall Street is the political movement founded and led by the American physical economist Lyndon LaRouche, one of the very few economists to forecast the present global financial crisis. The growing political support for Glass-Steagall that so terrifies Wall Street, is largely due to the tireless work of LaRouche and his associates. They have also catalysed the explosion of support for Glass-Steagall in Europe, where a number of Glass-Steagall bills have been introduced into national parliaments (page 33).

The 21st Century Glass-Steagall Act

113TH CONGRESS
1ST SESSION

S. 1282

To reduce risks to the financial system by limiting banks' ability to engage in certain risky activities and limiting conflicts of interest, to reinstate certain Glass-Steagall Act protections that were repealed by the Gramm-Leach-Bliley Act, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 11, 2013

Ms. WARREN (for herself, Mr. MCCAIN, Ms. CANTWELL, and Mr. KING) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To reduce risks to the financial system by limiting banks' ability to engage in certain risky activities and limiting conflicts of interest, to reinstate certain Glass-Steagall Act protections that were repealed by the Gramm-Leach-Bliley Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "21st Century Glass-Steagall Act of 2013".

SEC. 2. FINDINGS AND PURPOSE.

(a) **FINDINGS.**—Congress finds that—

- (1) in response to a financial crisis and the ensuing Great Depression, Congress enacted the Banking Act of 1933, known as the "Glass-Steagall Act", to prohibit commercial banks from offering investment banking and insurance services;
- (2) a series of deregulatory decisions by the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency, in addition to decisions by Federal courts, permitted commercial banks to engage in an increasing number of risky financial activities that had previously been restricted under the Glass-Steagall Act, and also vastly expanded the meaning of the "business of banking" and "closely related activities" in banking law;
- (3) in 1999, Congress enacted the "Gramm-Leach-Bliley Act", which repealed the Glass-Steagall Act separation between commercial and investment banking and allowed for complex cross-subsidies and interconnections between commercial and investment banks;
- (4) former Kansas City Federal Reserve President Thomas Hoenig observed that "with the elimination of Glass-Steagall, the largest institutions with the greatest ability to leverage their balance sheets increased their risk profile by getting into trading, market making, and hedge fund activities, adding ever greater complexity to their balance sheets.";

(5) the Financial Crisis Inquiry Report issued by the Financial Crisis Inquiry Commission concluded that, in the years between the passage of Gramm-Leach Bliley and the global financial crisis, “regulation and supervision of traditional banking had been weakened significantly, allowing commercial banks and thrifts to operate with fewer constraints and to engage in a wider range of financial activities, including activities in the shadow banking system.”. The Commission also concluded that “[t]his deregulation made the financial system especially vulnerable to the financial crisis and exacerbated its effects.”;

(6) a report by the Financial Stability Oversight Council pursuant to section 123 of the Dodd-Frank Wall Street Reform and Consumer Protection Act states that increased complexity and diversity of financial activities at financial institutions may “shift institutions towards more risk-taking, increase the level of interconnectedness among financial firms, and therefore may increase systemic default risk. These potential costs may be exacerbated in cases where the market perceives diverse and complex financial institutions as ‘too big to fail,’ which may lead to excessive risk taking and concerns about moral hazard.”;

(7) the Senate Permanent Subcommittee on Investigations report, “Wall Street and the Financial Crisis: Anatomy of a Financial Collapse”, states that repeal of Glass-Steagall “made it more difficult for regulators to distinguish between activities intended to benefit customers versus the financial institution itself. The expanded set of financial services investment banks were allowed to offer also contributed to the multiple and significant conflicts of interest that arose between some investment banks and their clients during the financial crisis.”;

(8) the Senate Permanent Subcommittee on Investigations report, “JPMorgan Chase Whale Trades: A Case History of Derivatives Risks and Abuses”, describes how traders at JPMorgan Chase made risky bets using excess deposits that were partly insured by the Federal Government;

(9) in Europe, the Vickers Independent Commission on Banking (for the United Kingdom) and the Liikanen Report (for the Euro area) have both found that there is no inherent reason to bundle “retail banking” with “investment banking” or other forms of relatively high risk securities trading, and European countries are set on a path of separating various activities that are currently bundled together in the business of banking;

(10) private sector actors prefer having access to underpriced public sector insurance, whether explicit (for insured deposits) or implicit (for “too big to fail” financial institutions), to subsidize dangerous levels of risk-taking, which, from a broader social perspective, is not an advantageous arrangement; and

(11) the financial crisis, and the regulatory response to the crisis, has led to more mergers between financial institutions, creating greater financial sector consolidation and increasing the dominance of a few large, complex financial institutions that are generally considered to be “too big to fail”, and therefore are perceived by the markets as having an implicit guarantee from the Federal Government to bail them out in the event of their failure.

(b) PURPOSE.—The purposes of this Act are—

(1) to reduce risks to the financial system by limiting banks’ ability to engage in activities other than socially valuable core banking activities;

(2) to protect taxpayers and reduce moral hazard by removing explicit and implicit government guarantees for high-risk activities outside of the core business of banking; and

(3) to eliminate conflicts of interest that arise from banks engaging in activities from which their profits are earned at the expense of their customers or clients.

SEC. 3. SAFE AND SOUND BANKING.

(a) INSURED DEPOSITORY INSTITUTIONS.—Section 18(s) of the Federal Deposit Insurance Act (12 U.S.C. 1828(s)) is amended by adding at the end the following:

“(6) LIMITATIONS ON BANKING AFFILIATIONS.—

“(A) PROHIBITION ON AFFILIATIONS WITH NONDEPOSITORY ENTITIES.—An insured depository institution may not—

- “(i) be or become an affiliate of any insurance company, securities entity, or swaps entity;
- “(ii) be in common ownership or control with any insurance company, securities entity, or swaps entity; or
- “(iii) engage in any activity that would cause the insured depository institution to qualify as an insurance company, securities entity, or swaps entity.

“(B) INDIVIDUALS ELIGIBLE TO SERVE ON BOARDS OF DEPOSITORY INSTITUTIONS.—

“(i) IN GENERAL.—An individual who is an officer, director, partner, or employee of any securities entity, insurance company, or swaps entity may not serve at the same time as an officer, director, employee, or other institution-affiliated party of any insured depository institution.

“(ii) EXCEPTION.—Clause (i) does not apply with respect to service by any individual which is otherwise prohibited under clause (i), if the appropriate Federal banking agency determines, by regulation with respect to a limited number of cases, that service by such an individual as an officer, director, employee, or other institution-affiliated party of an insured depository institution would not unduly influence the investment policies of the depository institution or the advice that the institution provides to customers.

“(iii) TERMINATION OF SERVICE.—Subject to a determination under clause (i), any individual described in clause (i) who, as of the date of enactment of the 21st Century Glass-Steagall Act of 2013, is serving as an officer, director, employee, or other institution-affiliated party of any insured depository institution shall terminate such service as soon as is practicable after such date of enactment, and in no event, later than the end of the 60-day period beginning on that date of enactment.

“(C) TERMINATION OF EXISTING AFFILIATIONS AND ACTIVITIES.—

“(i) ORDERLY TERMINATION OF EXISTING AFFILIATIONS AND ACTIVITIES.—Any affiliation, common ownership or control, or activity of an insured depository institution with any securities entity, insurance company, or swaps entity, or any other person, as of the date of enactment of the 21st Century Glass-Steagall Act of 2013, which is prohibited under subparagraph (A) shall be terminated as soon as is practicable, and in no event later than the end of the 5-year period beginning on that date of enactment.

“(ii) EARLY TERMINATION.—The appropriate Federal banking agency, after opportunity for hearing, at any time, may order termination of an affiliation, common ownership or control, or activity prohibited by clause (i) before the end of the 5-year period described in clause (i), if the agency determines that—

“(I) such action is necessary to prevent undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices; and

“(II) is in the public interest.

“(iii) EXTENSION.—Subject to a determination under clause (ii), an appropriate Federal banking agency may extend the 5-year period described in clause (i) as to any particular insured depository institution for not more than an additional 6 months at a time, if—

“(I) the agency certifies that such extension would promote the public interest and would not pose a significant threat to the stability of the banking system or financial markets in the United States; and

“(II) such extension, in the aggregate, does not exceed 1 year for any one insured depository institution.

“(iv) REQUIREMENTS FOR ENTITIES RECEIVING AN EXTENSION.—Upon receipt of an extension under clause (iii), the insured depository institution shall notify its shareholders and the general public that it has failed to comply with the requirements of clause (i).

“(D) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

“(i) INSURANCE COMPANY.—The term ‘insurance company’ has the same meaning as in section 2(q) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(q)).

“(ii) SECURITIES ENTITY.—Except as provided in clause (iii), the term ‘securities entity’—

“(I) includes any entity engaged in—

“(aa) the issue, flotation, underwriting, public sale, or distribution of stocks, bonds, debentures, notes, or other securities;

“(bb) market making;

“(cc) activities of a broker or dealer, as those terms are defined in section 3(a) of the Securities Exchange Act of 1934;

“(dd) activities of a futures commission merchant;

“(ee) activities of an investment adviser or investment company, as those terms are defined in the Investment Advisers Act of 1940 and the Investment Company Act of 1940, respectively; or

“(ff) hedge fund or private equity investments in the securities of either privately or publicly held companies; and

“(II) does not include a bank that, pursuant to its authorized trust and fiduciary activities, purchases and sells investments for the account of its customers or provides financial or investment advice to its customers.

“(iii) SWAPS ENTITY.—The term ‘swaps entity’ means any swap dealer, security-based swap dealer, major swap participant, or major security-based swap participant, that is registered under—

“(I) the Commodity Exchange Act (7 U.S.C. 1 et seq.); or

“(II) the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

“(iv) INSURED DEPOSITORY INSTITUTION.—The term ‘insured depository institution’—

“(I) has the same meaning as in section 3(c)(2); and

“(II) does not include a savings association controlled by a savings and loan holding company, as described in section 10(c)(9)(C) of the Home Owners’ Loan Act (12 U.S.C. 1467a(c)(9)(C)).”

(b) LIMITATION ON BANKING ACTIVITIES.—Section 21 of the Banking Act of 1933 (12 U.S.C. 378) is amended by adding at the end the following:

“(c) Business of receiving deposits.—For purposes of this section, the term ‘business of receiving deposits’ includes the establishment and maintenance of any transaction account (as defined in section 19(b)(1)(C) of the Federal Reserve Act).”

(c) PERMITTED ACTIVITIES OF NATIONAL BANKS.—Section 24 (Seventh) of the Revised Statutes of the United States (12 U.S.C. 24 (Seventh)) is amended to read as follows:

“Seventh. (A) To exercise by its board of directors or duly authorized officers or agents, subject to law, all such powers as are necessary to carry on the business of banking.

“(B) As used in this paragraph, the term ‘business of banking’ shall be limited to the following core banking services:

“(i) RECEIVING DEPOSITS.—A national banking association may engage in the business of receiving deposits.

“(ii) EXTENSIONS OF CREDIT.—A national banking association may—

“(I) extend credit to individuals, businesses, not for profit organizations, and other entities;

“(II) discount and negotiate promissory notes, drafts, bills of exchange, and other evidences of debt; and

“(III) loan money on personal security.

“(iii) PAYMENT SYSTEMS.—A national banking association may participate in payment systems, defined as instruments, banking procedures, and interbank funds transfer systems that ensure the circulation of money.

“(iv) COIN AND BULLION.—A national banking association may buy, sell, and exchange coin and bullion.

“(v) INVESTMENTS IN SECURITIES.—

“(I) IN GENERAL.—A national banking association may invest in investment securities, defined as marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation in the form of bonds, notes, or debentures (commonly known as ‘investment securities’), obligations of the Federal Government, or any State or subdivision thereof, under such further definition of the term ‘investment securities’ as the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors of

the Federal Reserve System may jointly prescribe, by regulation.

“(II) LIMITATIONS.—The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities or stock. The association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System may jointly prescribe, by regulation. In no event shall the total amount of the investment securities of any one obligor or maker, held by the association for its own account, exceed at any time 10 percent of its capital stock actually paid in and unimpaired and 10 percent of its unimpaired surplus fund, except that such limitation shall not require any association to dispose of any securities lawfully held by it on August 23, 1935.

“(C) PROHIBITION AGAINST TRANSACTIONS INVOLVING STRUCTURED OR SYNTHETIC PRODUCTS.—A national banking association shall not invest in a structured or synthetic product, a financial instrument in which a return is calculated based on the value of, or by reference to the performance of, a security, commodity, swap, other asset, or an entity, or any index or basket composed of securities, commodities, swaps, other assets, or entities, other than customarily determined interest rates, or otherwise engage in the business of receiving deposits or extending credit for transactions involving structured or synthetic products.”

(d) PERMITTED ACTIVITIES OF FEDERAL SAVINGS ASSOCIATIONS.—

(1) IN GENERAL.—Section 5(c)(1) of the Home Owners’ Loan Act (12 U.S.C. 1464(c)(1)) is amended—

(A) by striking subparagraph (Q); and

(B) by redesignating subparagraphs (R) through (U) as subparagraphs (Q) through (T), respectively.

(2) CONFORMING AMENDMENT.—Section 10(c)(9)(A) of the Home Owners’ Loan Act (12 U.S.C. 1467a(c)(9)(A)) is amended by striking “permitted—” and all that follows through clause (ii) and inserting “permitted under paragraph (1)(C) or (2).”

(e) CLOSELY RELATED ACTIVITIES.—Section 4(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)) is amended—

(1) in paragraph (8), by striking “had been determined” and all that follows through the end and inserting the following: “are so closely related to banking so as to be a proper incident thereto, as provided under this paragraph or any rule or regulation issued by the Board under this paragraph, provided that the following shall not be considered closely related for purposes of this paragraph:

“(A) Serving as an investment advisor (as defined in section 2(a)(20) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(20))) to an investment company registered under that Act, including sponsoring, organizing, and managing a closed-end investment company.

“(B) Agency transactional services for customer investments, except that this subparagraph may not be construed as prohibiting purchases and sales of investments for the account of customers conducted by a bank (or subsidiary thereof) pursuant to the bank’s trust and fiduciary powers.

“(C) Investment transactions as principal, except for activities specifically allowed by paragraph (14).

“(D) Management consulting and counseling activities.”;

(2) in paragraph (13), by striking “or” at the end;

(3) by redesignating paragraph (14) as paragraph (15); and

(4) by inserting after paragraph (13) the following:

“(14) purchasing, as an end user, any swap, to the extent that—

“(A) the purchase of any such swap occurs contemporaneously with the underlying hedged item or hedged transaction;

“(B) there is formal documentation identifying the hedging relationship with particularity at the

inception of the hedge; and

“(C) the swap is being used to hedge against exposure to—

“(i) changes in the value of an individual recognized asset or liability or an identified portion thereof that is attributable to a particular risk;

“(ii) changes in interest rates; or

“(iii) changes in the value of currency; or”.

(f) PROHIBITED ACTIVITIES.—Section 4(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(a)) is amended—

(1) in paragraph (1), by striking “or” at the end;

(2) in paragraph (2), by striking the period at the end and inserting “; or”; and

(3) by inserting before the undesignated matter following paragraph (2), the following:

“(3) with the exception of the activities permitted under subsection (c), engage in the business of a ‘securities entity’ or a ‘swaps entity’, as those terms are defined in section 18(s)(6)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1828(s)(6)(D)), including, without limitation, dealing or making markets in securities, repurchase agreements, exchange traded and over-the-counter swaps, as defined by the Commodity Futures Trading Commission and the Securities and Exchange Commission, or structured or synthetic products, as defined in section 24 (Seventh) of the Revised Statutes of the United States (12 U.S.C. 24 (Seventh)), or any other over-the-counter securities, swaps, contracts, or any other agreement that derives its value from, or takes on the form of, such securities, derivatives, or contracts;

“(4) engage in proprietary trading, as provided by section 13, or any rule or regulation under that section;

“(5) own, sponsor, or invest in a hedge fund, or private equity fund, or any other fund, as provided by section 13, or any rule or regulation under that section, or any other fund which exhibits the characteristics of a fund that takes on proprietary trading activities or positions;

“(6) hold ineligible securities or derivatives;

“(7) engage in market-making; or

“(8) engage in prime brokerage activities.”

(g) ANTI-EVASION.—

(1) **IN GENERAL.**—Any attempt to structure any contract, investment, instrument, or product in such a manner that the purpose or effect of such contract, investment, instrument, or product is to evade or attempt to evade the prohibitions described in section 18(s)(6) of the Federal Deposit Insurance Act, section 21(c) of the Banking Act of 1933, paragraph (Seventh) of section 24 of the Revised Statutes of the United States, section 5(c)(1) of the Home Owners’ Loan Act, or section 4(a) of the Bank Holding Company Act of 1956, as added or amended by this section, shall be considered a violation of the Federal Deposit Insurance Act, the Banking Act of 1933, section 24 of the Revised Statutes of the United States, the Home Owners’ Loan Act, and the Bank Holding Company Act of 1956, respectively.

(2) **TERMINATION.**—

(A) **IN GENERAL.**—Notwithstanding any other provision of law, if a Federal agency has reasonable cause to believe that an insured depository institution, securities entity, swaps entity, insurance company, bank holding company, or other entity over which that agency has regulatory authority has made an investment or engaged in an activity in a manner that functions as an evasion of the prohibitions described in paragraph (1) (including through an abuse of any permitted activity) or otherwise violates such prohibitions, the agency shall—

(i) order, after due notice and opportunity for hearing, the entity to terminate the activity and, as relevant, dispose of the investment;

(ii) order, after the procedures described in clause (i), the entity to pay a penalty equal to 10 percent of the entity’s net profits, averaged over the previous 3 years, into the United States Treasury; and

(iii) initiate proceedings described in 12 U.S.C. 1818(e) for individuals involved in evading the prohibitions described in paragraph (1).

(B) CONSTRUCTION.—Nothing in this paragraph shall be construed to limit the inherent authority of any Federal agency or State regulatory authority to further restrict any investments or activities under otherwise applicable provisions of law.

(3) REPORTING REQUIREMENT.—Each year, each Federal agency having regulatory authority over any entity described in paragraph (2)(A) shall issue a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and shall make such report available to the public. The report shall identify the number and character of any activities that took place in the preceding year that function as an evasion of the prohibitions described in paragraph (1), the names of the particular entities engaged in those activities, and the actions of the agency taken under paragraph (2).

(h) ATTESTATION.—Section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843), as amended by section 3(a)(1) of this Act, is amended by adding at the end the following:

“(k) Attestation.—Executives of any bank holding company or its affiliate shall attest in writing, under penalty of perjury, that the bank holding company or affiliate is not engaged in any activity that is prohibited under subsection (a), except to the extent that such activity is permitted under subsection (c).”

SEC. 4. REPEAL OF GRAMM-LEACH-BLILEY ACT PROVISIONS.

(a) TERMINATION OF FINANCIAL HOLDING COMPANY DESIGNATION.—

(1) IN GENERAL.—Section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843) is amended by striking subsections (k), (l), (m), (n), and (o).

(2) TRANSITION.—

(A) ORDERLY TERMINATION OF EXISTING AFFILIATION.—In the case of a bank holding company which, pursuant to the amendments made by paragraph (1), is no longer authorized to control or be affiliated with any entity that was permissible for a financial holding company on the day before the date of enactment of this Act, any affiliation, ownership or control, or activity by the bank holding company which is not permitted for a bank holding company shall be terminated as soon as is practicable, and in no event later than the end of the 5-year period beginning on the date of enactment of this Act.

(B) EARLY TERMINATION.—The Board of Governors of the Federal Reserve System (in this section referred to as the “Board”), after opportunity for hearing, at any time, may terminate an affiliation prohibited by subparagraph (A) before the end of the 5-year period described in subparagraph (A), if the Board determines that such action—

(i) is necessary to prevent undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices; and

(ii) is in the public interest.

(C) EXTENSION.—Subject to a determination under subparagraph (B), the Board may extend the 5-year period described in subparagraph (A), as to any particular bank holding company, for not more than an additional 6 months at a time, if—

(i) the Board certifies that such extension would promote the public interest and would not pose a significant risk to the stability of the banking system or financial markets of the United States; and

(ii) such extension, in the aggregate, does not exceed 1 year for any one bank holding company.

(D) REQUIREMENTS FOR ENTITIES RECEIVING AN EXTENSION.—Upon receipt of an extension under subparagraph (C), the bank holding company shall notify its shareholders and the general public that it has failed to comply with the requirements of subparagraph (A).

(3) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) BANK HOLDING COMPANY ACT OF 1956.—The Bank Holding Company Act of 1956 (12

U.S.C. 1841 et seq.) is amended—

(i) in section 2 (12 U.S.C. 1841)—

(I) by striking subsection (p); and

(II) by redesignating subsection (q) as subsection (p);

(ii) in section 5(c) (12 U.S.C. 1844(c)), by striking paragraphs (3), (4), and (5); and

(iii) in section 5 (12 U.S.C. 1844), by striking subsection (g).

(4) FDIA.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended—

(A) by striking sections 45 and 46 (12 U.S.C. 1831v, 1831w); and

(B) by redesignating sections 47 through 50 as sections 45 through 48, respectively.

(5) GRAMM-LEACH-BLILEY.—Subtitle B of title I of the Gramm-Leach-Bliley Act is amended by striking section 115 (12 U.S.C. 1820a).

(b) FINANCIAL SUBSIDIARIES OF NATIONAL BANKS DISALLOWED.—

(1) IN GENERAL.—Section 5136A of the Revised Statutes of the United States (12 U.S.C. 24a) is repealed.

(2) TRANSITION.—

(A) ORDERLY TERMINATION OF EXISTING AFFILIATION.—In the case of a national bank which, pursuant to the amendment made by paragraph (1), is no longer authorized to control or be affiliated with a financial subsidiary as of the date of enactment of this Act, such affiliation, ownership or control, or activity shall be terminated as soon as is practicable, and in no event later than the end of the 5-year period beginning on the date of enactment of this Act.

(B) EARLY TERMINATION.—The Comptroller of the Currency (in this section referred to as the “Comptroller”), after opportunity for hearing, at any time, may terminate an affiliation prohibited by subparagraph (A) before the end of the 5-year period described in subparagraph (A), if the Comptroller determines, having due regard for the purposes of this Act, that—

(i) such action is necessary to prevent undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices; and

(ii) is in the public interest.

(C) EXTENSION.—Subject to a determination under subparagraph (B), the Comptroller may extend the 5-year period described in subparagraph (A) as to any particular national bank for not more than an additional 6 months, if—

(i) the Comptroller certifies that such extension would promote the public interest and would not pose a significant risk to the stability of the banking system or financial markets of the United States; and

(ii) such extension, in the aggregate, does not exceed 1 year for any single national bank.

(D) REQUIREMENTS FOR ENTITIES RECEIVING AN EXTENSION.—Upon receipt of an extension under subparagraph (C), the national bank shall notify its shareholders and the general public that it has failed to comply with the requirements described in subparagraph (A).

(3) TECHNICAL AND CONFORMING AMENDMENT.—The 20th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 335) is amended by striking the last sentence.

(4) CLERICAL AMENDMENT.—The table of sections for chapter one of title LXII of the Revised Statutes of the United States is amended by striking the item relating to section 5136A.

(c) REPEAL OF PROVISION RELATING TO FOREIGN BANKS FILING AS FINANCIAL HOLDING COMPANIES.—Section 8(c) of the International Banking Act of 1978 (12 U.S.C. 3106(c)) is amended by striking paragraph (3).

SEC. 5. REPEAL OF BANKRUPTCY PROVISIONS.

Title 11, United States Code, is amended by striking sections 555, 559, 560, 561, and 562.

“It’s time to act” against Wall Street

by U.S. Senator Elizabeth Warren

12 November 2013

In what the *American Banker* magazine disapprovingly noted was “a fiery speech” to the Roosevelt Institute/Americans for Financial Reform conference in Washington, D.C. on 12 November 2013, U.S. Senator Elizabeth Warren (Democrat, Maine) delivered a clarion call for the immediate passage of Glass-Steagall legislation. Of particular note, she declared that waiting for the 2010 Dodd-Frank legislation (the so-called “*Wall Street Reform and Consumer Protection Act*”) to solve the problem of “too big to fail”, is futile. Instead, she declared, “It’s time to act” to restore the *Glass-Steagall Banking Act of 1933*.

Senator Warren concluded her remarks with the following summation:

“So let’s put the pieces together: 1. It has been three years since Dodd-Frank was passed, the biggest banks are bigger than ever, the risk to the system has grown, and the market distortions have continued. 2. While the CFPB [Consumer Financial Protection Bureau] has met every single statutory deadline—so we know it’s possible to get the job done—the other regulators have missed their deadlines and haven’t given us much reason for confidence. 3. The result is that the Too Big to Fail remains. I add that up, and it’s clear to me: it’s time to act. The last thing we should do is wait for more crises—for another London Whale or LIBOR disgrace or robo-signing scandal—before we take action.

“For that reason, I partnered with Senators John McCain, Maria Cantwell, and Angus King to offer up one potential way to address the Too Big to Fail problem—the *21st Century Glass-Steagall Act*.

“By separating traditional depository banks from riskier financial institutions, the 1933 version of Glass-Steagall laid the groundwork for half a century of financial stability. During that time, we built a robust and thriving middle class. But throughout the 1980s and 1990s, Congress and regulators chipped away at Glass-Steagall’s protections, encouraging growth of the megabanks and a sharp increase in systemic risk. They finally finished the task in 1999 with the passage of the *Gramm-Leach-Bliley Act*, which eliminated Glass-Steagall’s protections altogether.

“The *21st Century Glass-Steagall Act* would reinstate many of the protections found in the original *Glass-Steagall Act*. It would wall off depository institutions from riskier activities like investment banking,

swaps dealing, and private equity activities. It would force some of the biggest financial institutions to break apart and eliminate their ability to rely on federal depository insurance as a backstop for high-risk activities.

“In other words, the new *Glass-Steagall Act* would attack both ‘too big’ and ‘to fail’. It would reduce failures of the big banks by making banking boring, protecting deposits and providing stability to the system even in bad times. And it would reduce too big by dismantling the behemoths, so that big banks would still be big but not too big to fail or, for that matter, too big to manage, too big to regulate, too big for trial, or too big for jail.

“Big banks would once again have understandable balance sheets, and with that would come—greater market discipline. Now sure, the lobbyists for Wall Street say the sky will fall if they can’t use deposits in checking accounts to fund their high-risk activities. But they said that in the 1930s, too. They were wrong then, and they are wrong now. The *Glass-Steagall Act* would restore the stability to the financial system that began to disappear in the 1980s and 1990s. ...

“We should not accept a financial system that allows the biggest banks to emerge from a crisis in record-setting shape while working Americans continue to struggle. And we should not accept a regulatory system that is so besieged by lobbyists for the big banks that it takes years to deliver rules and then the rules that are delivered are often watered-down and ineffective.

“What we need is a system that puts an end to the boom-and-bust cycle. A system that recognises we don’t grow this country from the financial sector; we grow this country from the middle class.

“Powerful interests will fight to hang on to every benefit and subsidy they now enjoy. Even after exploiting consumers, larding their books with excessive risk, and making bad bets that brought down the economy and forced taxpayer bailouts, the big Wall Street banks are not chastened. They have fought to delay and hamstring the implementation of financial reform, and they will continue to fight every inch of the way.

“That’s the battlefield. That’s what we’re up against. But David beat Goliath with the establishment of CFPB ... I am confident David can beat Goliath on Too Big to Fail. We just have to pick up the slingshot again.

“Thank you.”



Senator Elizabeth Warren, sponsor of Senate Bill 1282, the *21st Century Glass-Steagall Act*.

The Economy Should Work for Americans, Not Just Wall Street CEOs

by U.S. Representative Marcy Kaptur

17 September 2012

After Wall Street's 2008 economic collapse led to the Great Recession, it has become evident that to move forward, we must return to the past to ensure a safe, viable financial system for a 21st-century American economy. We must reinstate the *Glass-Steagall Act of 1933*. Glass-Steagall is not a one-size-fits-all cure for the ills of the financial sector, but it is exactly the type of reform that Congress must implement against the pleas of Wall Street executives. This is why I have introduced H.R. 1489, the *Return to Prudent Banking Act of 2011* [reintroduced in the House as H.R. 129 in January 2013], which would reinstate Glass-Steagall's separation between commercial banking and the securities business.

From 1933 until 1999, American financial institutions were barred from acting as any combination of a commercial bank, investment bank, or insurance company. The American financial system was built on confidence and fairness, and it allowed for access to capital, protected consumer accounts, and paid depositors and investors a decent return. From 1933 until 1999, Gross Domestic Product grew from \$56.4 billion (in current dollars, according to the U.S. Bureau of Economic Analysis) to \$9.3 trillion in 1999. However, as Wall Street gained political and economic influence, Congress passed the *Gramm-Leach-Bliley Act*, which effectively removed the banking barriers and safeguards that had been in place for more than six decades. We were told by Wall Street and its supporters that banks were "hamstrung by outdated restrictions of the 1930s." I was one of 57 members of the U.S. House of Representatives who would vote against Gramm-Leach-Bliley. As the anti-regulation move-

ment won the day, this legislation was a clear signal that Wall Street was in charge. Banks grew larger and riskier, and American taxpayers were given the bill when the deregulated financial sector fell apart.

In order to move forward, we must not build our financial system around the failed concepts of speculation and manipulation, but around the cornerstones that made it strong: confidence and fairness. Earlier this year, expert witnesses testifying before the House Financial Services Committee correctly stated that, "investor confidence in U.S. equity market structure is perhaps at its lowest point since the Great Depression," and the public believes "that the stock market was 'not generally fair' to small investors." It should be no surprise that consumer confidence is low. The economy may be complex, but Americans understand that the Wall Street banks control an outsized portion of the economy, and that they have an outsized interest in their own profits.

People who share my views are rapidly growing in number. ... The time is now to implement smart reforms to protect the American economy as well as the American consumer. Congress must act and reinstate Glass-Steagall so the public can be assured that the economy is working for them, not just for Wall Street's CEOs.

Source: U.S. News & World Report



Congresswoman Marcy Kaptur, sponsor of House Resolution 129, the *Return to Prudent Banking Act of 2013*.



U.S. President Franklin D. Roosevelt signs the *Glass-Steagall Act* into law, 16 June 1933 (left). Flanking Roosevelt are Senator Carter Glass (white suit) and Representative Henry B. Steagall. President Bill Clinton signs the *Gramm-Leach-Bliley Act* into law, 12 November 1999, repealing Glass-Steagall (right).

Return To Prudent Banking Act of 2013 (H.R. 129)

Cosponsors

1.	Marcy Kaptur	D	Ohio	41.	Barbara Lee	D	California
2.	Walter Jones	R	North Carolina	42.	Julia Brownley	D	California
3.	Michael Michaud	D	Maine	43.	Earl Blumenauer	D	Oregon
4.	James McGovern	D	Massachusetts	44.	John Dingell	D	Michigan
5.	James Moran	D	Virginia	45.	Keith Ellison	D	Minnesota
6.	Michael Capuano	D	Massachusetts	46.	Marcia Fudge	D	Ohio
7.	Eleanor Holmes Norton	D	District of Columbia	47.	Hank Johnson	D	Georgia
8.	Peter Welch	D	Vermont	48.	Michael Doyle	D	Pennsylvania
9.	Lloyd Doggett	D	Texas	49.	Janice Hahn	D	California
10.	David Cicilline	D	Rhode Island	50.	Alcee Hastings	D	Florida
11.	Judy Chu	D	California	51.	Sheila Jackson Lee	D	Texas
12.	Daniel Lipinski	D	Illinois	52.	Edward Markey	D	Massachusetts
13.	George Miller	D	California	53.	John Yarmuth	D	Kentucky
14.	Collin Peterson	D	Minnesota	54.	Jackie Speier	D	California
15.	Susan Davis	D	California	55.	Grace Napolitano	D	California
16.	Louise Slaughter	D	New York	56.	Danny Davis	D	Illinois
17.	Elijah Cummings	D	Maryland	57.	Tulsi Gabbard	D	Hawaii
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19.	Peter DeFazio	D	Oregon	59.	John Garamendi	D	California
20.	Jim McDermott	D	Washington	60.	Zoe Lofgren	D	California
21.	John Tierney	D	Massachusetts	61.	Eni Faleomavaega	D	American Samoa
22.	Rodney Alexander	R	Louisiana	62.	Frederica Wilson	D	Florida
23.	Chellie Pingree	D	Maine	63.	Tim Ryan	D	Ohio
24.	Janice Schakowsky	D	Illinois	64.	Luis Gutierrez	D	Illinois
25.	Gene Green	D	Texas	65.	Cynthia Lummis	R	Wyoming
26.	Mike Coffman	R	Colorado	66.	Raul Grijalva	D	Arizona
27.	John Conyers	D	Michigan	67.	Kurt Schrader	D	Oregon
28.	Robert Brady	D	Pennsylvania	68.	Rick Nolan	D	Minnesota
29.	Donna Christensen	D	Virgin Islands	69.	Lucille Roybal-Allard	D	California
30.	Alan Grayson	D	Florida	70.	Stephen Lynch	D	Massachusetts
31.	Donald Payne Jr.	D	New Jersey	71.	Gregorio Sablan	D	Northern Mariana Islands
32.	Peter Visclosky	D	Indiana	72.	Emanuel Cleaver	D	Missouri
33.	Anna Eshoo	D	California	73.	Gloria Negrete McLeod	D	California
34.	Timothy Walz	D	Minnesota	74.	Rush Holt	D	New Jersey
35.	Rosa DeLauro	D	Connecticut	75.	Alan Lowenthal	D	California
36.	Charles Rangel	D	New York	76.	Ann Kirkpatrick	D	Arizona
37.	Eddie Bernice Johnson	D	Texas	77.	Mike Honda	D	California
38.	Paul Tonko	D	New York	78.	Karen Bass	D	California
39.	Donna Edwards	D	Maryland	79.	Ted Yoho	R	Florida
40.	Bennie Thompson	D	Mississippi				

21st Century Glass-Steagall Act (S. 1282)

Cosponsors

1.	Elizabeth Warren	D	Massachusetts	6.	Sheldon Whitehouse	D	Rhode island
2.	Maria Cantwell	D	Washington	7.	Tammy Baldwin	D	Wisconsin
3.	Angus King Jr	I	Maine	8.	Barbara Boxer	D	California
4.	John McCain	R	Arizona	9.	Edward Markey	D	Massachusetts
5.	Barbara Mikulski	D	Maryland	10.	Bernie Sanders	I	Vermont

U.S. States Support Glass-Steagall

State legislatures in the following 25 U.S. states have either passed, or are debating resolutions calling on the federal Congress to restore Glass-Steagall:

Alabama	Illinois	Maryland	New Jersey	Rhode Island
California	Indiana	Michigan	New York	South Dakota
Colorado	Kentucky	Minnesota	North Carolina	Virginia
Delaware	Louisiana	Mississippi	Oregon	Washington
Hawaii	Maine	Montana	Pennsylvania	West Virginia

Europe Debates Glass-Steagall

The European Union

While the ruling European Commission and the European Central Bank are fiercely opposed to Glass-Steagall, when the EU held a public consultation on Glass-Steagall in 2013, 85 per cent of all respondents were in favour of a full separation of investment and commercial banks.



Belgium

Draft legislation to break up the banks was first introduced into the House in September 2010. In October 2011 four members of the two green parties, Ecolo and Groen, reformulated and reintroduced the legislation. It remains filed with the Finance Committee. The members of the six-party ruling coalition government are debating whether to proceed with the weaker “ring-fencing” proposal from Britain, or a full separation. Belgian Prime Minister Elio Di Rupo, Deputy Prime Minister Laurette Onkelinx, and the chairman of the Walloon Socialist Party Paul Magnette have all endorsed Glass-Steagall-style banking separation. In November 2013 a national petition drive was launched to gather 100,000 signatures for Glass-Steagall legislation; 13,000 signatures have been gathered so far.



Greece

In December 2013, the leaders of the two main opposition parties, the Independent Greeks and SYRIZA, called for Glass-Steagall to



be implemented in Greece and throughout Europe, while the newly formed Drachma 5 Stars party, which calls for a return of Greece’s old currency, the drachma, also has called in its party program for bank separation along the lines of Glass-Steagall.

Iceland

On 24 October 2012, Motion 239 for the separation of commercial banks and investment banks was introduced into Iceland’s Parliament, the Althingi, sponsored by 17 of its 63 members, representing all parties but one. It was debated and referred to a committee, and then reintroduced into the new Parliament on 3 October 2013. It is the third such motion to be submitted to the Parliament.



Italy

There are four Glass-Steagall bills currently before the Italian parliament, two in the Senate and two in the Chamber of Deputies. The leading promoter of Glass-Steagall in Italy is the former Economics Minister Giulio Tremonti, who was one of the contenders for the office of Prime Minister in the February 2013 election. The major political party Lega Nord introduced the bill into the Chamber of Deputies. Lega Nord has also introduced resolutions into four regional parliaments (councils), including Piedmont, the Veneto, Tuscany and Lombardy (the economically most important region in Italy), where it passed unanimously. A nationwide petition campaign to get proposed Glass-Steagall legislation into the Italian Parliament is registered at the Italian Constitutional Court in Rome.



Sweden

In October 2013 Sweden's Green Party (Miljöpartiet de Gröna) for the third year in a row submitted a motion for bank separation titled, "Separate trading activity from regular banking activity". Supporters of the motion include the chairman of the parliament's business committee. The motion ensures that banking separation will be on the Parliament's agenda for 2014.



Switzerland

The Swiss National Council (lower house of parliament) voted on 9 September 2013 by a 3:2 majority for three distinct statements calling for a strict Glass-Steagall type of banking separation. The vote is not a legislative act, but it binds the Federal Council to give a formal answer to the request of whether a banking separation in Switzerland is possible. Social Democrats' representative Corrado Pardini announced that his group is preparing a request for a national referendum to be presented soon to the federal Chancellor. The referendum is an important institution in the Swiss political system: Referenda can be held if at least 100,000 citizens request one, on any issue, and the result becomes law. A referendum would make it possible to bypass the government's opposition to Glass-Steagall, as well as problems in the upper house of Parliament, where the pro-Glass-Steagall parties (Social Democrats, Swiss People's Party, and Greens) do not have a majority. Pardini is confident that a referendum will yield 60 per cent "yes" votes for a banking separation system. On 19 September, the Social Democrats and the Swiss People's Party filed two almost identical motions for banking separation, which provide guidelines to the Federal Council for producing a draft bill. Switzerland's Green Party also supports a Glass-Steagall banking separation, and were the first to submit a motion to that effect in September 2011.



United Kingdom

Although there is as yet no Glass-Steagall legislation in the U.K. Parliament, it is the scene of the fiercest debate and strongest support in Europe. The *Financial Times* on 27 December 2012 reported an Ipsos MORI public opinion poll showing that more than 60 per cent of the Members of the British Parliament, across all parties, "would support a full-scale separation in British banking, modelled on the Glass-Steagall reforms implemented in the 1930s in the United States". The poll followed Sir John Vickers' banking inquiry, the Independent Commis-



sion on Banking, which recommended that commercial and investment parts of British banks should be "ring-fenced" from each other, i.e. nominally separated into two separate banks, though both would remain subsidiaries of the same holding company, i.e. they would be separated in name only.

The chair of the joint Parliamentary Commission on Banking Standards, Conservative MP Andrew Tyrie, released his committee's final report on 21 December 2012. It called for "electrifying" the government's proposed ring-fencing by giving regulators a so-called "reserve power" to force an individual bank to fully separate, no longer keeping both types of banking within one holding company, if it were found to have violated the ring-fence and failed to protect its non-speculative operations.



Andrew Tyrie

Said Tyrie, "Parliament took the unprecedented step of creating its own inquiry into banking standards, in the wake of the first revelations about the Libor scandal. The latest revelations of collusion, corruption and market-rigging beggar belief. It is the clearest illustration yet that a great deal more needs to be done to restore standards in banking. The Commission welcomes the creation of a ring-fence. It is essential that banks are restructured in a way that allows them to fail, whether inside or outside the ring-fence. But the proposals, as they stand, fall well short of what is required. ... [W]e recommend electrification. The legislation needs to set out a reserve power for separation; the regulator needs to know he can use it."

The battle over Glass-Steagall in Britain reached a high point during a long debate in the House of Lords on the Cameron government's *Financial Services (Banking Reform) Bill*, 26-27 November 2013. The Lords debated measures to strengthen the bill even beyond electrification, by including what Lord Eatwell termed a "second reserve power". He, joined by Lord Lawson and the Archbishop of Canterbury, argued that if a review within the next few years found that "ring-fencing" had failed to keep retail and investment banking separate, then regulators should have the "second reserve power" to apply full separation to the whole banking industry—in effect, imposition of Glass-Steagall. The Cameron government argued almost hysterically against spelling out such a Glass-Steagall reserve power in the law. Treasury Commercial Secretary Lord Deighton protested in the debate, "Glass-Steagall is not a supplement to ring-fencing, it is a separate alternative which would replace it; it is a game-changer," and demanded that it be the subject of separate legislation.

The following excerpts capture the seriousness of this debate.

Lord Eatwell (Labour): ...I will argue that the “reserve power” of full separation, as it was described by the parliamentary commission [under Tyrie], is a logical and coherent part of the entire strategy of ring-fencing, which consists of three parts. First, there is the provision of the ring-fence itself. Secondly, there is electrification of the ring-fence in the case of individual groups that transgress and are subsequently required to separate. Thirdly ... there is full separation where the process has not been followed successfully or appropriately by the banking industry. The whole thrust of the commission’s report is about the need to maintain these three stages. Each reinforces the other.

Lord Barnett (Labour): Frankly, we now have an incredible situation. Despite that, it [ring-fencing] may eventually work, but we will not know that for donkey’s years. There will be reviews in five years’ time and more reviews before we even have a chance to know whether the ring-fencing in the Bill will work and save us from what the noble Lord, Lord Lawson, called a meltdown. I certainly hope it will, but we do not know. It is, as my noble friend said, a leap in the dark. Is that what we should be doing? Should we be experimenting at this stage, when we have had a major crisis caused by the self-same bankers who are now in charge? ...



Lord Barnett

[W]e are told by others that the professionals do not think that the new system will work. We have heard that a firm of private consultants called Kinetic Partners surveyed 300 people [financial professionals], of whom 35 thought that it would work; the rest did not—and they are the people who know what it is all about. ...

The noble Lord, Lord Forsyth of Drumlean, who spent seven or nine years as an investment banker, told us that, “bankers are extremely adept at getting between the wallpaper and the wall. If they can find a way to get around something, they will”.

We have seen that succeed. The financial crisis has been too big for us now to experiment. Now is the time for action, otherwise the lobbyists will have won yet again.

As the noble Lord, Lord Lawson, said, Glass-Steagall—the separation regime in the United States—did not fail but succeeded for more than 60 years. It failed when the lobbyists in the banks eventually won. However, if we managed to introduce a UK form of Glass-Steagall, strengthened to prevent lobbyists succeeding, we will have achieved something that has never been achieved before. We cannot wait for another big financial crisis. We must do it now. I beg to move [the “reserve power” amendment].

Lord Lawson (Conservative) [former Chancellor of the Exchequer 1983-89]: I have always been in favour of full separation—I came out publicly in favour of it long before the Vickers commission was even set up. We know that this works. It worked in the United States for many, many years under the Glass-Steagall arrangements and it is no accident that serious problems emerged after the *Glass-Steagall Act* had been repealed. Indeed, the *Glass-Steagall Act* would have worked for a great deal longer had not successive American Administrations been lobbied by the banks to introduce loopholes in one place and another. Anyhow, that is water under the bridge.



Lord Lawson

What is the danger? The danger accepted by the Vickers commission and the Government is twofold. First, although my noble friend Lord Flight is absolutely right that ordinary, plain, vanilla banking is a very risky business and often goes wrong, there is one particular range of risks in lending: the bad lending. In investment banking you had a whole new and very complex range of risks. It is not the case that nothing has ever gone wrong there; for example, there have been huge problems with derivatives that are a product of the complexity of investment banking. So there is first the question of whether it is sensible—when straightforward, plain, vanilla banking is risking enough—to add to that a whole new range of risks, a whole new complexity, which can make it more likely that the retail deposit-taking banks will get into difficulties. It must be unwise to do that.

The other problem is about the cultures. The Vickers commission did not talk about this, or think about it; it did not raise the issue of culture. But culture is very important. I was glad that when my right honourable friend the Prime Minister introduced the setting up of the Parliamentary Commission on Banking Standards, he explicitly said that it needed to look at the culture of banking, because something had gone wrong with it.

The culture of retail banking and the culture of investment banking are two quite separate things. One is, or should be, a culture of caution and prudence; the other is a culture of ... risk-taking of a totally different order. That is another thing that the Vickers commission did not look at. ...

Another of the things that the Vickers commission did not consider is the problem of governance. The ring-fence is a curious system, because there is one company with two subsidiaries—the retail bank and the investment bank—and we are told that they are completely separate, yet they are together. There is a real question whether that model of governance

is workable. I know of distinguished bankers—at least one of whom is present in the Chamber as I speak—who have grave doubts on this score. ... A number of the Vickers commission are friends of mine, they are very clever, and I have nothing against them—but they do not know whether it will work either. It has never been tried anywhere in the world, whereas complete separation has been tried, and it has worked. So it is vital that if the system proves not to do the trick, we move to complete separation.

The Archbishop of Canterbury [Dr. Justin Welby]: The advantage of the second reserve power and the first reserve power together, in addition to the ones that the noble Lord, Lord Eatwell, put so eloquently, is that they give a second shot to the gun. If the first reserve power fails, and a bank or two has been forced into full separation but the whole industry is still gaming the system, then you have still got the second reserve power. It appears that the Government’s policy on this is to have only one shot and then to say, following that, ‘We’ll do something. As yet, we know not what. But we will do something, and it will be something very, very serious.’

... The Government have argued, and will argue, that full separation is something of a game changer and that such change should and can only come through primary legislation.

Lord Hamilton of Epsom (Conservative): My Lords, I support my noble friend Lord Lawson’s amendment as well. Like him and the noble Baroness, Lady Cohen, I have always been a believer in Glass-Steagall, and in the complete separation of investment banks from clearing banks as the only way in which you can guarantee that there will be no contamination.

My noble friend the Minister described the ring-fencing as robust. I do not know how he can speak with such confidence about the robustness of the ring-fencing. I do know that many people in the City today are, as we speak, working on ways to get round the ring-fence and to make sure that money held in clearing banks can be used in investment banks. The problem is that there is an enormous financial incentive to get round this ring-fence. If that incentive remains when you do not have separation, it is only a matter of time before the clever people employed in the City will find a way round it.

Leading Bankers, Economists, Legislators Call for Glass-Steagall

Bankers

Don Argus Former CEO, National Australia Bank, former Chairman, BHP Billiton	“People are lashing out and creating all sorts of regulation, but the issue is whether they’re creating the right regulation. ... What has to be done is to separate commercial banking from investment banking.” 17 September 2011, <i>The Australian</i>
Nikolaus von Bomhard CEO, Munich Re, world’s largest insurance company	“I’m a fan of a separated banking system”. 17 July 2012 <i>Der Spiegel</i>
Uwe Fröhlich President, Association of German Mutual Banks.	“Taxpayers should not be held responsible for the potential risks of speculative financial market transactions.” 18 October 2011, <i>Deutschland Today</i>
Peter Hambro Chairman, Petropavlovsk PLC; scion of Hambros Bank family	“They should never have been together and now they should be split, completely.” 6 July 2012, <i>London Evening Standard</i>
Mervyn King Former Governor, Bank of England	“There are those who claim that such proposals [for full separation] are impractical. It is hard to see why.” 20 October 2009, speech to Scottish business organizations
David Komansky Former CEO, Merrill Lynch	“Unfortunately, I was one of the people who led the charge to try to get Glass-Steagall repealed. ... I regret those activities and wish we hadn’t done that.” 5 May 2012, Bloomberg Video

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<p>Stephen J. Lewis City of London fund adviser</p>	<p>“The reintroduction of bank regulation along the lines of the <i>Glass-Steagall Act</i> would materially strengthen the U.S. financial system. It would ensure that the banks’ essential function of providing credit to support productive activity was insulated from the risks that arise from speculative financial activities.” 9 May 2013, www.larouchepac.com</p>
<p>Jean Peyrelevade Former CEO, Credit Lyonnais, head of Leonardo & Co., France</p>	<p>“Ring-fencing is an excellent idea if it’s an intermediary step. In my view, the final objective should be to completely separate retail and investment banking activities If we shy away from this, we will be exposed to a resurgence of risk contagion from investment to retail banking through new, unexpected channels.” 11 January 2012, <i>La Tribune</i></p>
<p>Philip Purcell Former Chairman and CEO, Morgan Stanley</p>	<p>“Breaking these companies into separate businesses would double to triple the shareholder value of each institution.” 25 June 2012, <i>Wall Street Journal</i></p>
<p>John Reed Former Chairman, Citigroup</p>	<p>“I’m quite surprised the political establishment would listen to groups that have been so discredited. ... It wasn’t that there was one or two or institutions that, you know, got carried away and did stupid things. It was, we all did... And then the whole system came down.” 16 March 2012, Interview, Moyers and Company “There is no societal benefit from integrating them [investment and retail banks]” December 2011, ifs University College, <i>Financial World</i></p>
<p>Terry Smith CEO, Tullett Prebon</p>	<p>“The U.K. and the U.S. must enact a <i>Glass-Steagall Act</i> and separate retail and investment banks. The only people who seem to have lobbied against such separation are bankers. Why are we listening to them?” 1 July 2012, <i>The Guardian</i></p>
<p>Sir Martin Taylor Former CEO, Barclays</p>	<p>“I had observed similar things going on elsewhere, and I decided that it was neither safe nor sensible to have trading businesses mixed up in a retail and commercial banking group. Vastly more evidence has since accumulated in favour of this argument.” 8 July 2012, www.ft.com</p>
<p>Sandy Weill Former CEO, Citigroup, principal organiser behind 1999 repeal of Glass-Steagall</p>	<p>“What we should probably do is go and split up investment banking from banking, have banks be deposit takers, have banks make commercial loans and real estate loans, have banks do something that’s not going to risk the taxpayer dollars, that’s not too big to fail. “I’m suggesting that they be broken up so that the taxpayer will never be at risk, the depositors won’t be at risk, the leverage of the banks will be something reasonable, and the investment banks can do trading, they’re not subject to a Volker rule (the Volcker rule explained),they can make some mistakes, but they’ll have everything that clears with each other every single night so they can be mark-to-market,” Weill said. 25 July 2012, CNBC</p>

Regulators/Institutional

<p>Sheila Bair (USA) Former Chairman, Federal Deposit Insurance Corporation (FDIC)</p>	<p>“I think that idea [the re-instatement of Glass-Steagall] will gain a lot of traction And I welcome it, because it puts directional pressure on the regulators, saying—from Congress on a bipartisan basis ... ‘We don’t think you’re doing enough. We think maybe more dramatic reforms are needed.’ ... I think it’s tremendous that the bill [<i>21st Century Glass-Steagall Act</i>] has been introduced. It’s a good—directionally it goes in the right place.” 22 August 2013, Speech to the National Press Club, Washington</p>
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<p>Ramsey Clark (USA) Former Attorney General</p>	<p>“I hereby add my name to endorse the passage of H.R.129, to restore Glass-Steagall. H.R.129, cosponsored by Rep. Marcy Kaptur (D-OH), and Rep. Walter Jones (R-NC), is entitled: the ‘Return to Prudent Banking Act.’” www.larouchepac.com</p>
<p>Richard Fisher (USA) President and CEO, Dallas Federal Reserve</p>	<p>“There is noise of a Glass-Steagall 2.0 that is fashioned on what we [the Dallas Federal Reserve] suggested, and I think in October the argument on this will become more active. There is political momentum for sure, although some worry about getting it wrong. ... The large financial companies and their proxies are spending millions of dollars to buy Congressmen and Congresswomen and protect themselves. You can quote me on that.” 5 September 2013, Interview with www.euromoney.com</p> <p>“Hordes of Dodd-Frank regulators are not the solution; smaller, less complex banks are. We can select the road to enhanced financial efficiency by breaking up TBTF banks—now.” 4 April 2012, <i>Wall Street Journal</i></p>
<p>Andrew Haldane (UK) Bank of England Executive Director for Financial Stability, Financial Policy Committee member</p>	<p>“Contrast the legislative responses in the two largest financial crises of the past century—the Great Depression and the Great Recession. The Great Depression spawned the <i>Glass-Steagall Act</i> (1933)—perhaps the single most important piece of financial legislation of the 20th century. That ran to a mere 37 pages. More recently, the Great Recession has spawned the <i>Dodd-Frank Act</i> (2010). It runs to 848 pages Once completed, Dodd-Frank might run to 30,000 pages of rulemaking.” 10 April 2013, Speech to the <i>International Financial Law Review</i> Dinner, London</p>
<p>Thomas Hoenig (USA) Board member, Federal Deposit Insurance Corporation (FDIC)</p>	<p>Rep. Michael Capuano, chairman of the House of Representatives Financial Services Committee, asked the witnesses at a 26 June 2013 hearing, “If you could restore the <i>Glass-Steagall Act</i> now as the solution, would you do it, if you had the power?” Federal Deposit Insurance Commission (FDIC) vice-chairman Thomas Hoenig answered, “Yes I would. That’s what I am proposing you [Congress] do.”</p> <p>“If we don’t make these changes, I think we’re destined to repeat the mistakes of the past When you mix commercial banking and high-risk broker-dealer activities, you increase the risk overall and as a result you invite new problems.” 26 June 2012, <i>Bloomberg Businessweek</i></p>
<p>Daisuke Kotegawa (Japan) Former Executive Director for Japan at the IMF; former Deputy Director-General, Finance Bureau and International Bureau, Ministry of Finance</p>	<p>“The crisis now was triggered by the completion of the abolition of the <i>Glass-Steagall Act</i> in 1999. ... It is of vital need now that the <i>Glass-Steagall Act</i> be reinstated and investment banks be liquidated as soon as possible to save Europe.” 14 April 2013, Address to the Schiller Institute Conference, Frankfurt, Germany</p>
<p>David Stockman (USA) Former Director, U.S. Office of Management and Budget</p>	<p>“That [Glass-Steagall] would be big time big help because one of the recommendations that I have in the end—I do have a pretty pessimistic diagnosis, I agree—but I do have some ideas that could be pursued at the end. And one of them I call super Glass-Steagall. And what that means is one, break up the big banks regardless. No bank should be more than 1 percent of GDP. That’s \$150 billion. That’s big enough for a bank. There’s no advantages beyond that. So the banks that are a trillion or 2 trillion today would be broken up.” 3 April 2013, Interview with Diane Rehm, www.thedianerehmshow.org</p>

Politicians

<p>Roseanne Barr (USA) Performer, writer, producer, Green Party candidate for President</p>	<p>“Congress! Pass the Glass-Steagall Bill to save our country! We need to regulate criminals on Wall Street!”</p> <p style="text-align: right;">23 July 2013, Twitter</p>
<p>Elio Di Rupo (Belgium) Prime Minister, leader of the Socialist Party</p>	<p>“The financial assets circulating in the financial world aren’t any longer, in a sufficient way, dedicated to the real economy. That isn’t normal. There exists a demand, in Belgium as in other countries—for example in the United States—to break up the banks: on the one side the deposit banks, on the other, the investment banks. Ideas are being worked out, in Belgium at the national bank and on the European level. ... The situation is untenable. It is madness. When [Belgian banks] Dexia, Fortis ... had difficulties, they knocked on the door of the State. To help them, the Belgian State had no other choice but to lend money and increase its volume of debt. But the same banks now are giving us lessons and claim the State is overly indebted! ... My conviction is that we have to break up the banks, reduce their size and protect the assets of the citizens, so that we can avoid States having to intervene. Legislation has to be adopted which makes it so that the consequences of all risk behavior go to those engaging in it.”</p> <p style="text-align: right;">1 September 2012, <i>La Libre Belgique</i>, interview on banking reform.</p>
<p>Jonathan Edwards (UK) MP, Treasury spokesman for Plaid Cymru (National Party of Wales)</p>	<p>Condemning Chancellor George Osborne’s announcement that there won’t be a full public inquiry into the LIBOR scandal: “This is a scandal of conspiracy, theft and fraud at the heart of the financial industries in London. ... There is a structural and cultural problem with the UK banking industry which requires a complete overhaul. Crucially, we need a complete separation of retail and investment banks [<i>Glass-Steagall Act</i>] which goes further than the recommendations of the Vickers Report.”</p> <p style="text-align: right;">2 July 2012 <i>AberdareOnline</i></p>
<p>Walter B. Jones Jr. (USA) Congressman, Republican representative from North Carolina</p>	<p>“The two worst votes I made in the 18 years I’ve been in Congress were, the Iraq war, which was very unnecessary and the repeal of Glass-Steagall. ... Isn’t it time to have a discussion and a debate about the reinstatement of Glass-Steagall?”</p> <p style="text-align: right;">26 June 2012, <i>American Banker</i></p>
<p>Lord (Nigel) Lawson (UK) Former Chancellor of the Exchequer during the “Big Bang” (the rapid deregulation in the 1980s)</p>	<p>“...investment bank[s] taking risks on the back of the taxpayer guarantee is a great scandal. I myself would have liked to see a complete separation between retail banking and investment banking.”</p> <p style="text-align: right;">11 April 2011, BBC</p>
<p>Andrea Leadsom (UK) Conservative MP; former senior banker, Barclays</p>	<p>“The issue of a complete separation of retail and investment banking should also return to the agenda. It is right that the government should be the ultimate guarantor of retail deposits but that guarantee should not extend to high-risk transactions.”</p> <p style="text-align: right;">20 July 2012, www.andrealeadsom.com</p>
<p>Claudio Morganti (Italy) Member of Parliament</p>	<p>The “simplest” solution would be “to go back to a clear separation between commercial and investment banks, on the model of the American <i>Glass-Steagall Act</i>, whose abolition has provoked a spiral of international financial crises.”</p> <p style="text-align: right;">16 April 2013, Speech to the European Parliament Plenary Session</p>
<p>Lord (Paul) Myners (UK) Former Labour MP and City Minister; former CEO, Gartmore Group</p>	<p>“We need to go to what is known as a Glass-Steagall model, which is a complete separation...”</p> <p style="text-align: right;">4 July 2012, Channel 4 News</p>
<p>Dr. Hector Claudio Salvi (Argentina) Former Governor of the Santa Fe Province</p>	<p>“Please, members of the U.S. Congress, it is urgent that you pass the proposed law to restore Glass-Steagall which, in my judgment, will represent the beginning of the wished-for moral and material recovery of our nations.”</p> <p style="text-align: right;">9 May 2013, Letter to U.S. Congress</p>

<p>Sir Peter Tapsell (UK) Tory MP, longest serving Member of the House of Commons</p>	<p>“After a lifetime as a stock broker and fund manager, my instinct ... is that we are heading for another banking crisis My dismay is, you have not yet committed yourself to the total separation of investment and commercial banks, which I have been urging on you ever since you became Chancellor. I am absolutely convinced if we do not go back to something approaching Glass-Steagall, it will be an absolute disaster when the next banking crisis hits us.”</p> <p style="text-align: right;">24 June 2013, British House of Commons, questioning of Chancellor of the Exchequer George Osborne</p>
<p>John Thurso (UK) MP, Liberal Democrat</p>	<p>“I think we actually have to go further than Vickers. It is not just about ringfencing, it is about a total separation, and when bankers like Bob Diamond tell me, as he has done in committee, ‘Oh well, nobody in the universal bank has failed,’ I now say to him, that was because you were rigging the markets. If it had been a fair market you probably would have failed. The money that is going in from the high street is going into the City gambling dens instead of being available to be lent to businesses and I think there is no choice now than to, by law, separate investment banking from retail banking.”</p> <p style="text-align: right;">1 July 2012 <i>The Scotsman</i></p>

Economists/Journalists

<p>Liam Halligan (UK) Chief economist, Prosperity Capital Management; Economics columnist, <i>The Daily Telegraph</i></p>	<p>“A Glass-Steagall split needs to happen and someone needs to get it done. There really is no alternative.”</p> <p style="text-align: right;">7 July 2012, <i>The Daily Telegraph</i></p> <p>“This Glass-Steagall battle isn’t over yet, on either side of the Atlantic. Not by a long chalk. We can only hope it doesn’t take another crash to force our governments to see sense.”</p> <p style="text-align: right;">12 January 2013, <i>The Daily Telegraph</i></p>
<p>Thom Hartmann (USA) Veteran <i>Truthout</i> columnist</p>	<p>“[H]ow do we stop big banks, like Bank of America, from dragging America into yet another financial collapse? First and foremost, we need to bring back Glass-Steagall”</p> <p style="text-align: right;">12 June 2013, www.alternet.org</p>
<p>Harold Meyerson (USA) Opinion writer, <i>The Washington Post</i></p>	<p>“[W]e need to bring back something like the <i>Glass-Steagall Act</i>, which built a wall between depositor banks and investment banks...”</p> <p style="text-align: right;">24 July 2013, <i>Washington Post</i></p>
<p>Robert Reich (USA) Professor, University of California Berkeley, former Secretary of Labor</p>	<p>“The alternative is to be unflagging and unflinching in our demand that Glass-Steagall be reinstated and the biggest banks be broken up.”</p> <p style="text-align: right;">8 July 2012, London <i>Guardian</i> commentary “Wall Street’s Link to LIBOR”</p>
<p>Luigi Zingales (USA) Professor, University of Chicago Booth School of Business</p>	<p>“Over the last couple of years, however, I have revised my views and I have become convinced of the case for a mandatory separation.”</p> <p style="text-align: right;">10 June 2012, <i>Financial Times</i></p>

7. Summary of Draft Legislation for an Australian National Bank

A New National Bank

In 1994, following extensive discussions with Lyndon LaRouche, the CEC composed draft legislation to re-establish the Commonwealth Bank as a national bank, with expanded powers and functions along the lines originally envisaged by King O'Malley first, and then by John Curtin and Ben Chifley. The following is a summary of the draft bank bill. The full legislation is contained in "*The Commonwealth National Credit Bank Bill*" pamphlet, available from the CEC.

Summary

A national bank dedicated to fostering the growth of the nation's physical economy is the cornerstone of national sovereignty. Beginning with the *Commonwealth of Australia Constitution Act* in 1901, and then the *Banking Act 1959* and the *Reserve Bank Act 1959*, it is clear that Australia was never intended to break free of the colonial yoke. By these laws, the Queen's representative, the Governor-General, is granted awesome powers:

- Section 56 of the Constitution gives the Governor-General total control over the appropriation of revenue or of money, by specifying that no revenue or money bill may be enacted or even debated without the Governor-General's prior written permission delivered to the Parliament on the day.
- The *Reserve Bank Act 1959* grants the Governor-General the right to appoint the governor of the Bank, and thus to control all Reserve Bank policy.
- Part 2 of the *Banking Act 1959* gives the Governor-General the absolute power to issue Authorities for the conduct of the business of banking, the application of any conditions attaching to such Authorities, and the power to determine the criteria and financial standing of an applicant for an Authority to become a bank.
- Part 3 of the *Banking Act 1959* gives the Governor-General power to impose a trade embargo on all exports from, and imports into, Australia. In addition, the absolutely untrammelled extent of his/her powers is specified in Section 39 of that Act. Note the italicised words in the concluding phrase of this section itemising his/her powers to make regulations:

39. (1) Where the Governor-General considers it expedient to do so for purposes related to:
- (a) foreign exchange or the foreign exchange resources of Australia;
 - (b) the protection of the currency or the protection of the public credit or revenue of Australia; or
 - (c) foreign investment in Australia, Australian investment outside Australia, foreign ownership or control of property in Australia, or of Australian property outside Australia, or Australian ownership or control of property outside Australia, or of foreign property in Australia; the Governor-General may make regulations, *not consistent* with this Act, in accordance with this Section (emphasis added).

In other words, even though this Act grants the Governor-General all-sweeping powers, he/she can in addition do whatever he/she likes, regardless of what is specified in this Act!

So far as possible (that is, without constitutional changes), the Commonwealth National Credit Bank Bill (CNCB) strips the Governor-General of these arbitrary powers. Since the new CNCB will be clearly acting in the nation's best interests, should the Governor-General choose to exercise his/her powers under Section 56 of the Constitution to thwart the will of the Parliament in establishing the new Bank, or in the Bank's functioning, a political crisis will follow in which the Governor-General will be exposed for the colonial dictator he/she really is, and can thus be defeated.

The CNCB Bill repeals the *Reserve Bank Act 1959*, completely replacing it. It amends the *Banking Act 1959*. In particular, it removes the Governor-General's powers and grants them to the board of the new Bank. It establishes a Bank which is responsible to Parliament, instead of to the private individuals who currently run the Reserve

Bank, and mandates, by law, the Bank to function in such a manner as to cause a rise in Australia's "potential population-density" through a "rise in the physical output of the nation" and in "the rate of introduction of new technologies into the economy." Precise measures to calculate such rises are specified, so that the Bank has no choice, but to so function, or an investigation is mandated.

All new credit creation by the new Bank shall, by the terms of this Bill, be tied to tangible hard commodity production. The present Reserve Bank's ability to create or extinguish credit by "open market operations"—is expressly forbidden.

The "power" of the proposed new Bank is greater than those of the existing Reserve Bank, and in addition to those of the Reserve Bank, include power:

1. to issue notes and establish credits to acquire, support and retain the sovereignty of Australia and for the defence of the lives, liberty, and happiness of the Australian people;
2. to control, and if necessary, prohibit, the movement and dealing in currency, of foreign exchange and financial instruments of the widest definition;
3. to plan, measure, and map the economic state of the nation;
4. to provide credits under a National Emergency Credit Issue Act to guarantee up to \$100,000 per individual person, the deposits of such persons in the event of a financial collapse of a substantial percentage of the existing trading banks. The confusing claim that the Reserve Bank, under the *Reserve Bank Act 1959*, has preference over depositors in the event of bank failure, when Section 16 of the *Banking Act 1959* states that, priority in the event of bank failure lies with the depositors, has been corrected in Section 55 of the CNCB Bill.

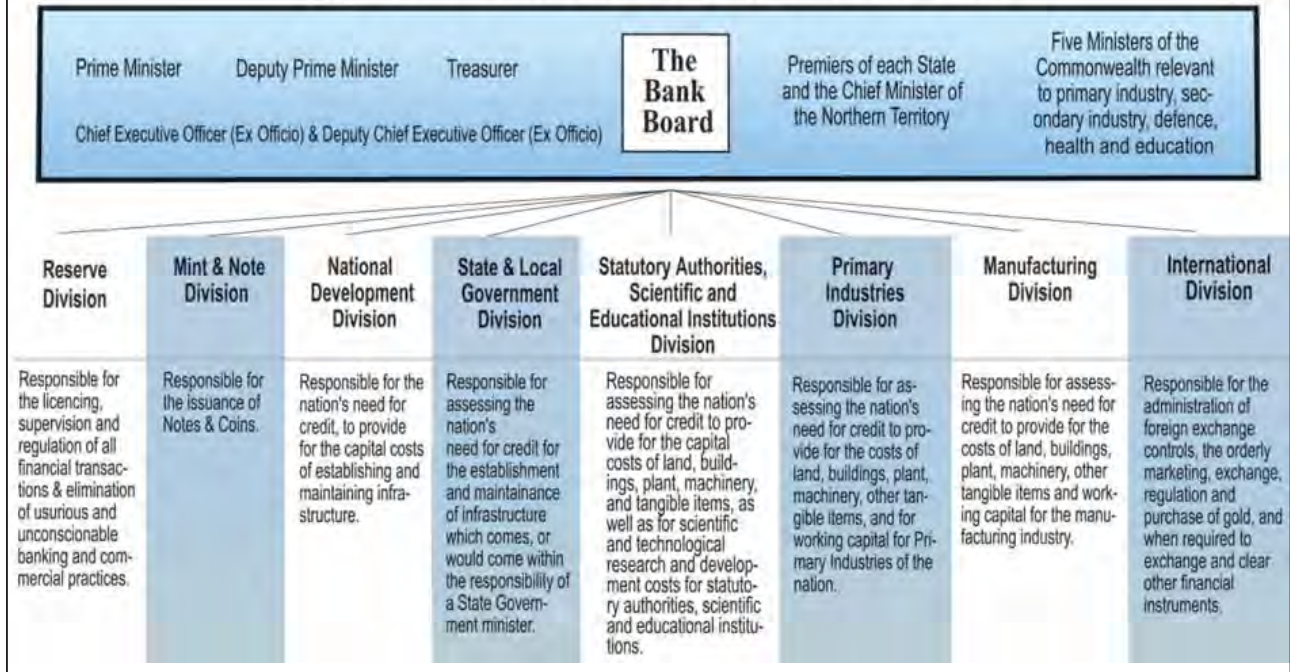
The new Bank will have eight divisions, as follows:

- *The Reserve Division*, responsible to licence, supervise, and regulate all financial institutions.
- *The Mint and Note Division*, responsible for the issuance of legal tender, i.e. notes and coins.
- *The National Development Division*, responsible to assess the nation's need for credit to provide for the establishment and maintenance of infrastructure of national importance and to provide such credit.
- *The Statutory Authorities, Scientific and Educational Institutions Division*, responsible to assess the nation's need for credit to provide for the capital costs of land, buildings, plant, machinery, and tangible items, as well as for scientific and technological research and development costs for statutory authorities, scientific and educational institutions, and to provide such credit.
- *The State and Local Government Division*, responsible for assessing the nation's needs for credit for the establishment and maintenance of infrastructure not specifically provided for by other divisions of the bank and to provide that credit at an annual interest rate not to exceed three per cent.
- *The Primary Industries Division*, responsible for assessing the nation's need for credit and the issuance of credit expressly for family farmers and other family producers of primary products who directly contribute to increasing the potential population-density of Australia.
- *The Manufacturing Division*, responsible for assessing the nation's need for credit and the issuance of credit for manufacturing industries of Australia.
- *The International Division*, responsible for the administration of exchange controls, and provisions of the Act relating to gold, and if and when required, the exchange and clearance of financial instruments and other international matters.

The existing informal regulation of trading banks has been formalised, and provisions have been included to stop banks and other financial institutions from engaging in or financing speculative activities relating to currency, foreign exchange, derivatives, and the like.

All activities of the CNCB are to be open for public scrutiny and statements of account and activities are to be laid before the Parliament within 30 days of the close of each calendar month.

The Commonwealth National Credit Bank



8. The Economic Recovery Program

Great Water Projects, Maglev Rail, Nuclear Fission Power

With a national bank, Australia can set out to rebuild its physical economy, which has been devastated by decades of disinvestment and outright looting through scams such as privatisation, as have most other nations. In 2011, Infrastructure Partnerships Australia, the nation's peak infrastructure body representing government and business, estimated that Australia had an infrastructure deficit of \$770 billion. Addressing this crisis is the key to Australia's economic recovery and prosperity. Millions of productive jobs will be created through infrastructure construction alone, and such projects will stimulate productive industries that will create millions more jobs.

Australian Treasurer Joe Hockey is presently gearing up to exploit this urgent infrastructure need with a massive expansion of infrastructure funded through the financial scam known as Public-Private Partnerships (PPPs). This is infrastructure built primarily to profit investment banks, through heavy tolls and charges etc., not to benefit the economy. They are called Public-Private Partnerships, because the government, i.e. the public, bears the risk of the investment, while the private investors rake in the profits. Australia is already one of the heaviest users of PPPs in the world, which were pioneered by Macquarie Bank, starting with Sydney's toll roads. Such PPPs increase the cost of everyday business in the economy, whereas infrastructure funded by a national bank isn't burdened by the demand to produce a commercial return for private investors, and therefore decreases the everyday costs of the economy.

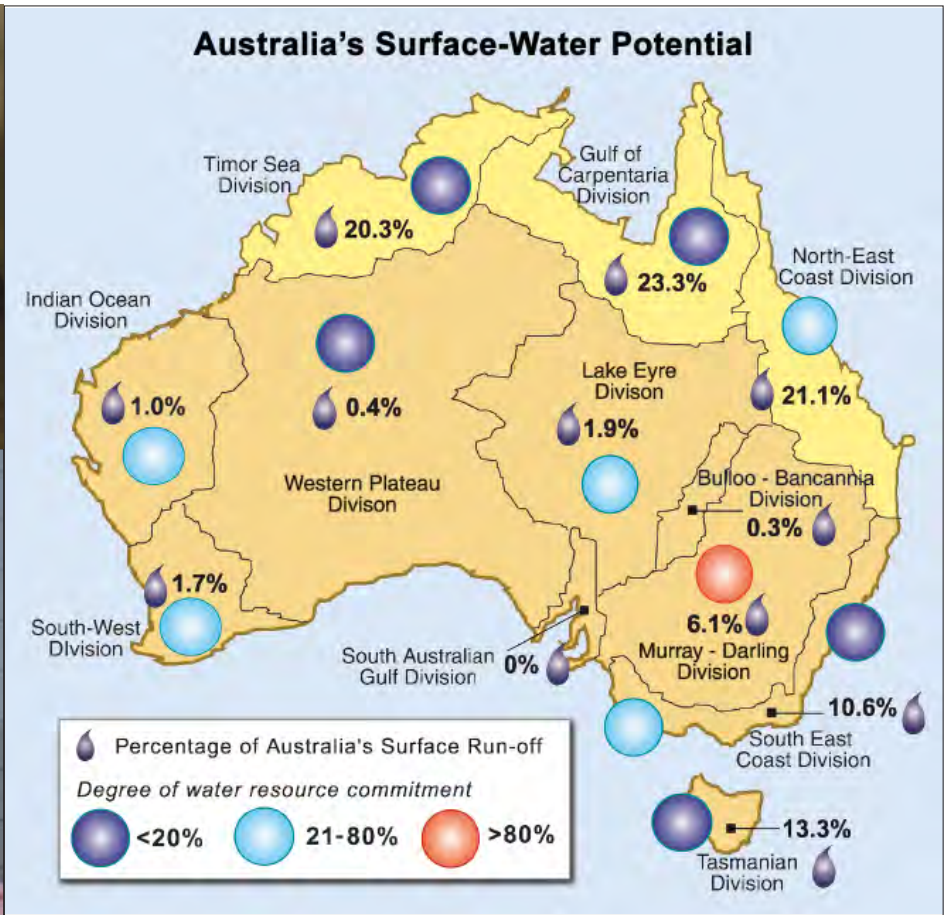
In 2002 the CEC collaborated with Lance Endersee, Emeritus Professor of Engineering at Monash University, to produce a comprehensive blueprint for infrastructure development in Australia called "The Infrastructure Road to Recovery", published in the February 2002 *New Citizen* and reprinted in *The New Citizen* of April 2006. This blueprint featured plans for 18 major water projects for flood control, drought-proofing Australia, and conquering salinity, along with plans for high-speed rail and shipping, cutting-edge nuclear power technology, and conquering space. Following are three of the key projects in water management, transport, and nuclear power which the CEC is committed to building immediately. As government projects funded by a national bank, they will put Australia on the path to prosperity.

The Bradfield Scheme

Dr. J.J.C. Bradfield, the engineer behind the iconic Sydney Harbour Bridge and Sydney's underground rail network, also designed a grand scheme for harnessing the immense rainfall of far-north Queensland to water the inland. The "Bradfield Scheme" was featured on the list of great Post-War Reconstruction projects planned by the Chifley government, of which only the Snowy Mountains Scheme was ever built. (Robert Menzies, who opposed even the Snowy, killed these plans together with Post-War Reconstruction Minister Nugget Coombs.) Promoting his idea in 1941, Bradfield wrote, "To populate and develop Australia, we must spend money to make money. The money spent



The Citizens Electoral Council's *New Citizen* newspapers from February 2002 and April 2006 (left) contained the special report "The Infrastructure Road to Recovery". The 1984 Bradfield Study Consortium report (right) was never formally published.



Dr. John Bradfield (top left) and the late Professor Lance Endersbee (bottom left) developed detailed infrastructure plans for Australia's great northern water basins, which account for 65 per cent of Australia's entire surface-water run-off (right).

would all be for labour and materials of Australian origin. ... Australia must control her own economic independence, not London. ... The nation without vision perishes, but the heart and mind of any vigorous people responds to the dreams of its national destiny and will endeavour to make full use of its heritage ...”

The North-East Coast Division of Australia's water catchments, running the narrow length of the Queensland coast east of the Great Dividing Range, receives 21.1 per cent of Australia's surface run-off water. This compares with the much larger Murray-Darling Division, which receives just 6.1 per cent but produces the majority of the nation's food, and the Lake Eyre Division with only 1.9 per cent. Bradfield's scheme will dam and divert the headwaters of the Tully, Herbert and Burdekin rivers in the highest-rainfall area of the North-East Coast Division, across the Great Dividing Range through a series of tunnels and channels, and down into Central Queensland's Flinders and Thomson rivers and eventually into Lake Eyre. The water will irrigate an explosion of agricultural production and drought-proof inland Australia. In 1984, at the direction of Bob Katter Jr., then the Minister for Northern Development



The “Bradfield Scheme” was featured on the list of great Post-World War II reconstruction projects planned by the Chifley government. However, under Robert Menzies and the Post-War Reconstruction Minister and central banker Nugget Coombs, the plan was killed, together with pretty much all the other post-war development schemes.

in the Queensland state government, four of Australia's best known hydraulic engineering firms formed the Bradfield Study Consortium, but due to a change of government in Queensland the Consortium's report was never released. In 1993 the relevant Shire Councils of North and Central Queensland formed the Northern Australian Water Development Council, to fight for a revised version of the Bradfield Scheme, which at that time was estimated to cost a mere \$2.49 billion. Queensland's Office of Northern Development projected that the scheme would create \$2.02 billion annually in direct agricultural output, not to mention the billions saved in drought losses. Compare the pittance of \$2.49 billion to the financial and human cost of recent droughts and floods: The droughts of 1982-83, 1991-95 and 2002-03 cost Australia at least \$3 billion, \$5 billion and \$10 billion, respectively, while from December 2010 to January 2011, Western Australia, Victoria, New South Wales and Queensland experienced widespread flooding. There was extensive damage to both public and private property, towns were evacuated and 37 lives were lost, 35 of those in Queensland. Three quarters

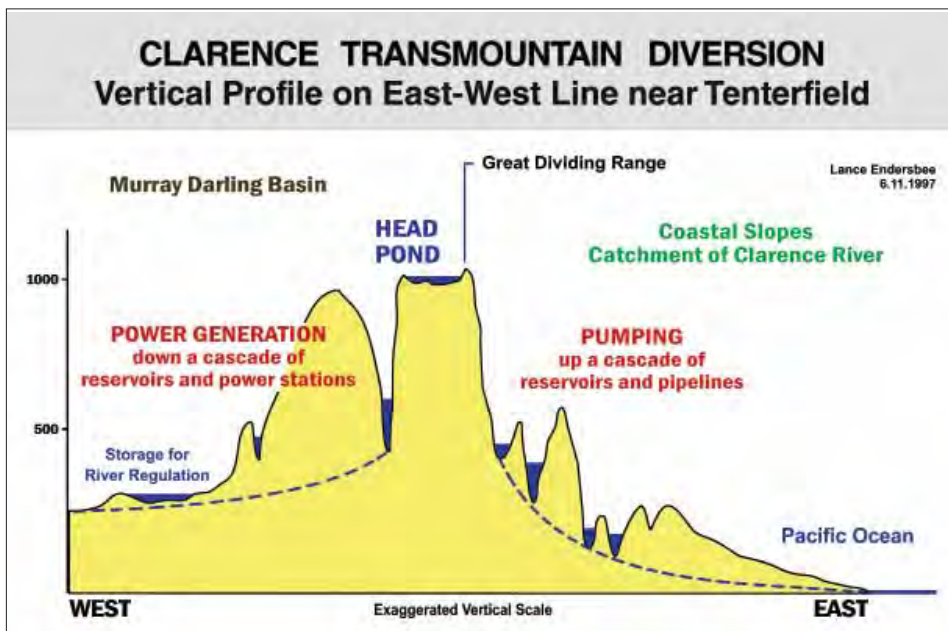


The Clarence River Scheme could potentially divert an annual 1,000 gigalitres of water across the Great Dividing Range into the Murray-Darling Basin, boosting much needed supply for agriculture and industry, while helping to solve flooding, salinity and blue-green algae problems too.

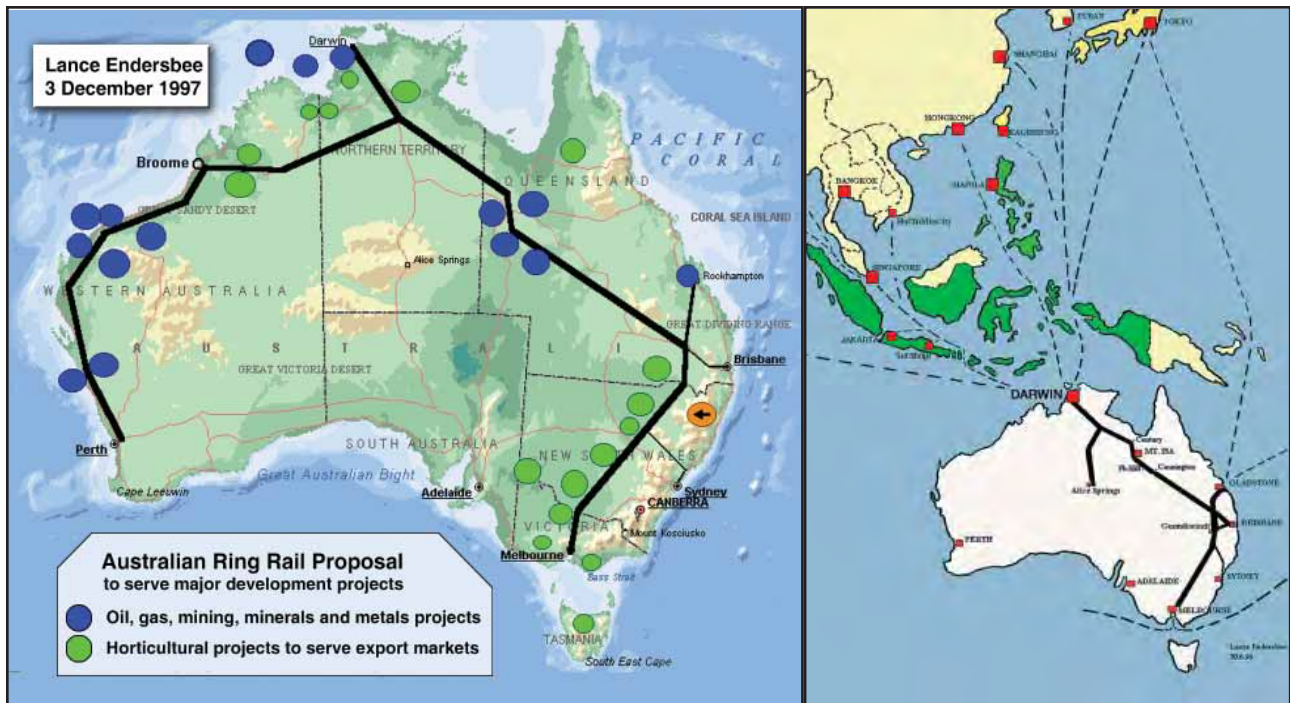
of Queensland was declared a disaster zone, an area greater than France and Germany combined, and the total cost to the Australian economy has been estimated at more than \$30 billion.

The Clarence River Scheme

Since 1839, the Clarence River Valley in Northern NSW has seen 73 moderate-to-major floods. The most recent flood in January 2013 as a result of Cyclone Oswald set a new all-time record. The swollen Clarence River rose to 8.08 metres and the flow was 1,500 gigalitres a day, a flow that would fill Sydney Harbour in six hours. Located near Grafton and Tenterfield NSW, this subtropical zone receives both the northern tropical summer rains, as well as the central eastern rains that come from the Pacific Ocean in winter. Most of this rainfall flows out



A vertical profile of Lance Endersbee's proposed Clarence Scheme, from east to west near Tenterfield.



The original Australian Ring Rail proposal of Lance Endersbee (*left*). All the major ports of Asia (*right*) will be within one to four days' shipping from Australia. Shown here is the Melbourne-Darwin route of the Ring Rail, bringing freight from the east coast to Asia, through Darwin.

to sea. The Clarence River Scheme, as proposed by the late professor Lance Endersbee, would capture some of the flood waters that flow down the Clarence River's tributaries—the Mann, Nymboida, Timbarra and Upper Clarence rivers—and using a set of dams, pump-lifts and head ponds, would transfer this flood water over to the western side of the Great Dividing Range. This water would then flow down through the Dumaresq, Macintyre, Barwon, and Darling Rivers and serve as a source of water for agriculture and industry in the Murray-Darling Basin. The Scheme could add an additional one thousand gigalitres of water directly into these rivers annually, boosting much needed supply for this key food-bowl. Endersbee's proposal involves using off-peak electricity to pump the water up and over the Divide into a series of head-ponds at night, which could then generate hydroelectric power on demand during the day as the water is released down the other side of the range.

The Australian Ring Rail/Asian Express

Professor Lance Endersbee put five years professional work into developing a detailed proposal for a high-speed, double-tracked, Melbourne to Darwin Asian Express for fast freight, which he later expanded to go around the top end of the continent and terminate in Perth. Prof. Endersbee called it the Australian Ring Rail, and he envisioned it would serve major development projects in resources and horticulture for export markets. The railway could link with fast shipping in Darwin, to get goods into the huge ports of Southeast Asia in just three or four days.

Infrastructure of this quality would open up and develop Australia, in the way Abraham Lincoln's trans-continental railroads developed the United States in the 19th century. For example, it would transform the Murray-Darling Basin food bowl, because irrigators would not be limited to tyranny-of-distance crops



Maglev trains today, like the Japanese MLX01 (*left*) have achieved travel speeds of 581 km/h. In a vacuum tube (*right*), since there is no resistance from the air, maglev trains could reach speeds in excess of 6,000km/h.

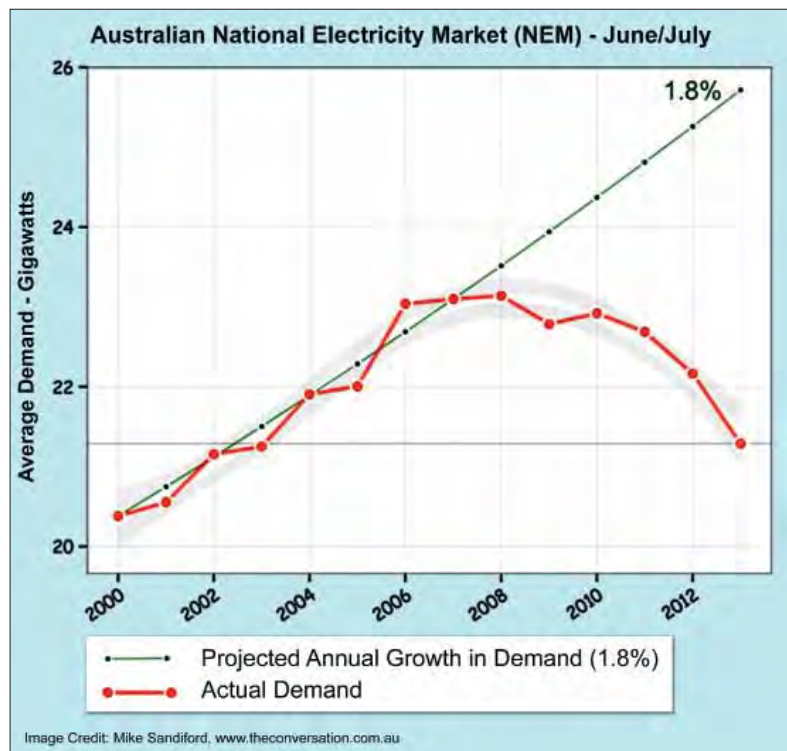
such as rice and cotton, but be able to produce high-value horticultural crops such as vegetables, for rapid distribution around Australia and into Asia. An Australian Ring Rail should also use the most cutting-edge technology, which is magnetic levitation, already operating in China, in which the trains travel on a frictionless magnetic field and can reach 580 km/h. China has had a maglev train operating commercially since 2004 from Pudong International Airport to the Shanghai Metro. The 30 km journey takes just 7 minutes and 20 seconds. An even further advance is vacuum-tube maglev technology, in which trains can reach 6,000 km/h in vacuum sealed tunnels which contain no air resistance. China has already started testing this technology. The Traction Power State Key Laboratory of Southwest Jiaotong University has developed a prototype model vacuum maglev train that ran at between 600 and 1,200 km/h, equal to the speed of a plane, according to Shuai Bin, Vice Dean of the university's Traffic School. This is just a prototype; longer evacuated tubes will allow more distance to build up speed.

Never in a million years would the private sector construct such projects. But built through a new public authority funded by 30-year, low-interest credit from a national bank, they would transform the economy.

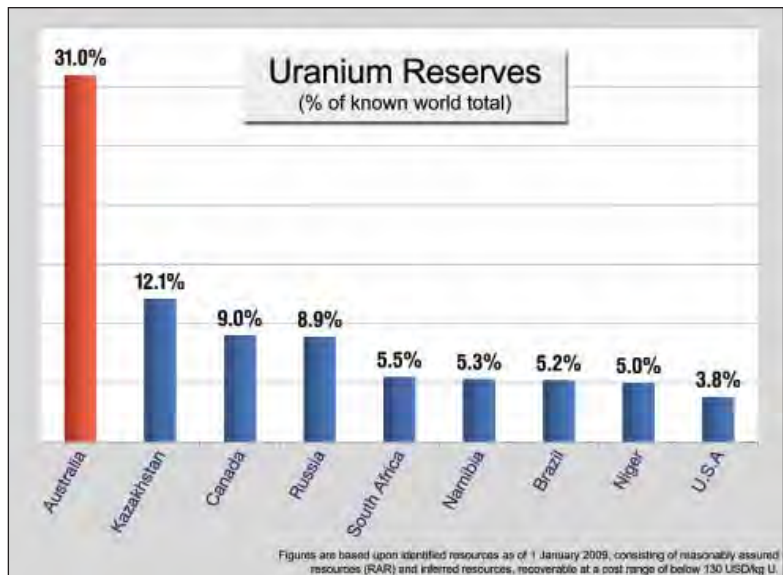
Expand Electricity Generation Capacity with Nuclear Power!

Australians must adopt nuclear power to ramp up our baseload power production for a secure and growing future economy. Despite recent declines in electricity consumption (actually a sign of an economy in collapse rather than of "energy efficiency") our electricity generation infrastructure struggles to supply power during peak periods. Increased generation capacity is urgently required to significantly exceed current "peak demand" and allow a generating surplus for new industry and a projected growing population. Nuclear power must be adopted along with newer coal-fired power plants, while the expensive, inefficient and intermittent wind and solar power should be left in the history books as a big mistake.

There are now 435 nuclear reactors operational in



A shocking statistic demonstrates Australia's economic collapse: since 2008, Australia's consumption of electricity has collapsed year on year. This graph shows the actual vs. projected national electricity demand during June/July for the past decade.



Australia has the world's largest reserves of the nuclear fuels, thorium and uranium, enough to produce thousands of years of cheap, clean electricity.

30 nations around the world, producing 2,518 billion kilowatt hours of electricity a year. There are currently 71 reactors under construction—29 in China alone. In addition, 44 nations are now either planning to build or have proposed to build another 484 reactors. China alone has 58 planned reactors and another 118 proposed reactors and is also planning to build 363 new coal-fired power plants. Australia is sitting on top of the biggest reserves of uranium and thorium in the world—enough to power the entire world for at least tens of thousands of years. However, both Labor and

the Liberal/National Coalition not only have no policy to produce nuclear power, but they are committed to idiotic, actually genocidal schemes for “reducing carbon dioxide emissions”, and to flogging off state-owned power plants and transmission grids. These latter policies have caused the skyrocketing of electricity prices in Australia, both in absolute prices (Fig. 1), and the rate of increase of those prices (Fig. 2).

In the words of Pope Francis in *Evangelii Gaudium* (p. 61), such policies are “the result of ideologies which defend the absolute autonomy of the marketplace and financial speculation”, and “reject the right of states charged with vigilance for the common good, to exercise any form of control.” And they *kill people*, as demonstrated yet again in the January 2014 heat wave.

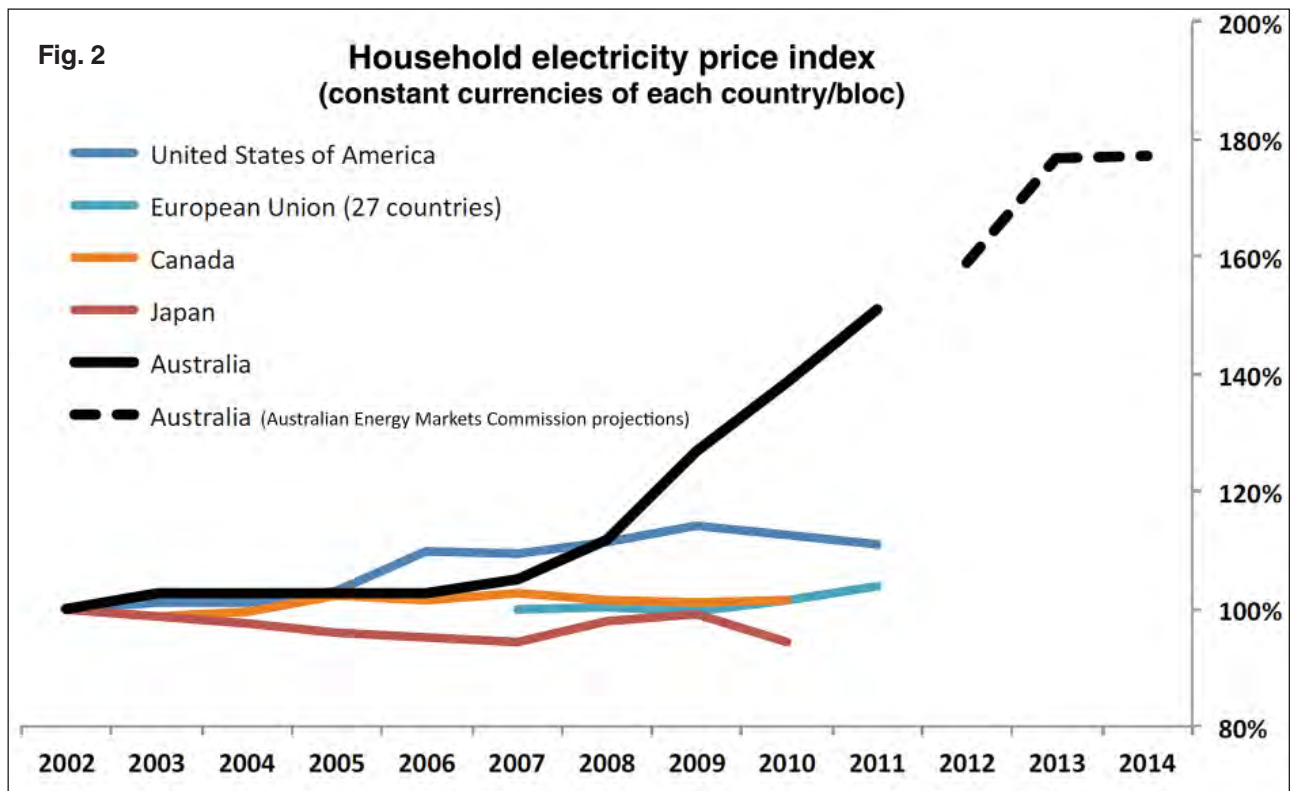
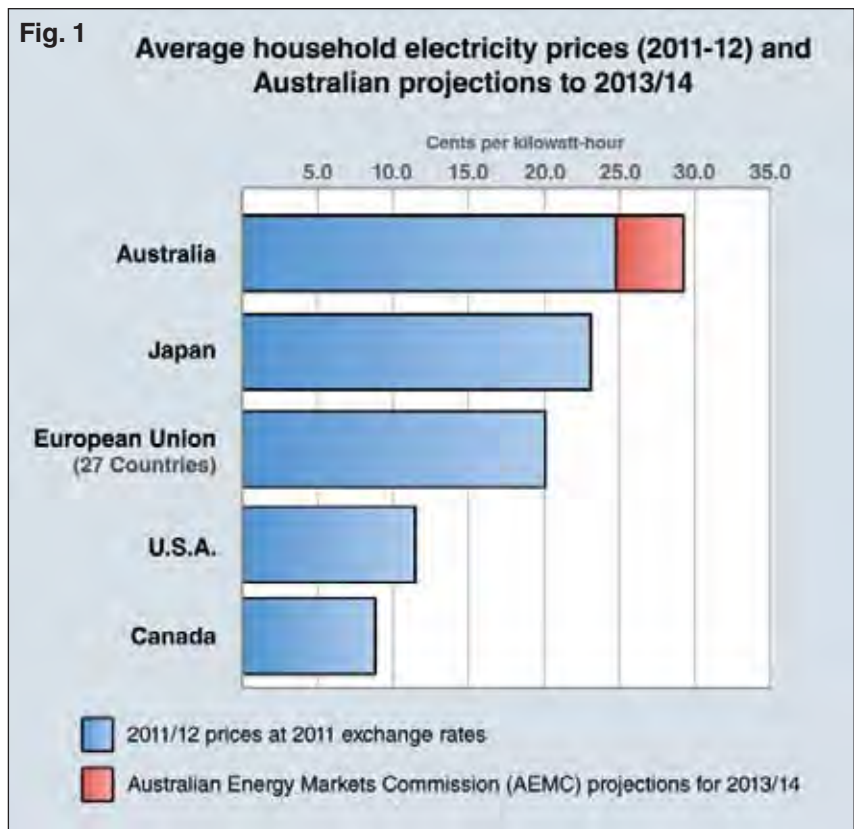


Figure 2 is an index of household electricity prices in constant currency starting from 2002. It shows how electricity prices have changed since 2002, and that household electricity prices in the U.S., EU, Canada and Japan have been stable in the period from 2002 to 2010/11. By contrast, Australian electricity prices were stable from 2002 to 2007, but since then have risen around 40% in real terms and are projected to rise a further 30% over the next two years. Source: *Electricity Prices in Australia: An International Comparison*, CME, www.cmeaust.com.au, March 2012

9. Mankind's Future: Thermonuclear Fusion

The Fusion Economy

The world has now reached a population of 7.1 billion people. Two choices are before us: we can choose to commit ourselves as a nation to the international programs under way to create a new economic platform in thermonuclear fusion technology, thus guaranteeing a higher standard of living and life expectancy to ourselves and future generations—or we can accept the inevitable result of our current ongoing technological stagnation, economic collapse and population reduction policy of “sustainability”, as is reflected in the recent shocking per capita collapse of electricity consumption here in Australia and other Western economies.

Nuclear fusion power is not a fancy pipedream, as some political bean-counters suggest. Fusion can be a usable source of unlimited power within one generation. To achieve that, we require nothing less than a national and international commitment to that goal, on par with what was witnessed during the Manhattan Project, and the Apollo Program, inspired by great leaders like John F. Kennedy.

Fusion represents not just a source of practically unlimited electrical power. It represents a giant leap upward to an entirely new economic platform and to fundamentally new physical economic processes. We live today in an economy that is primarily a petroleum based economy. Petroleum fuel, when burned, has a total energy output of approximately 45 megajoules per kilogram. Fusion fuel, by comparison, can produce approximately 370,000,000 megajoules per kilogram. In other words, the fusion reaction can generate 10 million times the amount of energy per kilogram, than petroleum, our major energy source today (Fig. 1).

Where do we find this fuel, from which we derive fusion power? It can be collected from ocean water! It is found in the molecules of water—molecules that contain isotopes of the element hydrogen. Fusion occurs when the heavy isotopes, known as deuterium and tritium (Fig. 2), are fused together under conditions of extreme temperature and pressure, which results in the creation of helium, as well as a neutron particle and a huge amount of energy (Fig. 3). This is the process that occurs in the core of our sun.

Fig. 1 Specific Energy of Fuels

FUEL SOURCE	ENERGY (J/g)
Combustion of Wood	1.8×10^4
Combustion of Coal (Bituminous)	2.7×10^4
Combustion of Petroleum (Diesel)	4.6×10^4
Combustion of H_2/O_2	1.3×10^4 (full mass considered)
Combustion of H_2/O_2	1.2×10^5 (only H_2 mass considered)
Typical Nuclear Fuel	3.7×10^9
Direct Fission Energy of U-235	8.2×10^{10}
Deuterium-Tritium Fusion	3.2×10^{11}
Annihilation of Antimatter	9.0×10^{13}

The change in fuel energy density from wood up to matter-antimatter reactions is so great, that progress must be counted in orders of magnitude. The greatest single leap is seen in the transition from chemical to nuclear processes.

Fig. 2

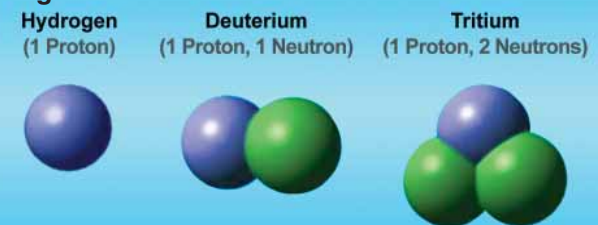
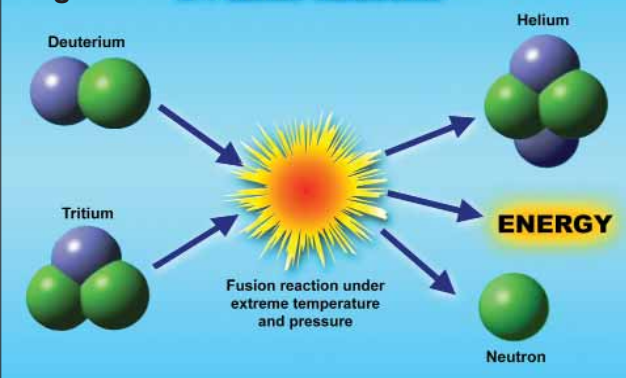


Fig. 3 A Fusion Reaction



The challenge before scientists is to confine this process in a sustained and controlled way, while capturing the incredible energy produced. Current facilities use magnetic confinement or inertial confinement of a plasma under extreme pressure, heated to more than 100 million degrees Celsius (Fig. 4). Currently, the fusion reactions that scientists have been able to create are not sufficient to provide a sustained energy source for widespread use, but that point is getting very close. Over the past 50 years of research and experimentation, great progress has been made in fusion, despite operating on a shoestring budget. Just imagine how far ahead we would be today, had governments allocated the necessary funding to this goal, instead of cutting budgets and pouring wasted billions into inefficient so-called “renewable” energies like solar and wind.

It must be emphasised, however, that the fusion economy is not just about acquiring power to be applied to the existing state of the economy.

The entire history of the development of humanity has been characterised by the creation of new economic systems based upon new technologies —a series of qualitative changes driven by increasing levels of controlled energy flux density. This is one of the purest expressions of the unique creative powers that separate mankind from any mere animal species.

The greatest economic revolutions have been

driven by transitions to qualitatively higher levels of power sources. Fusion is now the imperative for mankind. By starting now, over the course of the next two generations the power and resource requirements of a growing world population can be met, and mankind can be set upon a new path, one actually befitting our true, creative nature.

Among the countless potential fusion technologies that will transform the entire basis of our economy are the following:

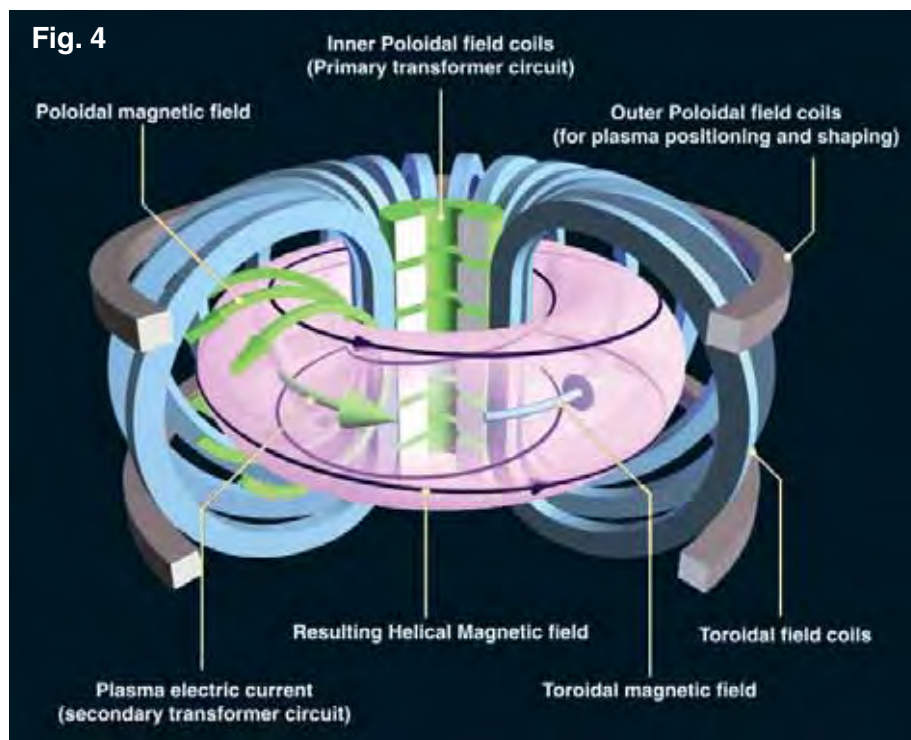
The Fusion Torch

The “fusion torch” design, first proposed in 1969 by Bernard Eastlund and William Gough of the U.S. Atomic Energy Commission, uses an ultra-high temperature fusion plasma, diverted from a fusion reactor core, to reduce virtually any feedstock (low-grade ore, fission by-products, seawater, garbage from landfills, etc.) to its constituent elements (Fig. 5). Once the feedstock has been injected into the plasma, the elements become dissociated into electrons and ions, and the desired elements (or isotopes) can be separated from one another by atomic number or atomic mass, creating pure, newly synthesised mineral “deposits” from virtually any substance.

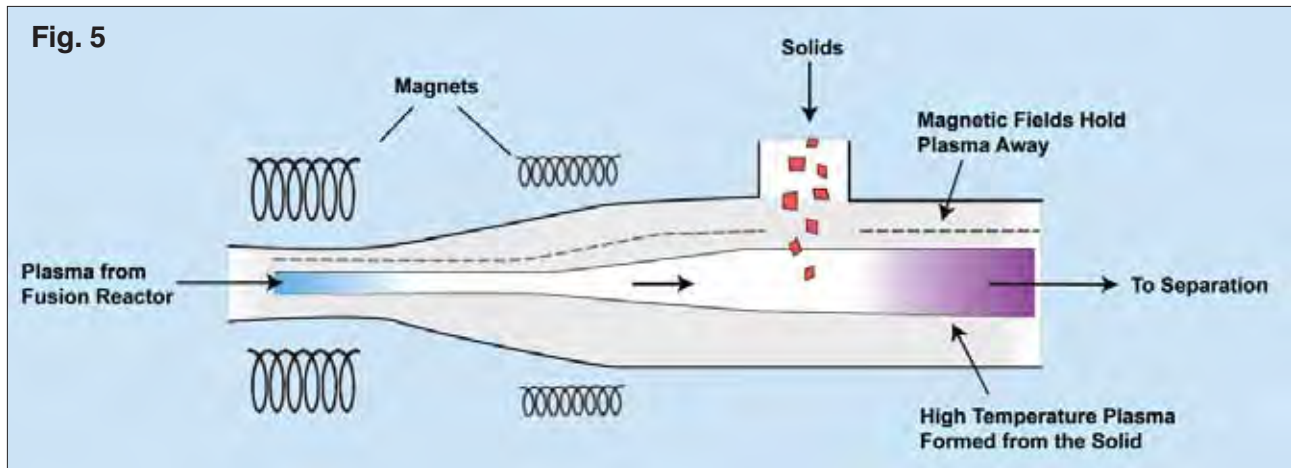
To make the point, an average cubic mile of dirt contains approximately 200 times the amount of annual U.S. aluminium production, eight times the iron

production, 100 times the tin, and six times the zinc, though most of it is not in a concentrated form, making it impossible to effectively mine and process with current technologies. Lower-grade ores and lower concentrations of ores, which are currently useless to us, will suddenly become readily available resources. Dirt will become ore. Scrap materials which already contain concentrated elements, can also be efficiently re-processed as new, vital raw materials. Urban landfills, containing disorganised forms of all the elements we already use, will become one of the most valuable sources of materials to be processed.

Beyond accessing existing resources, the ability to select and harvest very



How a magnetic confinement fusion reactor works: Plasma (pink) is a form of highly charged matter, so it can be confined within a magnetic field, which creates the necessary pressure and temperature needed for fusion. The plasma is kept within a vacuum chamber, in order to prevent heat transfer onto the walls of the reactor. A large number of magnetic coils (blue) contain the plasma. Deuterium and tritium are then added to the plasma, which fuse together to produce energy.



In 1969, Bernard Eastlund and William Gough first proposed the fusion torch.

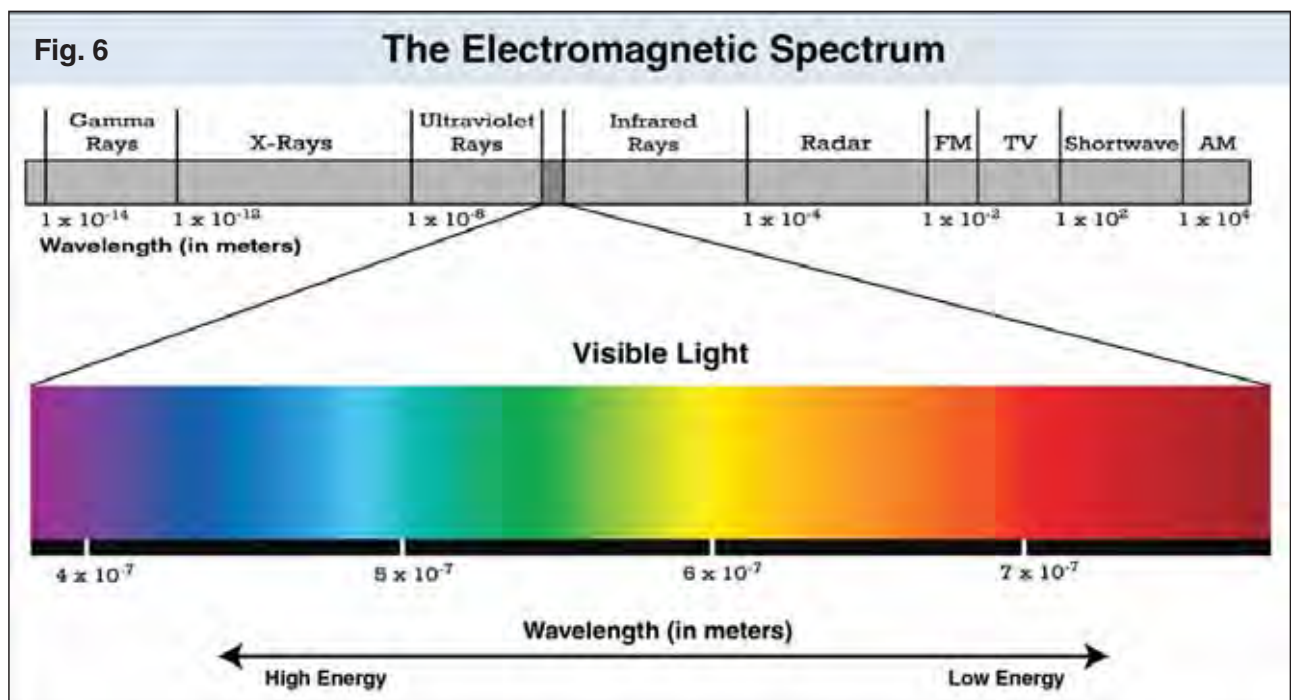
specific ratios of isotopes and elements in substantial quantities creates the potential for a revolution in the qualities and properties of materials. For example, specialty steel can be custom built down to the isotopic level, improving the capabilities for handling high energy processes ranging from industry, to fusion reactors, to space travel. With the fusion torch, bogus claims of crises caused by “limited resources” will fly out the window.

Chemical Processing Using the Fusion Torch

Another use for the fusion torch will be the transformation of the energy from the plasma into radiation across the entire electromagnetic spectrum (Fig. 6), for use in processing industrial materials and chemicals. By injecting selected “seed” materials into the fusion torch, the frequency and intensity of

the emitted radiation from the reaction can be manipulated. Within the fusion plasma it is possible to maximise this energy within specific, narrow bands of the electromagnetic spectrum. This radiation can then be transmitted through a “window” material to a fluid or other body. Because the frequency of this radiation can be tuned to the material being processed, existing limitations on bulk processing of materials by the limits of surface heat transfer can be largely overcome. For example, ultraviolet radiation could be generated to sterilise industrial process water or drinking water.

Neutrons from the fusion reaction could be used for heating process materials to temperatures ranging from 1,000 °C to more than 3,000 °C. The neutrons could themselves be used, or converted via a blanket material into high-energy gamma rays for catalysing chemical reactions—thus directly converting the fusion energy



Inside a fusion torch, materials can be inserted which would produce various desired bands of radiation throughout the electromagnetic spectrum (above) that are necessary for the production of chemicals and other industrial applications.

into chemical energy. This could greatly increase the efficiency of the production of industrial chemicals requiring high heats or high activation energies, such as hydrogen, ozone, carbon monoxide, and formic acid. This increased power over materials and chemicals processing opens up a scale of production never before possible.

Magnetohydrodynamics (MHD)

For the generation of electricity from fusion power we will have to revive and advance the science of magnetohydrodynamics (MHD), a technology which can be used with virtually any source of energy to generate electricity directly from a high-temperature plasma. As a “direct conversion” process, it eliminates the need for large steam turbines and has the potential to double the amount of electric power generated from every unit of fuel used.

The basic principle in MHD conversion is to pass a high-temperature plasma through a magnetic field. The magnetic field creates an electrical current in the plasma, which is drawn off by electrodes along the length of the channel through which the plasma flows. There are essentially no moving parts, since the plasma is itself moving through the magnetic field.

In all current power plants, only 30-40 per cent of the energy released by the fuel (coal, natural gas, etc.) gets converted into electricity. This happens by heating steam, which drives a turbine connected to a generator, while the rest of the heat energy is lost as “waste heat”. In a basic MHD system, direct conversion can nearly double the electricity generated without changing the amount of fuel. Adding

a steam turbine (to take advantage of the remaining heat) can increase the efficiency to 60 per cent. These are not simply theoretical concepts: in the late 1970s, researchers at Argonne National Laboratory achieved a 60 per cent efficiency with a nuclear fission-powered MHD system, and the experimenters were confident they could reach a level of 80 per cent with future developments. Despite these exciting studies and results, serious MHD direct conversion research basically ended in the 1980s (along with many other areas of promising research). MHD must be revived for generating electricity with fusion.

Fusion Rockets and Interplanetary Travel

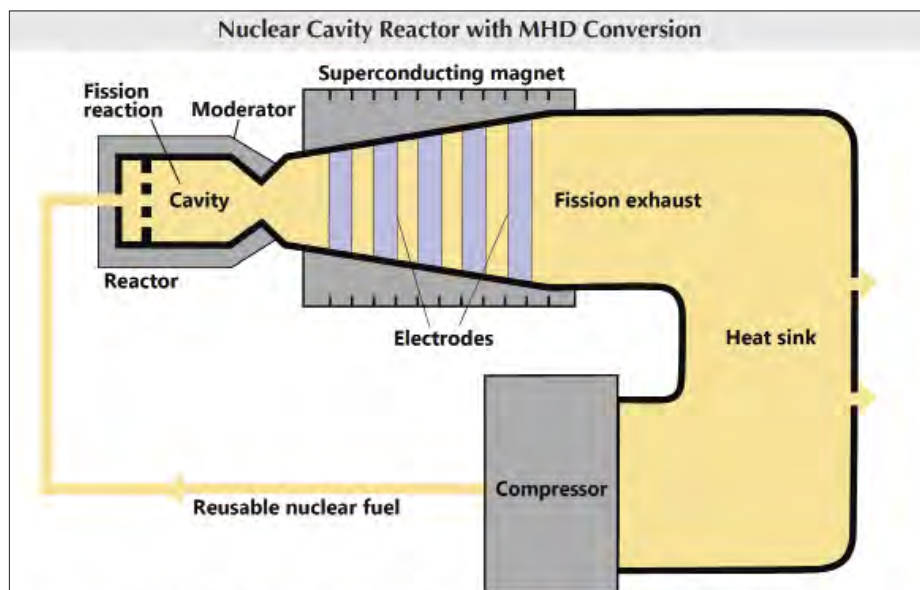
The next platform in the evolution of our human economy, the control of atomic processes like those found in our Sun, is not just to be applied to energy production, materials creation, and earthmoving here on Earth: the development of this power will be applied to conquering the entire domain of our Sun’s influence, the Solar System, and will ultimately put us in range of our closest neighbouring stars.

To achieve this will require the full exploitation of the dynamic relationships which currently exist between the fields of plasma, laser, antimatter, and fusion research, i.e., high-energy-density physics, where much of the work is already vectoring towards the next generation of space propulsion techniques. Only fusion propulsion can generate the acceleration conditions equivalent to one-earth gravity which are necessary to sustain the human body. Acceleration at

1g, the equivalent of Earth-like gravity, would mitigate some of the deleterious effects of microgravity, and reduce travel time, thus limiting exposure to harmful cosmic radiation. For example, at 1g acceleration, a trip to Mars could take as little as one week, achieving velocities of one tenth the speed of light.

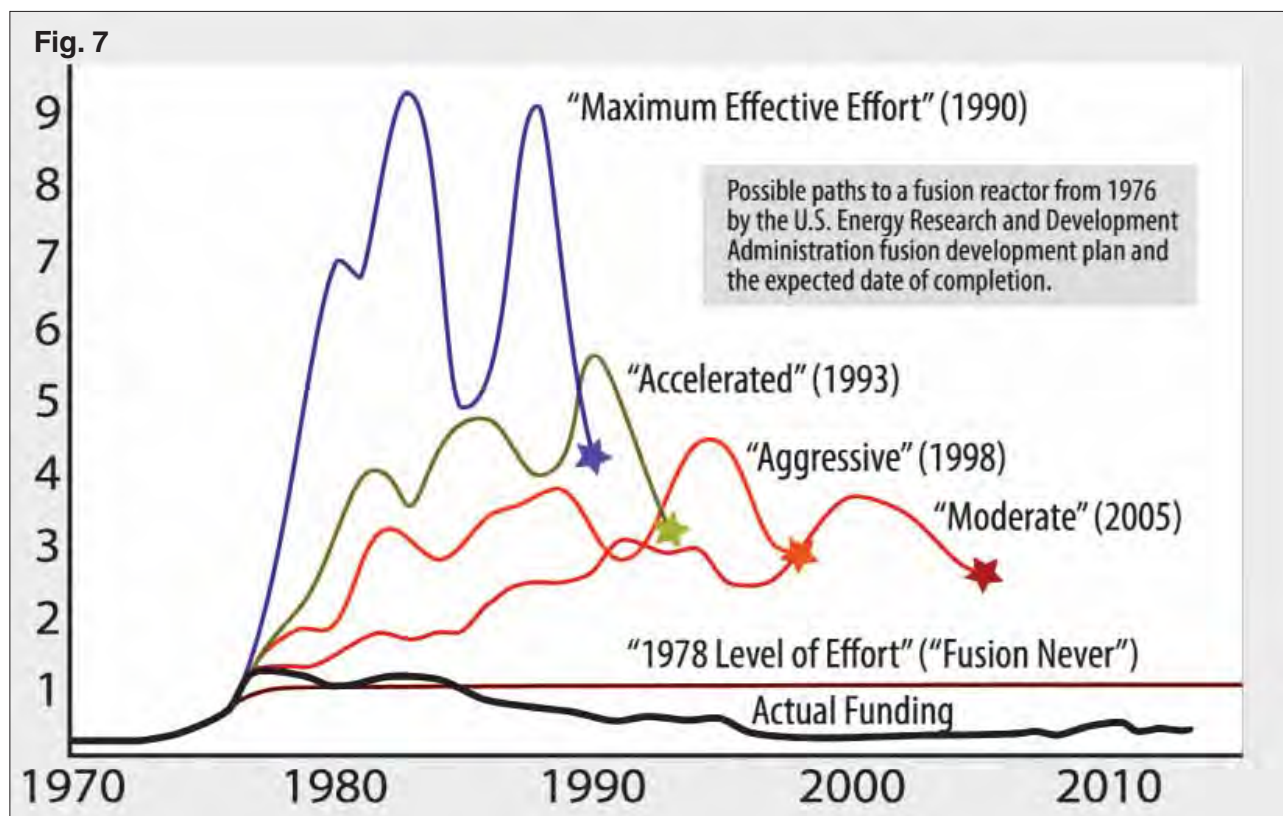
Political Opposition

The obstacles to achieving fusion power have been purely political, not scientific. Further progress from the great strides made in fusion research in the 1960s and 1970s,



From "Magnetohydrodynamics: Doubling Energy Efficiency by Direct Conversion," by Marsha Freeman, *Fusion*, April 1980

This model, of an externally moderated or cavity reactor, would use the exhaust from a nuclear reaction, in a closed cycle, as the working fluid for the MHD direct conversion process. In this 1968 design, heat from the MHD generator’s exit plasma could also be used to run a steam turbine. The design provides for the reuse of the nuclear fuel.



Four possible funding paths to create a magnetic confinement fusion reactor from 1976, measured in billions of dollars (adjusted to 2012 values). Actual funding falls below all projections, even a steady funding from 1978 levels (which was known to be too little to ever make the breakthroughs needed). Source: G.M. Olynyk, and *Fusion power by magnetic confinement: Program Plan* by S.O. Dean

especially in the U.S., were sabotaged by a combination of green anti-development ideology, and Wall Street-dictated budget cuts. In 1978 there was a major breakthrough at Princeton University, when the plasma in its Princeton Large Torus (PLT) tokamak reached the record-setting temperature of 66 million degrees, exceeding the ignition temperature of 44 million degrees. Anti-nuclear green ideologues tried to downplay its significance, but inspired pro-science members of the U.S. Congress passed a bill in 1980 authorising \$20 billion over 20 years to accelerate the development of fusion, with a goal for a fusion Engineering Test Facility by 1987, and the first fusion power plant on-line before the year 2000, all of which could most certainly have been accomplished (Fig. 7). The bill passed the House of Representatives by 365 votes to 7, and the Senate by a simple voice vote.

Unfortunately, the incoming administration of President Ronald Reagan (1981-89) continued the policy of the previous one (President Jimmy Carter, 1977-81), and imposed severe budget cuts on science research. The fusion research budget was slashed again and again, by hundreds of millions of dollars

at a stroke, and many of the programs essential to its success were shelved. Under President Bill Clinton (1993-2001), still more money was pulled from fusion research, even as dollars were poured into Vice President Al Gore's pet "green" technologies. Today, the focus of world fusion research is the International Thermonuclear Experimental Reactor (ITER) situated in France, but the project's international supporters do not include the U.S. or Australia (although some hardy scientists at the Australian National University are participating despite Australia's unwillingness to officially support it).


Conclusion

The key to unlocking the extraordinary potential of fusion technology, is captured best in the statement made back in 1969 by Bernard Eastlund and William Gough of the U.S. Atomic Energy Commission, designers of the Fusion Torch concept: "the vision is there; its attainment does not appear to be blocked by nature. Its achievement will depend on the will and the desire of men to see that it is brought about."

Let us resolve to do just that.

Appendix A

The Bail-in Plot Against Australians: The Evidence



Understanding Financial Linkages: A Common Data Template for Global Systemically Important Banks

6 October 2011

Table 3A. Exposures to national financial systems (Level 1 countries) (Final Phase)	
Indicative timing:	End 2014
Dimensions:	<ul style="list-style-type: none"> Country (30) Sector (7 to 12)
Countries (30): Level 1- 25 jurisdictions identified by the IMF as having globally systemically important financial sectors: Australia, Austria, Belgium...	
Potential crossings of the raw data:	<ul style="list-style-type: none"> 5-way crossing: Co x Se x In x Cu x Ma Variant: Two 3-way crossings: Co x Se x In AND In x Cu x Ma
Frequency:	Quarterly
Reporting lag:	+ 4 weeks
Details of potential breakdowns:	<p>Countries (30): Level 1- 25 jurisdictions identified by the IMF as having globally systemically important financial sectors: Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong SAR, Italy, India, Ireland, Japan, Luxembourg, Mexico, the Netherlands, Russia, Singapore, South Korea, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States. And 4 members of the FSB not in the above list: Argentina, Indonesia, Saudi</p>

1. FSB and IMF target Australia

October 2011

An international Financial Stability Board “Common Data Template” scheme listed Australia’s financial sector as “globally systemically important”.



THE TREASURY ANNUAL REPORT 2010-11

Table 7: List of new consultancies over \$10,000 in 2010-11

Consultant name	Description	Contract price \$	Selection process ⁽¹⁾	Justification ⁽²⁾
Australian Government Solicitor	Legal services for the Takeovers Panel	\$50,000	Select tender	A
Australian Government Solicitor	Legal services relating to cost recovery for litigation process	\$12,000	Open tender	A
Australian Government Solicitor	Tied legal advice on bail-in mechanism in Australia	\$15,000	Direct sourcing	A
Australian Government Solicitor	Provide legal advice in relation to Roy Morgan Pty Ltd v Commissioner of	\$28,600	Panel	A

Australian Government Solicitor Tied legal advice on bail-in mechanism in Australia

2. Treasury seeks legal advice for bail-in

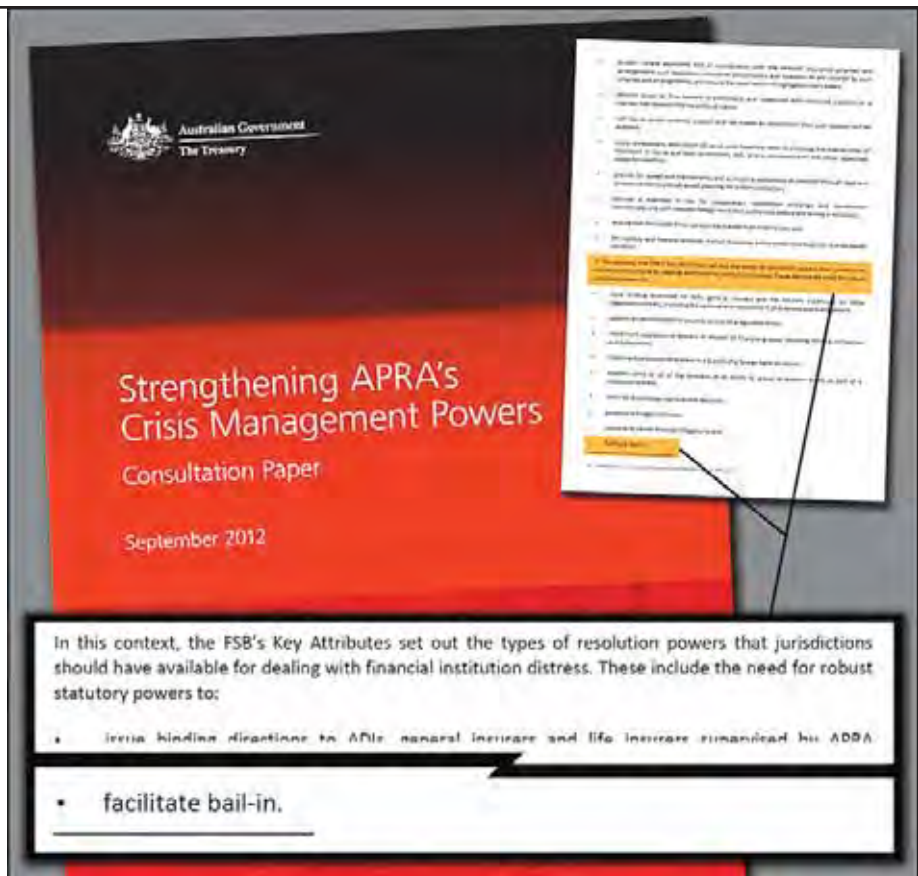
2010-2011

As the government department responsible for drafting bail-in legislation, the Treasury contracted the Government Solicitor for legal advice.

3. Treasury calls for bail-in powers

September 2012

Treasury discussion paper calls for the banking regulator APRA to be given extra powers to deal with a banking crisis—including bail-in powers.

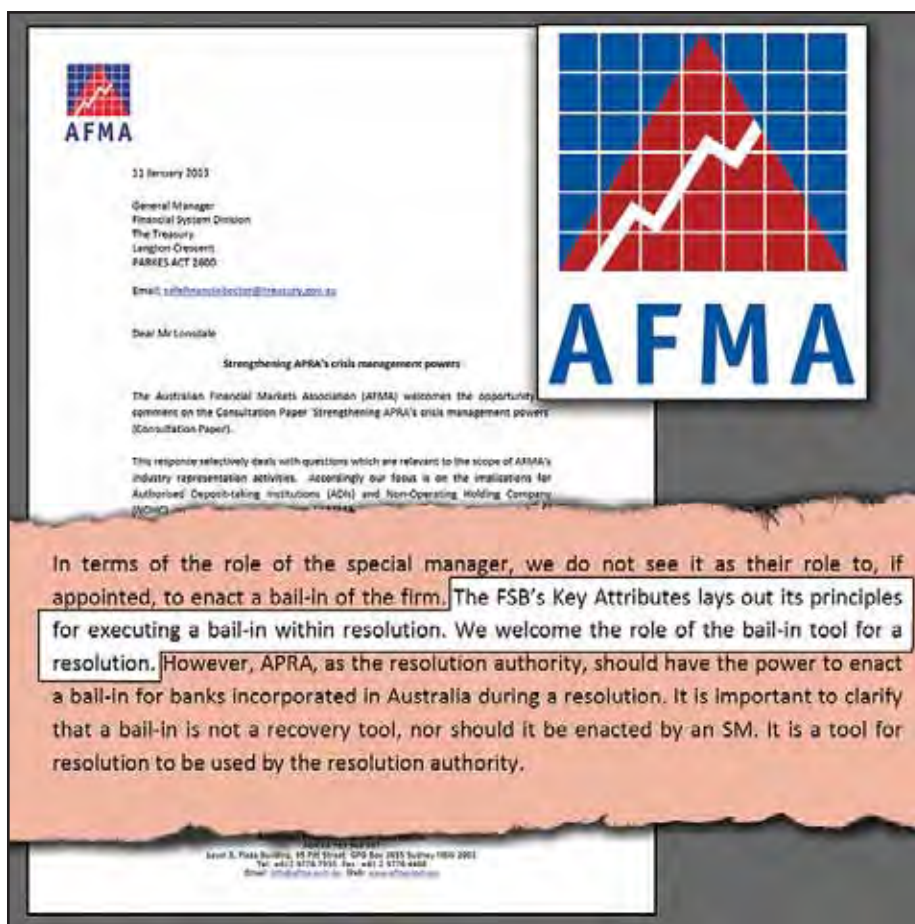


4. IMF: Australia “exploring” bail-in

November 2012

When the IMF inspected Australia’s financial system, it was informed that bail-in was on the agenda.

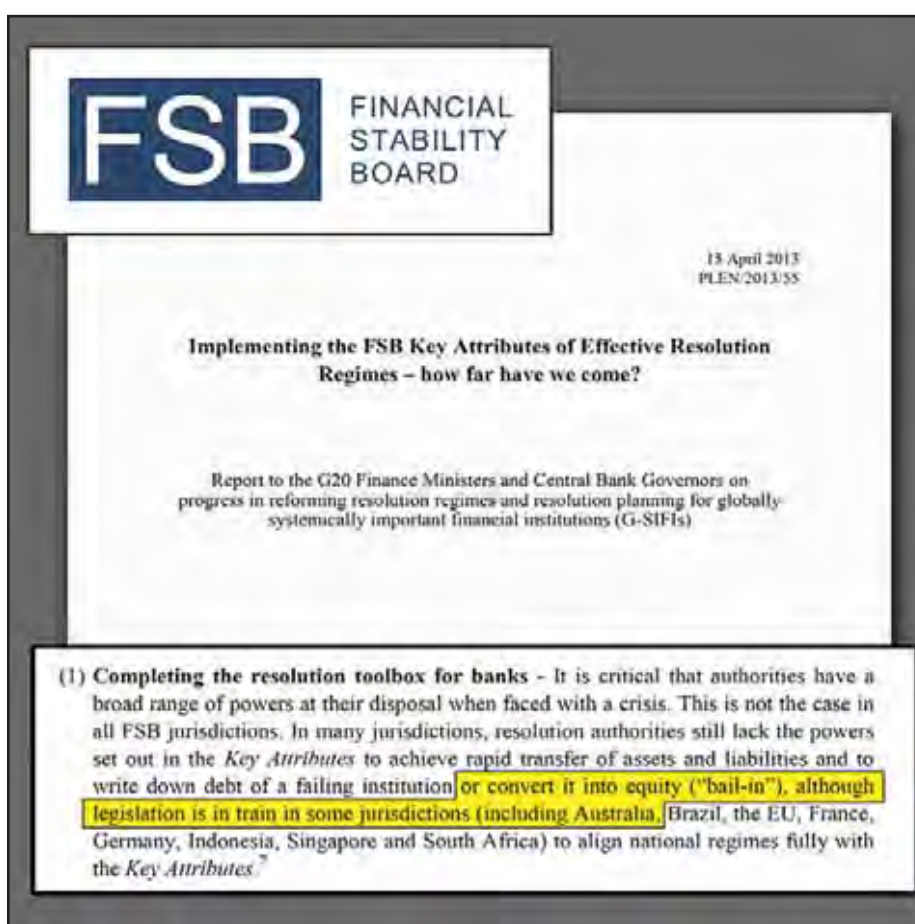




5. Private bankers welcome bail-in

January 2013

Australian Financial Markets Association members—all financial institutions in Australia—have combined annual financial derivatives turnover of \$125 trillion.



6. FSB reveals Australian legislation "in train"

April 2013

Just weeks after the Cyprus bail-in, the FSB stated in a bail-in progress report to the G20 that an Australian bail-in law was "in train".

Appendix B

The ABCs of Bail-In: What You Must Know

Q. What is bail-in, exactly?

A. Under the propaganda line of “protecting the taxpayer” from endless government-funded “bail-outs” of private megabanks, the Bank of England and the Bank for International Settlements (BIS) have invented “bail-in”: when a speculative megabank either fails or is in danger of doing so, various classes of the debt owned by its creditors, such as the bonds the banks sell to raise funds, are forcibly converted into equity (stock) in the bank. This “recapitalises” and saves the bankrupt bank. The trick? Your deposit also makes you a creditor of that bank—an “unsecured creditor”, to be precise—and your funds can be seized and turned into bank stock as well.

Q. I just have a basic savings account. Am I an “unsecured creditor”?

A. The grim truth is yes, you are. It would come as a huge shock to the 99.999 per cent of bank depositors who aren’t accountants, that they are classified as “unsecured creditors”. It isn’t often stated directly, which is one of the reasons that Cyprus was such a surprise, but, as a September 2011 paper published in the Reserve Bank of New Zealand’s *Bulletin* explained: “Unsecured creditors include a wide range of individuals and entities. At one end of the spectrum, there are large international financial institutions that invest in debt issued by the bank (commonly referred to as wholesale funding). At the other end of the spectrum, are customers with cheque and savings accounts, and term deposits. ... Each has freely invested in a private institution and has enjoyed a return on that investment whilst accepting the risks associated with the investment.”

There you have it: the modern banking system claims that, for example, a school kid opening a savings account accepts “the risks associated with the investment”, in the same way as huge investment funds that lend to banks on the wholesale money market do.

Q. I have heard something about seizing bank deposits, but this is just for inactive accounts, right?

A. No, it is deposits in *all* bank accounts—individuals, small and large businesses, charities, churches, schools, municipal and shire councils, state governments, the lot.

Q. But if they grab my deposit and convert it into bank shares, doesn’t that at least preserve my money?

A. This is a straight-out scam, because shares are the least secure of all investments, as 200,000 Spaniards discovered to their horror in May 2013. Customers of Spain’s large Bankia bank whose savings accounts had been forcibly converted into shares when Bankia floundered a year earlier, found that when they were finally able to sell those shares, the price had collapsed by 80 per cent. Individuals bore the steepest losses—the European authorities had permitted large investors to sell a week earlier, at only a 50 per cent loss.

Q. What is the likelihood that an Australian bank will fail? Aren’t they the strongest in the world?

A. Are you kidding? First of all, remember that they would have collapsed already in 2008 had the Rudd government not put up guarantees for them, and they are in far worse shape today, media hype and government propaganda to the contrary notwithstanding. A clear sign of impending trouble is the CBA’s recent decision to hide the true level of its multi-trillion dollar derivatives exposure, for the first time ever (**Fig. 1**).

Q. But isn’t there some kind of government guarantee for all deposits up to \$250,000?

A. Formally, yes, but in reality, no. National and international banking authorities admit that Australia’s guarantee, the Financial Claims Scheme (FCS), can’t work, because it doesn’t provide even close to enough money to guarantee the deposits in the Big Four banks—which is almost 80 per cent of total deposits in Australia (**Fig. 2**). The FCS guarantees \$20 billion per bank. How does that stack up against the following deposits? ANZ, \$397 billion; CBA, \$428 billion; NAB, \$420 billion; Westpac, \$395 billion.

That’s why the *Australian Financial Review* reported on 6 March 2013 that, “In a globally unique policy, the Reserve Bank of Australia will supply banks with a permanent bailout facility worth up to \$380 billion by 2015.” That’s also why the Rudd government announced it would levy a new tax of 0.05 to

0.1 per cent on all bank deposits to build up a “reserve buffer”, and also the reason behind the drive to enact bail-in legislation in Australia. Why all this, if Australia’s banks are indeed “the safest in the world”?

Q. What about my superannuation?

A. Any money that is in a bank account will be seized; most super is already risky, because it is in shares—including bank shares—whose value can evaporate in a heartbeat, not to mention that the government will proceed with the former government’s planned confiscation of so-called “lost” super accounts up to \$6,000. But bail-in is a cash-grab on a much greater scale, and Cyprus shows how bail-in will also devastate the businesses in which your super is invested.

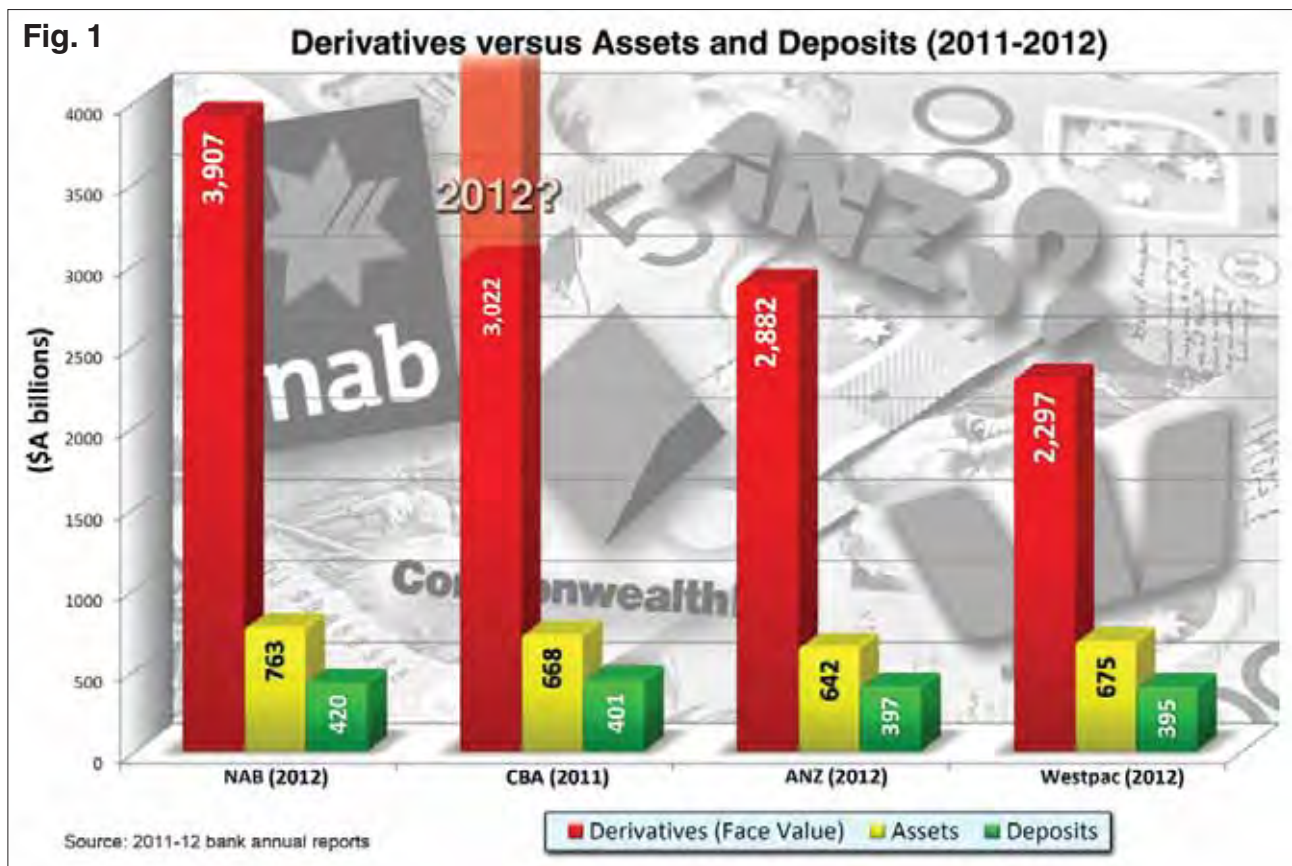
Q. Joe Hockey is the Treasurer, and he has been assuring everyone that there will be no bail-in in Australia. Surely Joe Hockey would know?

A. Joe Hockey is a liar (Fig. 3). One year before the 2008 GFC, as he and his wife were selling almost

all they owned in preparation for a huge global crash, he was simultaneously assuring his constituents that he “vehemently disagreed” that “the world is facing a collapse of the financial markets.”

Q. Who is scheduled to oversee this “bail-in” in Australia?

A. The Australian Prudential Regulation Authority (APRA), an unelected, secretive body established in 1998 as a de facto subsidiary of the Bank of England’s Prudential Regulation Authority (PRA) and the Bank for International Settlements (BIS). It will exercise dictatorial control over the bail-in process: as specified in the bland, technocratic jargon of the BIS’s Basel Committee on Banking Supervision’s (BCBS) 2012 “Core Principles for Effective Banking Supervision”, there must be “no government or industry interference which compromises the operational independence of the supervisor”. The Secretary General of the BCBS is Wayne Byres, previously an APRA Executive General Manager, who will become head of APRA in 2014.



For 20 years, the CBA, like the other Big Four banks, disclosed its derivatives exposure—until 2012. Now, following an explosion in derivatives speculation that outpaced even that of the other big banks, CBA suddenly refuses to release its true exposure. Whether hidden or disclosed, the derivatives obligations of all Big Four banks swamp the value of their assets and deposits. When the banks blow, as they assuredly will without Glass-Steagall, what will happen to your deposits?

Fig. 2

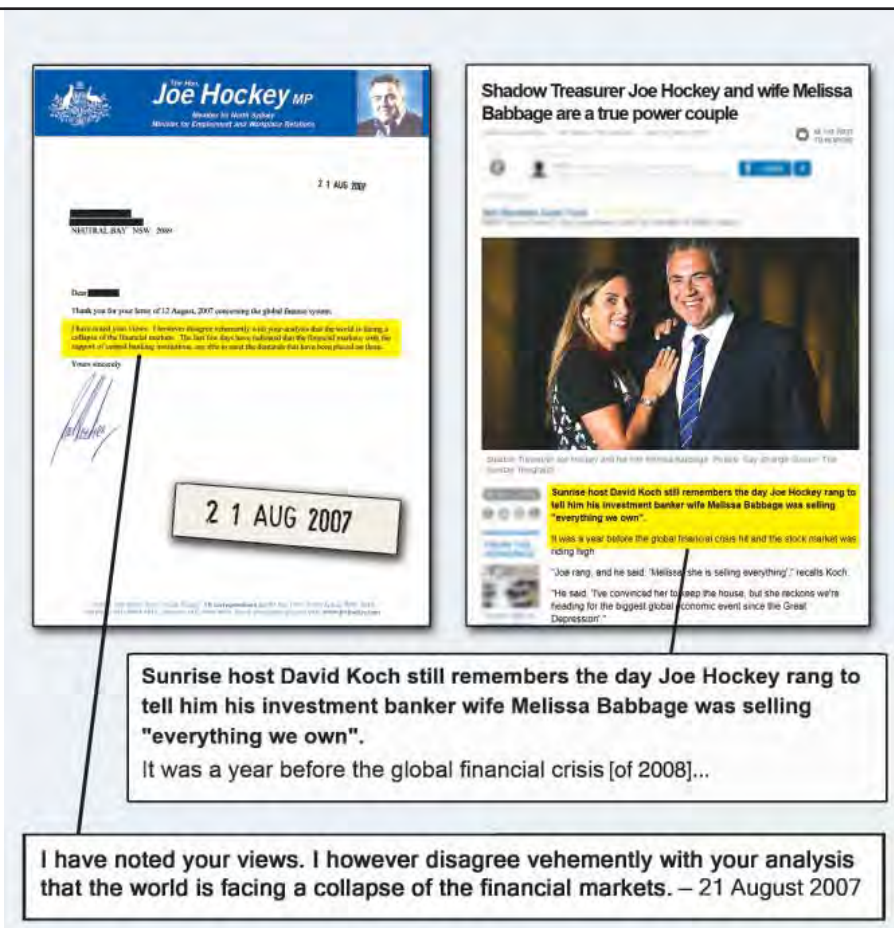
FSB Peer Review report admits that the Financial Claims Scheme can't work



Fig. 3

Surely we can trust Joe Hockey not to push through "bail-in," right?

Hockey is a liar. One year before the 2008 GFC, Hockey and his wife were selling almost all they owned in preparation for a huge global crash, whilst at the same time assuring his constituents that he "vehemently disagreed" that "the world is facing a collapse of the financial markets."



Appendix C

Pope Francis vs. the “Free Market”: “Thou Shalt Not Kill”

In his most recent Apostolic Exhortation, *Evangelii Gaudium* (“*The Joy of the Gospel*”), issued on 24 November 2013, Pope Francis excoriated precisely the radical “free market” model of economy which has prevailed in much of the world since the end of the fixed exchange rate Bretton Woods system in August 1971. In Australia, under the “bipartisan consensus on economics” imposed ever since the Hawke/Keating governments beginning 1983, that system has increasingly savaged our nation.

In Chapter One of his exhortation, “The Church’s Missionary Transformation”, paragraph 48, Pope Francis emphasises the Church’s priority in its “missionary impulse” (all emphasis in extracts has been added):

48. If the whole Church takes up this missionary impulse, she has to go forth to everyone without exception. But to whom should she go first? When we read the Gospel we find a clear indication: not so much our friends and wealthy neighbours, but above all the poor and the sick, those who are usually despised and overlooked, ‘those who cannot repay you’ (Luke 14:14). There can be no room for doubt or for explanations which weaken so clear a message. ... We have to state, without mincing words, that ‘there is an inseparable bond between our faith and the poor.’ May we never abandon them.

This mission, the Pope emphasises, is not one of merely concern for the *faith* of the poor, but for their *physical wellbeing* as well, along with that of all mankind. He leaves “no room for doubt or explanations”, in Chapter Two, “Amid the Crisis of Communal Commitment”, Section I of which is titled “Some Challenges of Today’s World”. Under its first major subsection, “No to an Economy of Exclusion”, he writes:

53. Just as the commandment ‘Thou shalt not kill’ sets a clear limit in order to safeguard the value of human life, today we also have to say ‘thou shalt not’ to an economy of exclusion and inequality. *Such an economy kills*. How can it be that it is not a news item when an elderly homeless person

dies of exposure, but it is news when the stock market loses two points? This is a case of exclusion. ... This is a case of inequality. Today everything comes under the laws of competition and the survival of the fittest, where the powerful feed upon the powerless. As a consequence, masses of people find themselves excluded and marginalized: without work, without possibilities, without any means of escape. ...

54. In this context, some people continue to defend trickle-down theories which assume that economic growth, encouraged by a free market, will inevitably succeed in bringing about greater justice and inclusiveness in the world. *This opinion, which has never been confirmed by the facts*, expresses a crude and naïve trust in the goodness of those wielding economic power and in the sacralized workings of the prevailing economic system. Meanwhile, the excluded are still waiting. To sustain a lifestyle which excludes others, or to sustain enthusiasm for that selfish ideal, a globalization of indifference has developed. Almost without being aware of it, we end up being incapable of feeling compassion at the outcry of the poor, weeping for other people’s pain, and feeling a need to help them, as though all this were someone else’s responsibility and not our own.

“Trickle-down theories ... [of] a free market”—what is that but Australia for the last 30 years, and virtually the whole trans-Atlantic region as well? The



Pope continues:

55. One cause of this situation is found in our relationship with money, since we calmly accept its dominion over ourselves and our societies. The current financial crisis can make us overlook the fact that it originated in a profound human crisis: the denial of the primacy of the human person! We have created new idols. The worship of the ancient golden calf (cf. Exodus 32:1-35) has returned in a new and ruthless guise in the idolatry of money and the dictatorship of an impersonal economy lacking a truly human purpose. The worldwide crisis affecting finance and the economy lays bare their imbalances and, above all, their lack of real concern for human beings; man is reduced to one of his needs alone: consumption.

But the Pope next raises the issue that has been implicit in all he has said so far—the indispensable role of the state:

56. While the earnings of a minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by those happy few. This imbalance is the result of ideologies which defend the absolute autonomy of the marketplace and financial speculation. *Consequently, they reject the right of states, charged with vigilance for the common good, to exercise any form of control.* A new tyranny is thus born, invisible and often virtual, which unilaterally and relentlessly imposes its own laws and rules.

Under the subtitle “No to a Financial System Which Rules Rather Than Serves,” Pope Francis escalates still further in paragraphs 57 and 58. Here he calls for a “vigorous change of approach”, for the establishment of a new financial system to replace the present idolatry of money, and the tyranny of the “free market”:

57. Behind this attitude lurks a rejection of ethics and a rejection of God. Ethics has come to be viewed with a certain scornful derision. It is seen as counterproductive, too human, because



Rembrandt van Rijn, “Moses with the Tablets of the Law.” The commandment “Thou Shalt Not Kill” is one of the oldest dicta in civilisation. (Photo: Wikimedia Commons/State Museum of Berlin)

it makes money and power relative. It is felt to be a threat, since it condemns the manipulation and debasement of the person. *In effect, ethics leads to a God who calls for a committed response which is outside of the categories of the marketplace.* When these latter are absolutized, God can only be seen as uncontrollable, unmanageable, even dangerous, since he calls human beings to their full realization and to freedom from all forms of enslavement. ...

58. A financial reform open to such ethical considerations would require a vigorous change of approach on the part of political leaders. I urge them to face this challenge with determination and an eye to the future, while not ignoring, of course, the specifics of each case. *Money must serve, not rule!* The Pope loves everyone, rich and poor alike, but he is obliged in the name of Christ to remind all that the rich must help, respect and promote the poor. I exhort you to generous solidarity and a return of economics and finance to an ethical approach which favours human beings.

Appendix D

The LaRouche Record on the Financial Crisis

October-November 1956

Forecast: The imminence of a major U.S. economic recession, triggered by the over-stretching of a post-1954 credit bubble centred in financing automobiles, housing, and other consumer goods.

What happened: Recession spiral began in February 1957, and lasted till mid-1958; unemployment rose to highest levels since the Great Depression.

1959-60

Forecast: A series of major monetary disturbances in the second half of the 1960s, leading to the collapse of the Bretton Woods agreements, increased looting of the developing sector, and austerity measures in the advanced sector.

What happened: The British pound collapsed in November 1967, and was followed by the dollar crisis of January-March 1968. Finally, Nixon took the dollar off gold in August 1971, ending the Bretton Woods fixed-exchange rate system. The IMF/World Bank forced austerity on the developing sector, and Nixon slapped on “Phase I, II, and III” austerity measures in the U.S.

October 1979

Forecast: A devastating recession, beginning early 1980, as a result of U.S. Federal Reserve Chairman Paul Volcker’s credit-strangulation policies.

What happened: A collapse of U.S. housing industry, agricultural and industrial production occurred, exactly as predicted by the LaRouche-Riemann economic model, in opposition to all other models.

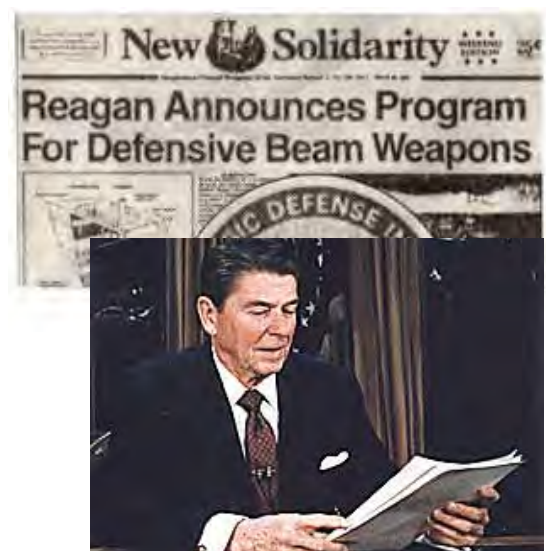
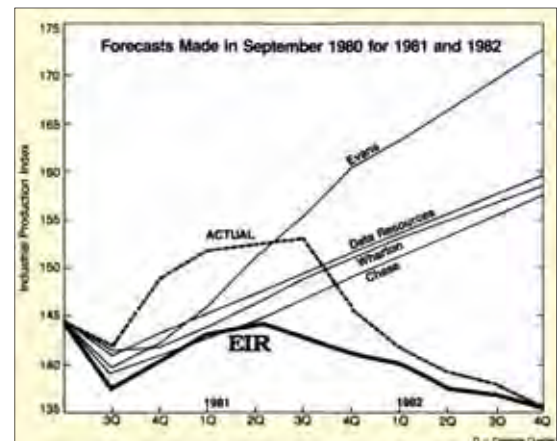
February 1983

Forecast: LaRouche informs the Soviet government, that if it were to reject a western offer of joint development of anti-missile “beam weapons”, (later known as the U.S. Strategic Defense Initiative, when it was adopted by President Reagan on 23 March 1983), the strains of a military buildup on the Comecon economy would lead to a collapse of that system in about five years. That forecast of a Soviet collapse was repeated in an *EIR* special report, *Global Showdown*, issued in July 1985.

What happened: Yuri Andropov rejected the SDI offer in Spring* 1983. The Berlin Wall fell in November 1989. The Soviet regime of Mikhail Gorbachov fell in 1991.

Spring 1984

Forecast: LaRouche warned, in a nationwide half-hour TV address, while campaigning for the Democratic Party pre-selection as a candidate for the U.S. Presidency, of the outbreak of a



collapse of a large section of the U.S. banking system, the savings and loan (S&L) banks.

What happened: In late 1987, U.S. S&L banks began to collapse around the country, leading to many banks going under, and many more being purchased by larger institutions. The S&L crisis required a multi-billion dollar government bailout.

May 1987

Forecast: As published in *EIR* magazine, and elsewhere, the outbreak of a major stock market collapse beginning approximately 10 October 1987.

What happened: Black Monday, 19 October 1987: the Dow Jones average dropped 508 points, or 22.6 per cent, the largest one-day point loss in its history.

Spring 1988

Forecast: In a nationwide TV address while campaigning for the U.S. Presidency, LaRouche forecast the “bouncing ball” pattern of continuing collapse of the U.S. economy over the coming years, through the course of apparent, short-term fluctuations relatively up or down.

What happened: The actual productive base of the U.S. economy collapsed by approximately 2 per cent per year, as measured in physical market basket terms of infrastructure, industrial and agricultural production, health care, etc., a collapse disguised by official government figures, which added in non-productive service sector “growth” and such speculative activities as derivatives trading.

November 1991

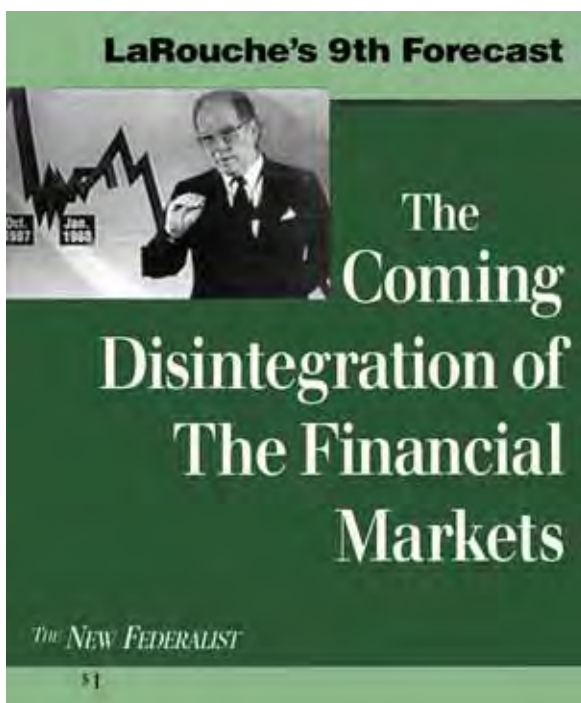
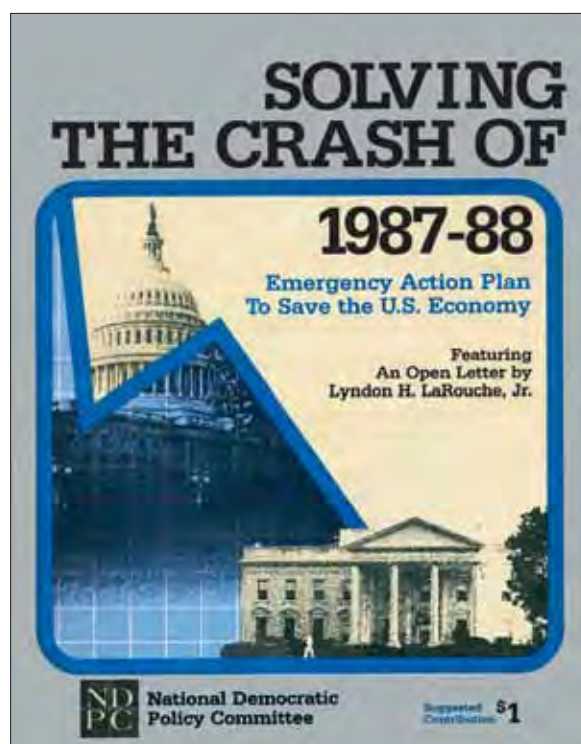
Forecast: During his campaign for the U.S. Presidency for 1992, LaRouche forecast an ongoing “mudslide” of financial collapse for the foreseeable future, rather than a near-term dramatic blowout, (such as a 500-1,000 point collapse in the Dow Jones stock market average).

What happened: 1993-94 bankruptcies of major financial institutions in Venezuela, Germany, Spain and elsewhere signalled a systemic crisis; the bond market collapsed; major firms, such as the Canada-based Olympia and York, the world’s largest real estate company, went under.

June 1994

Forecast: LaRouche’s famous “Ninth Forecast”, entitled “The Coming Disintegration of the Financial Markets”, in which LaRouche said, “The presently existing global financial and monetary system will disintegrate during the near term”, which he specified to mean in the immediate years ahead.

What happened: The global crash now unfolding, beginning with the meltdown of the “Asian tigers” starting July 1997.



* All seasons, “spring,” “autumn,” etc. refer to the northern hemisphere seasons.

June 1997

Forecast: In the context of his Ninth Forecast, LaRouche said in June 1997: “Sometime very soon, between now and the end of the year, possibly in the month of August—more probably, no later than October, but certainly, by around the end of the year—this world is going through one or two of the greatest shocks, financial shocks of the century.”

What happened: On 23 October 1987, the Hong Kong market collapsed 10.41 per cent, followed by the largest-ever collapse in the New York Stock Exchange on “Black Monday”, 27 October. Currencies and markets plunged in South and East Asia almost daily for the rest of the year, until even the mainstream press began talking of the likelihood of a “global financial meltdown”.

LaRouche’s subsequent analyses, including his devastating exposé of the fraudulent 1995-2000 “Y2K crisis”, which was used to pump hundreds of billions of dollars into the system in a hysterical attempt to keep it from disintegrating, may be found in the pages of the newsweekly *Executive Intelligence Review*, which he founded in 1974.

By hyperinflationary pump-priming, the Anglo-American Establishment temporarily postponed the bursting of the bubble, only to ensure that it would be far more devastating when it finally did pop, as is now happening. Once again, only LaRouche forecast the hyperinflationary trends, which broke out most visibly in early 2001 in the soaring energy prices in the United States.

The collapse, and what to do about it, was the dominant theme in LaRouche’s 2000 campaign for the U.S. Presidency, a reality utterly ignored by candidates George W. Bush and Al Gore (who both proclaimed “everlasting prosperity”), and blacked out of the U.S. Establishment’s news media.

With no one else willing or able to serve as a rallying point for the necessary policies to deal with the collapse, LaRouche on 1 January 2001 announced his pre-candidacy for the 2004 U.S. Presidential election.

January 2001

Forecast: On 16 January 2001, a LaRouche spokesperson testified before a U.S. Senate hearing into incoming president George W. Bush’s nomination of John Ashcroft as Attorney General of the United States. The testimony included the following forecast from LaRouche: “The incoming Administration will be faced, immediately, with the choice between: 1) abandoning the current economic and monetary policy axioms and returning to policies that, in the past, have led the United States and the world out of the path of disaster, as during the Presidency of Franklin D. Roosevelt; or, 2) under the guise of ‘crisis management’, imposing a form of brutal bureaucratic fascism on the United States, that bears striking similarities to the conditions under which Adolf Hitler seized power in Germany in 1933. It was Hitler’s ‘crisis management’ of the Reichstag fire and other events, real and manufactured, that established the dictatorship that no one in Germany had anticipated, even weeks before the coup was carried out. Unlike ‘normal times’, the realities of the present crisis period mean that there is no middle ground between these two polar extremes. The luxury of ‘muddling through’ for the next four years is no longer on the table.”

What happened: On 11 September 2001 the U.S. experienced its Reichstag Fire event, when terrorists flew airliners into the twin towers of the World Trade Centre and into the Pentagon, which triggered precisely the “crisis management” fascism LaRouche warned of, in the form of the *Patriot Act* and other fascist measures imposed to fight the so-called “war on terror”. A U.S. Joint Congressional Commission, set up to investigate the intelligence failures surrounding the 9/11 attacks, issued a report in 2002 establishing that the attacks were coordinated by top Saudi officials in the United States led by Prince Bandar bin Sultan, then Saudi ambassador to the United States and now the Director General of the Saudi Intelligence Agency. As documented in



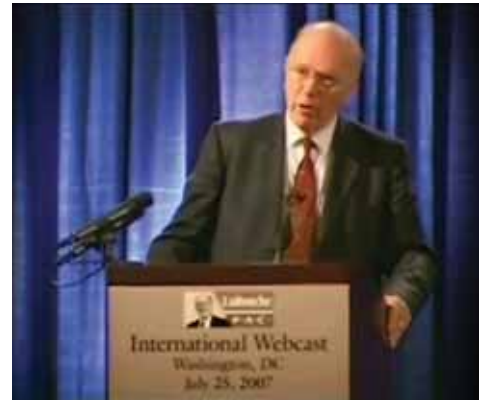
LaRouche's *Executive Intelligence Review* magazine, 9/11 was merely the most spectacular event flowing from the 1985 "Al-Yamamah" oil-for-weapons deal struck by Britain's Margaret Thatcher and Prince Bandar, which had created a \$125 billion slush-fund used to finance the rise of "Islamic" and other terrorism ever since.

July 2007

Forecast: In an international webcast on 25 July 2007, LaRouche stated, "First of all, this occurs at a time when the world monetary financial system is actually now currently in the process of disintegrating. There's nothing mysterious about this; I've talked about it for some time, it's been in progress, it's not abating. What's listed as stock values and market values in the financial markets internationally is bunk! These are purely fictitious beliefs. There's no truth to it; the fakery is enormous. There is no possibility of a non-collapse of the present financial system—none! It's finished, now! The present financial system can not continue to exist under any circumstances, under any Presidency, under any leadership, or any leadership of nations. Only a fundamental and sudden change in the world monetary financial system will prevent a general, immediate chain-reaction type of collapse. At what speed we don't know, but it will go on, and it will be unstoppable! And the longer it goes on before coming to an end, the worse things will get."

What happened: Within a matter of days, in early August 2007, the giant Wall Street firm Bear Stearns was the first major victim of the growing wave of sub-prime mortgage defaults, which began the chain-reaction that culminated in the September 2008 implosion of the global financial system.

As LaRouche has continually warned, as of 2014 the world teeters on the brink of a new, far more devastating GFC, which could unleash a thermonuclear confrontation between the collapsing trans-Atlantic powers committed to brutal austerity to prop up the City of London/Wall Street-centred speculative bubble, and the rising powers of Eurasia led by China, Russia, and India, which are investing in actual physical-economic growth.



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Appendix E

The Disastrous History of Australia's Banking Deregulation

by Robert Barwick, CEC Research Director

March 2013

The U.S. Congress is now considering concurrent bills, House Resolution 129, the *Return to Prudent Banking Act of 2013*, and Senate Bill 1282, the *21st Century Glass-Steagall Act*, whose intent is to re-enact the *Glass-Steagall Act 1933*, which split commercial banks that hold deposits off from risky investment banks. *The Glass-Steagall Act* protected America's depositors until its repeal in 1999, which allowed the creation of the Wall Street megabanks and their reckless gambling losses that caused the global financial crisis, and the resultant trillions of dollars in government and central bank bailouts.

Politicians in Italy, Iceland, Belgium, Sweden and Switzerland are working on Glass-Steagall laws; and more than 60 per cent of British MPs support a full-scale Glass-Steagall-style separation for the U.K..

Australian politicians must recognise that the financial danger their international counterparts are acting to avert is a global threat from which Australia is not immune, and that this nation must immediately enact a Glass-Steagall separation of our banking system.

By the Glass-Steagall standard, Australia's banks are a nightmare. Four major banks—CBA, ANZ, NAB and Westpac—dominate Australia's financial system. The same banks dominate New Zealand. The IMF noted with concern in November 2012 that the level to which the domestic financial system is concentrated in these four banks, which between them hold 80 per cent of Australian residents' assets, makes them *systemic*—a crisis in these banks is a crisis for the entire system.¹

The Big Four banks are each conglomerates, combining the traditional banking business of deposits and loans with the riskier financial activities of investment

banking, funds management, stockbroking, and insurance. This structure is precisely what the architects of the *Glass-Steagall Act* recognised posed such a mortal threat to depositors.

There is an assumption that the Big Four won't get into crisis, because they are supposedly among the strongest, most profitable banks in the world. This is the same assumption that every nation presently in financial crisis held about their own banks when they were riding high. Not only was it proved wrong for those nations, *it has already been proven wrong for Australia*. The supposedly "sound" Australian banks almost went bankrupt when the GFC erupted in September-October 2008. Unable to repay their enormous foreign debts, they had to beg the Rudd government to go guarantor for new foreign borrowings to roll over their existing loans. The banks told Rudd that without the government guarantee "they would be insolvent sooner rather than later", recounted Ross Garnaut and David Llewellyn-Smith in their book *The Great Crash of 2008*. Even by normal accounting standards, the Big Four and Macquarie are today still teetering on the



edge. From its recent analysis of the Australian financial system, the IMF expressed concern that Australia's banks have only six per cent capital. This enables the banks to rack up bigger profits, but it leaves them extremely vulnerable—just a six per cent decline in the value of their assets will wipe them out.

Besides the lack of adequate capital, the following constitute the fatal flaws of each and all of the Big Four:

- **They are each heavily exposed to the inflated domestic property market**, which accounts for more than 50 per cent of their lending. A property market decline in Australia similar to that suffered in every other economy whose property bubbles burst would be enough to collapse all four banks.
- **Each bank is dangerously exposed to toxic derivatives contracts**, with a principal notional value many times their assets. The Reserve Bank reports total derivatives exposure for all Australian banks is a fraction short of \$20 trillion; total bank assets by comparison are \$2.85 trillion. This exposure is kept “off-balance sheet”. Mindful of the destruction that such off-balance sheet derivatives had wreaked on Wall Street in 2008, when former Citigroup Chairman and CEO Sandy Weill told CNBC television in August 2012 that Glass-Steagall should be restored, he also warned, “There should be no such thing as off-balance sheet.”
- **The four banks are also heavily reliant on foreign loans**. More than half, \$802 billion as of September 2012, of Australia's gross foreign debt was owed by banks, the majority of that by the Big Four: \$513 billion was short-term debt, one year or less maturity; \$340 billion was 90 days or less. It was this short-term debt which would certainly have bankrupted them in 2008 had the Government not stepped in with guarantees.

Australians call for Glass-Steagall

All of these time bombs waiting to explode have provoked at least an opening discussion on Glass-Steagall in Australia. The most prominent call for Glass-Steagall-style banking separation, has come from former NAB CEO and BHP Chairman Don Argus. Argus told *The Australian* on 17 September 2011, “People are lashing out and creating all sorts of regulation, but the issue is whether they're creating the right regulation. What has to be done is to separate commercial banking from investment banking. I challenge any commercial bank board to really understand investment banking risk. It's different and needs to be properly priced. But you actually don't want it on a commercial bank balance sheet that comprises depositor funds.”

Then, the 6 August 2012 *Australian Financial Review* reported an unnamed “retired senior local banker” who was raising “concerns about the potential for a local bank to get into strife”. Under the headline “Big four might make better eight”, the *AFR* revealed that their source, careful to remain anonymous due to his present position, echoed Wall Street banker Sandy Weill's call for Glass-Steagall: “Australia's banks were too big and complex and should be broken up.”

Background: the decline and fall of the Australian banking system

Australia has never had a Glass-Steagall-style banking separation. But up until the early 1980s it was, with some exceptions, still a largely well-regulated financial system which functioned almost to the same effect, in which the level of risk was nothing like it is today after three decades of deregulation.

Commonwealth Bank

When the government-owned Commonwealth Bank exercised full regulatory control over the banking system from 1911-59, the banking system was tightly regulated and therefore very safe. Prior to the establishment of the Commonwealth Bank, banking had been very volatile. For instance, 20 of 22 Australian banks had been wiped out in the 1892 economic crisis. From its commencement in 1911, the Commonwealth Bank immediately strengthened the banking system, and stopped a run on the private banks during World War I by announcing it stood behind their deposits. No Australian banks failed during the Great Depression, compared with the 4,000 American banks that closed between 1929 and the 1933 passage of the *Glass-Steagall Act*. Labor leaders John Curtin and Ben Chifley gave the Commonwealth Bank even greater powers over the private banks during and after WWII. The Commonwealth Bank regulated what the private banks could charge for loans and pay for deposits, and the extent, and nature, of bank lending. The private banks complained about the regulations, but they still did quite nicely.² But under Chifley's successor, Liberal Party Prime Minister Robert Menzies, cracks started to appear in the banking system. Menzies' personal sponsor in politics was the Melbourne financier Staniforth Ricketson of the JB Were stockbroking firm; moreover, his Liberal Party was staunchly the party of the private bankers. In 1959 Menzies stripped the Commonwealth Bank of its regulatory powers over the private banks, and vested those powers in a new central bank, the Reserve Bank of Australia.

Finance companies

Even before that, the banks had started straying outside their previously disciplined standards. In the 1950s, paralleling a consumer credit bubble expansion

in the U.S., finance companies sprang up in Australia to fund hire purchase of cars and consumer goods, such as fridges and mixers. Although the banks didn't engage in hire purchase, between 1953 and 1957 every major bank acquired a stake in a finance company: the Bank of NSW, now Westpac, had Australian Guarantee Corporation (AGC); ANZ had Industrial Acceptance Corporation (IAC); the National had Custom Credit; the Commercial Bank of Australia had General Credits; ES&A had Esanda; the Commercial Banking Company (CBC) had Commercial and General Acceptance (CAGA); the Bank of Adelaide had Finance Corporation of Australia (FCA).³ In the 1960s, the finance companies moved heavily into property speculation, exposing the depositors in their stakeholder banks to new risks. This speculation included financing the first deals of some of Australia's most notorious corporate cowboys, including Alan Bond and John Elliott. The Bank of Adelaide's FCA financed Alan Bond's first land deal in 1960; the CBC's CAGA helped Bond make his first million in 1967. General Credits financed John Elliott's takeover of Tasmanian jam maker Henry Jones IXL in 1972, even though Henry Jones was a client of its parent bank CBA. When property prices collapsed in the mid-1970s, the big losses suffered by the finance companies blew back on their associated banks. When FCA collapsed, its stakeholder the Bank of Adelaide was only saved by the Reserve Bank ordering ANZ to take it over.

Investment banks

To cash in on the 1960s property and mining speculation booms, new investment banks also began competing for business. Known as merchant banks, they were usually joint ventures between different foreign banks, or foreign banks and local institutions. They were also associated with the corporate raiders. Martin Corporation, formed in Sydney in 1966 by a consortium of foreign banks including Baring Brothers, the Chartered Bank and Wells Fargo, bit the dust within a few years but not before it gave 1980s high-flyer Laurie Connell his first start. In 1971, Australian life insurer National Mutual teamed up with the First National City Bank of New York to form an investment bank named Citinational Holdings. In 1975 Citinational financed the first takeover of one Christopher Skase. Citinational's chairman was Keith, later Sir Keith, Campbell, who four years later was tapped by then Treasurer John Howard to head the seminal Financial System Inquiry that designed the Hawke-Keating economic reforms.

There were some restrictions on how much banks could own of investment banks, but no blanket ban. In 1980 the law was changed to lift the restriction on the percentage stake banks could have in investment banks from 33 per cent to 60 per cent.

Bank deregulation

The private banks decried the regulations they had to abide by, especially during the years the Commonwealth Bank was in charge, but the regulations were based on an important principle—the common good. “Old” Labor's champions of national banking, Commonwealth Bank founder King O'Malley, Frank Anstey, Ted Theodore, John Curtin and Ben Chifley, believed that the financial system must serve the needs of the people. To do that, the banking system had to be structured to ensure that credit was available for the government to build infrastructure and invest in national economic development, and for essential primary and secondary industries, the productivity of which generated the tangible wealth that underpinned the living standard of the population. Banking controls minimised the ability of the private banks to speculate, and encouraged investments in the production of physical infrastructure, goods and essential services.

The global financial system changed dramatically on 15 August 1971, when U.S. President Richard Nixon ended the Bretton Woods system of fixing the U.S. dollar to gold. This decision initiated a global push for financial deregulation, masterminded in the powerful banking houses of the City of London. Global



Corporate cowboys of the 1980s: (clockwise from top left) Alan Bond (with Bob Hawke), Laurie Connell going to jail, Christopher Skase (with Pixie), and John Elliott. Their rises and spectacular falls were the result of financial deregulation.

deregulation represented a new wave of British imperialism, but in the British Empire's new form, not as a territorial empire, but as an "informal financial empire".⁴ In late 1971, City of London scion Lord Jacob Rothschild formed a cartel of predatory banks called the Inter-Alpha Group to steamroll through nation after nation as they deregulated their economies, plundering wealth through previously-illegal methods of financial speculation. Deregulation cast aside the rules that ensured the health of the physical economy, unleashing banks to exploit new and exciting and risky ways to make money ... from money.

In Australia, the early post-Bretton Woods years in the 1970s saw a flood of merchant/investment banks established, usually as subsidiaries of foreign parent-banks which were aggressively expanding in the increasingly deregulated world. The Australian financial system wasn't yet deregulated, but regulatory loopholes were already being exploited, as seen above in the case of banks owning finance companies.

The Millionaires' factory

Enter Hill Samuel Ltd., now Macquarie Bank, aka the "Millionaires' factory". In 1971 three young up-and-comers from Sydney-based merchant bank Darling and Co., a subsidiary of the powerful City of London bank Schroders run by Australian financial wunderkind and future World Bank chief James Wolfensohn, took over the two year old Australian subsidiary of another powerful City bank, Hill Samuel. Backed by a London parent bank closely tied into the highest levels of the British establishment, including British Intelligence, David Clarke, Mark Johnson and Tony Berg ran an investment banking operation that engaged in takeovers and other activities similar to all merchant banks, but which also pioneered ways to tap into and siphon off profits from money that flowed between various sectors of the financial system. The financial schemes that Hill Samuel pioneered were not illegal. However, nor were they in any way productive for Australia's physical economy. They were money-shuffling arbitrage schemes, devised to lure funds that would otherwise be bank deposits, or in superannuation and life accounts, into speculating on differences in the price of money, i.e. interest rates.

Two examples: Hill Samuel's breakthrough scheme was an idea put to David Clarke by Melbourne financier Keith Halkerston, to exploit the gap between what banks paid their depositors in interest, and what those banks earned in interest by investing the depositors'



The founding troika of Macquarie Bank: (top, left to right) David Clarke (now deceased), Tony Berg (now ING), Mark Johnson (now AGL). Bottom: Paul Keating and John Hewson squared off in the 1993 election, but they were co-architects of financial deregulation.

money in gilt-edged securities such as Commonwealth Treasury notes and bank-guaranteed commercial bills. In the turbulent 1970s, returns on these securities could go above 20 per cent, whereas government regulations kept deposit interest rates low. The market for these securities was open only to large operators, because the minimum buy-in was well above the capacity of most individual investors. Hill Samuel set up a trust, the Hill Samuel Cash Management Trust, in which individual depositors seeking higher returns could pool their funds for Hill Samuel to invest in the gilt-edged securities. The trust then paid out to its members returns almost as high as the professional money market, and much higher than deposit rates, and Hill Samuel was able to skim off the top. The trust was a runaway success, attracting \$100 million in four months, and soon grew to \$1 billion and kept growing.

Inspired by this success, Hill Samuel identified a similar opportunity in an early form of what we now call mortgage securitisation. To exploit the difference in interest between what banks paid for deposits and what they earned by lending those deposits as mortgages, Hill Samuel teamed up with John Symonds, now famous as the founder of Aussie Home Loans—"At Aussie, we'll save you." Hill Samuel fronted Symonds money to make home loans marginally cheaper than the banks. Symonds delivered the mortgages to Hill Samuel, which insured each mortgage with the Commonwealth government's Home Loans Insurance Corporation. Insuring them with the government in this way effectively turned the mortgages into gilt-edged securities, and Hill Samuel on-sold them in bundles of 1,000 to superannuation funds and life offices, again skimming a margin of interest off the top for itself.

Hill Samuel, soon-to-be Macquarie Bank, actually launched the mortgage bubble at the centre of

Australia's present financial house of cards, as documented by Keating apologist David Love in his book *Unfinished Business: Paul Keating's interrupted revolution*.

Campbell Report

With this experience in exploiting Australia's existing financial structure, Hill Samuel was ready to spearhead the Australian front in the City of London's global deregulation offensive. In the late 1970s, future Liberal Party leader John Hewson returned to Australia from working for the International Monetary Fund in the U.S. to work two jobs: as chief economics adviser to then Treasurer John Howard, and as a consultant to Hill Samuel. Hewson convinced Howard to establish an official inquiry into the Australian financial system, with a view to deregulation. To chair the inquiry, Howard appointed investment banker Sir Keith Campbell—Christopher Skase's original backer. Another member of the inquiry was the schemer behind Hill Samuel's cash trust, Keith Halkerston. Entirely predictably, in its formal recommendations in 1981, the Financial System Inquiry, aka the Campbell Report, demanded full deregulation of the Australian financial system. Chairman Sir Keith Campbell insisted his reforms would make the Australian financial system more "efficient"—efficient for Hill Samuel and the corporate cowboys such as Christopher Skase, Alan Bond, Laurie Connell and John Elliott to extract quick profits at the expense of the long-term health of the physical economy.

The Campbell Report targeted for destruction every financial regulation that served to direct investment into long-term productive processes. It demanded:

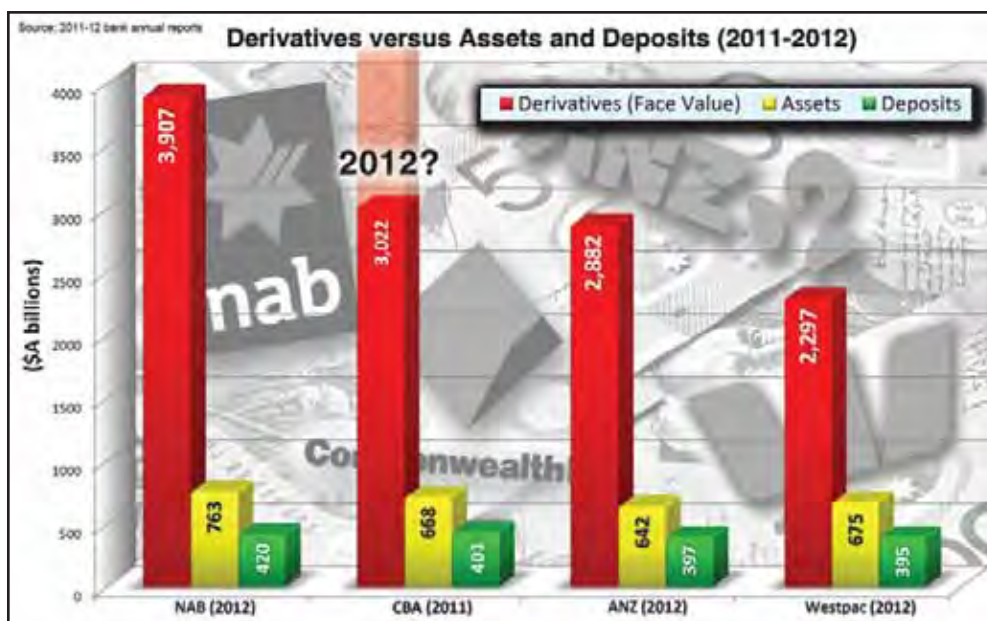
- the abolition of government controls over the nature of bank lending, by which the government instructed the banks to give preference to farmers, small business and home-buyers;
- the sale of all of the government-owned financial institutions that existed to provide cheaper finance to farms and small businesses—the Australian Industry Development Corporation, the Primary Industry Bank of Australia, the Commonwealth Development Bank, and the Housing Loans Insurance Corporation;
- the abolition of the "30/20 Rule" and other ratios which obliged the savings banks, trading banks, life offices and superannuation funds to invest a fixed percentage of their assets in government bonds—this requirement provided security for the financial institution, and ensured the government could borrow readily.

Campbell's list of demands also included the removal of government controls over all interest rates

charged by banks; the abolition of government controls over the amount of lending by banks; the lifting of all controls over capital flows in and out of Australia and the floating of the dollar; and the admission of foreign banks into Australia. The chief "advisors" to the Campbell Commission were almost all foreign, and included Citibank, Hong Kong and Shanghai Bank (HSBC), Bank of Tokyo, Bank of America and Barclays Bank. Perhaps its single most prominent individual advisor was Milton Friedman, notorious for his "free market reforms" in Chile, rammed through under the brutal military dictatorship of Gen. Augusto Pinochet.

Next came a political charade that deserved to star in the movie *The Sting*. Prime Minister Malcolm Fraser, who had some protectionist inklings, did not wholeheartedly embrace the Campbell Report. Treasurer Howard was only able to get one of the Campbell Report's recommendations, to let in foreign banks, adopted as official policy, but not in time to be implemented before the Bob Hawke-led ALP won the 1983 election. However, that didn't matter, because, in an epic betrayal of 90 years of the Australian Labor Party's history of fighting for the common good against the private Money Power, Hawke and his Treasurer, Paul Keating, took office fully intending to implement the Campbell Report. But first they had to re-brand it, to fool their constituents by giving it the appearance of a Labor initiative. They announced the Martin Inquiry by Victor Martin to "review" the Campbell Report, but in fact to rubber-stamp it. To make the charade more convincing, Keating adopted the aggressive tone of his claimed mentor Jack Lang, panning the management of Australia's banks as smug fat cats, protected by regulation from real competition. It was a fraud, of course: Keating's banking deregulation may have meant some discomfort in some individual financial institutions, but it was a boon for the private financial sector as a whole, permanently increasing its power over the economy, and over government. Keating mimicked Lang's tone, but he trashed his legacy.

Hill Samuel was omnipresent as Keating stripped away Australia's banking regulations. Its currency traders effectively managed the first major act of deregulation, the December 1983 float of the Australian dollar. Unabashed Keating fan David Love indicated in a 17 February 2011 column in *The Age* entitled "The Aussie float—a love story" that Keating seemingly had pre-planned the float with Hill Samuel. "Keating knew that, should the \$A float, there would be there waiting for it a highly professional international trading home and that this could be counted on as a factor for stability in a float", Love revealed; "The \$A traded in the Hill Samuel basket from the day it floated in 1983." When Keating handed out banking licences to foreign banks in 1985, Hill Samuel was first in line, and became



Macquarie Bank, with Campbell Report architect John Hewson now its executive director. Macquarie Bank went on to play a central role in Keating's flagship superannuation reforms, to force workers to hand over a percentage of their wages to Macquarie Bank and other fund managers. This would create a massive pool of privately-managed funds to invest in privatised infrastructure, toll roads and the like, which Keating fantasised would turn Australia into a global financial centre, "the Wall Street of the south". Or, in the image pervading David Love's biography of Keating, Australia would become "the Antipodean Rialto", a smaller copy of Venice, the "wonder of late medieval and renaissance Europe ... [whose] heart was the Rialto district, site of a remarkable international money-market embodying institutional banking, commercial-bills trading, bond trading, and foreign-exchange dealing."

Wallis Committee

In 1996 the newly elected Liberal Treasurer Peter Costello announced the most recent inquiry into the financial system, headed by Stan Wallis, the chairman and former managing director of paper products giant Amcor. The Wallis Committee recommended removing the restriction on mergers between the banks and big life offices; stripping the Reserve Bank of its remaining powers to regulate the banks; and establishing a new banking regulator, the Australian Prudential Regulation Authority (APRA). What was previously the "six pillars" policy—the Big Four banks and big two life offices, AMP and National Mutual—was dropped in favour of the four pillars policy remaining today. The debate around the Wallis Committee also forced Peter Costello to confirm publicly, for the first time, that there was no formal guarantee of bank deposits in Australia.

Inside job

From these two periods of banking reform has emerged Australia's highly concentrated banking system, with its near-\$20 trillion exposure to toxic derivatives and hundreds of billions of dollars of short-term debt. The architects of deregulation know they have exposed the Australian public to incredible risk. In an interview published in 2008 Keating admitted

to author David Love a "minor" detail kept from the public in the 1980s—at least two of Australia's Big Four banks would have collapsed in that period, if the government hadn't propped them up, because they were too big to fail. Recalled Keating, "The old domestic banks went like charging bulls into credit expansion from 1985 on Eventually, they had us in a position where we dared not check them lest they failed. Westpac and the ANZ virtually did fail: the government and the Reserve Bank had to hold them together until they got back on their feet."⁵

A member of the Wallis Committee, Melbourne Business School Professor Ian Harper, made his own admission after the fact, in Lenore Taylor and David Uren's 2009 book on the GFC, *Shitstorm—Inside Labor's Darkest Days*. On the weekend of 11-12 October 2008—the very weekend the banks, including a very panicked Macquarie Bank, were begging the Rudd government for the guarantees they needed to stay afloat—Harper urged his wife to withdraw all she could from the ATM straight away, because he wasn't certain the banks would open their doors come Monday. Meanwhile, the public were assured the banks were "sound".

Notes

1. The Big Four banks are not only considered domestically systemic, the Financial Stability Board—the same organisation directing the implementation of Cyprus-style bail-in legislation internationally—has classified Australia's financial sector as Globally Systemically Important, meaning that a crisis in our financial system would cause an international chain reaction collapse of foreign markets. Thus the secretive push for bail-in legislation under way now.

2. Edna Carew, *Fast Money 4*, p. 101-102.

3. Trevor Sykes, *The Bold Riders*, p. 3.

4. Katherine West, Discussion Paper 60: "Economic Opportunities for Britain and the Commonwealth", Britain and the World, Chatham House 1995.

5. David Love, *Unfinished Business: Paul Keating's interrupted revolution*, 2008.

(Advertisement)

A Solution for Australia

Forewarned by Lyndon LaRouche's forecast of the now on-going financial crisis, the Citizens Electoral Council already over a decade ago drafted the basic program to save this nation. Contained in two publications, *What Australia Must Do to Survive the Depression* (below), and *The Infrastructure Road to Recovery* (right), it consists of a legislative program, and detailed proposals for large scale infrastructure projects; combined, these will unleash a genuine recovery in Australia's physical economy.

Legislation

1. A New National Bank

In 1994, following extensive discussions with Lyndon LaRouche, the CEC composed draft legislation to re-establish the Commonwealth Bank as a national bank, with expanded powers and functions along the lines originally envisaged by King O'Malley and then by John Curtin and Ben Chifley.

In September 2002, the CEC published a full page ad in *The Australian*, calling for a national bank, which was signed by over 600 Australian dignitaries including current and former federal, state and local elected officials, union and community leaders.



Top: The 2002 advertisement in *The Australian*, endorsed by 600 community leaders. Right: The CEC book which contains the draft legislation for a national bank.

2. A Debt Moratorium for Farms and Industries

Under globalisation, deregulation, and an unjust tax system, our hard-working farmers and industrial entrepreneurs have been savaged. They urgently need relief, in order that we can begin the process of the reconstruction of Australia's physical economy. Toward that end, the CEC drafted the *Productive Industries and Farms Domestic Debt Moratorium, Amelioration, and Restructuring Bill*.

Infrastructure

The CEC's Infrastructure Road to Recovery

Contents:

Let's Build Our Way Out of the Depression! p. 11

Great Water Projects p. 20

Water for Australia

- The Fitzroy River
- The Ord and Victoria Rivers
- The Daly, the Roper, and the Gulf of Carpentaria Rivers
- The Reid Scheme
- The Bradfield Scheme
- The Dawson Scheme
- The Burnett River
- The Clarence Scheme
- The Murray-Darling Basin
- Tasmania
- Melbourne
- Northwest Victoria
- Adelaide
- Finke River
- Esperance-Kalgoorlie Pipeline
- Perth/Wheat Belt



The New Citizen, April 2006, contains the CEC Special Report, "The Infrastructure Road to Recovery".

Conquering Our Salinity Problem p. 26

Australia Must Go Nuclear! p. 28

A Great Railway Boom p. 31

A World Leader In High-Speed Shipping p. 33

Conquering Space p. 36

Rebuilding the Health System p. 40

Education: Dummies Won't Develop Australia p. 42

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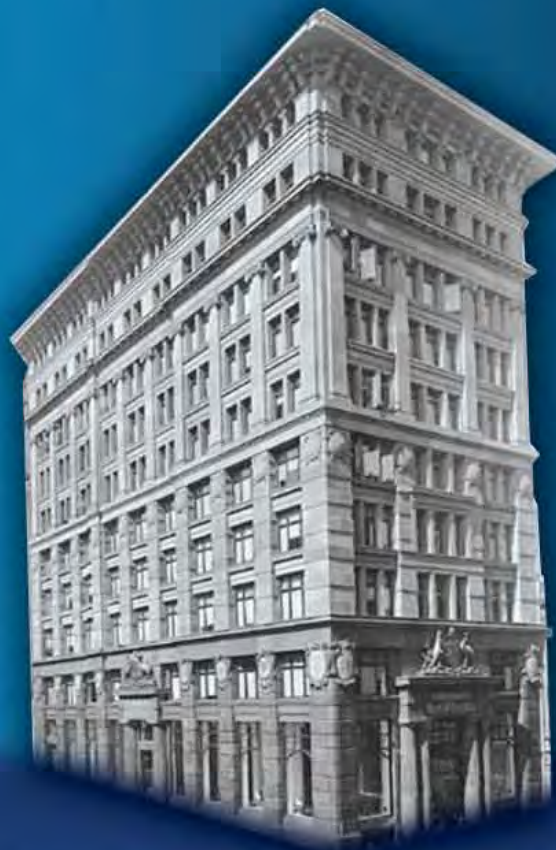
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Commonwealth National Credit Bank Bill



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Introduction

The proposed *Commonwealth National Credit Bank Bill* (CNCB Bill) contained herein was first published by the Citizens Electoral Council in 1994.¹ In 2001, as the physical economies of both this nation and the world continued to collapse, we republished it in our book, *What Australia Must Do to Survive the Depression*, whose third printing in May 2006 appeared well over a year before the Global Financial Crisis erupted in 2007. The American statesman and economist Lyndon H. LaRouche, Jr. had long warned that a world financial crash was inevitable as long as the “globalist” policies of floating exchange rates, free trade, and deregulation prevailed.

Now, a new, even more deadly GFC is roaring down upon us, precisely because of the triumph of these policies. The world’s City of London and Wall Street-centred financial system is far more unstable than it was even in the nail-biting days of 2007-08, as evident in the explosion of world derivatives since then to some \$1.5 quadrillion today. This new legislation, therefore, is not simply a “good idea”; without it, our nation will not survive. Our manufacturing and agricultural sectors have been gutted by the globalist policies embraced by both Labor and the Coalition since the Hawke/Keating “reforms” beginning 1983, while crucial infrastructure has either been degraded through privatisation and neglect, or just not built. Those policies have also made our Big Four banks ground zero in the greatest bubble in Australia’s history, with their \$23 trillion in derivatives constructed purely upon statistical fakery and hot air. In fact, they would have certainly collapsed during 2007-08, when their derivatives totalled only \$14.2 trillion, had our government not heeded their hysterical pleas and bailed them out, along with the equally bankrupt Macquarie Bank.

Australia’s banking system, like that of other nations, must be put through government-supervised bankruptcy proceedings pivoted upon a Glass-Steagall-style separation of legitimate banking activity connected to the real economy, from the risky, speculative activities typical of investment banks. The much shrunken remains of these banks

must then be subordinated to a new national bank as specified in the following legislation, which is modelled on King O’Malley’s original vision for the Commonwealth Bank. Only such a government-controlled institution functioning for the Common Good has both the intention—as well as the ability—to issue the masses of new credit necessary to revive our physical economy.

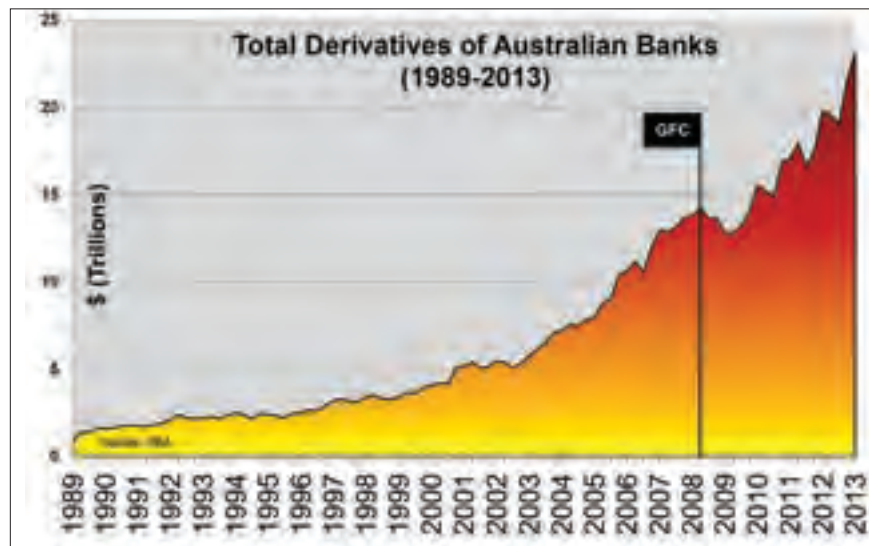
There is nothing in the CNCB bill beyond the comprehension of a concerned citizen or conscientious Member of Parliament. To a greater or lesser degree, all banks, whether central, private, or national banks, create credit. The question is, “who controls the volume of that credit, and towards what end?” For private speculation, as at present? Or, for the expansion of the physical economy and well-being of all citizens of the nation? The former constitutes a privately-controlled *monetary* system, whose focus is merely “money making money”, while the latter constitutes a publicly controlled *credit* system, which is dedicated to expanding the nation’s physical economy, thereby providing for the Common Good.

The U.S. precedent

Our original Commonwealth Bank was modelled upon the phenomenally successful First and Second National Banks of the United States (1791-1811; 1817-36). Created upon the design of President George Washington’s Treasury Secretary Alexander Hamilton, these had enabled the U.S. to pay off its staggering Revolutionary War debts, and to launch the explosion in agriculture, manufacturing, and crucial infrastructure projects such as roads, canals, and railroads, which both unified the young nation and soon ranked it among the world’s great powers. The Second National Bank was shut down by the City of London and its Wall Street flunkies, but President Abraham Lincoln revived national banking during the 1861-1865 U.S. Civil War against the British-backed Confederacy, typified by his issue of “greenbacks”. This enabled the Union to prevail, and Lincoln to launch the construction of the first Transcontinental Railroad even as the war still raged.



1. *Sovereign Australia II: The Legislative Programme To Save Our Nation*.



In the 1930s, President Franklin Delano Roosevelt once again revived the principle of national credit to finance the great infrastructure projects and related measures which brought the U.S. out of the Great Depression, and created the “Arsenal of Democracy” essential to the Allied victory over Fascism.

Our Commonwealth Bank

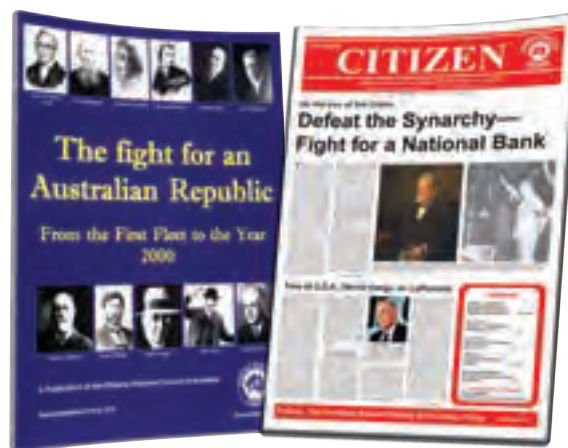
In a 1909 speech to Parliament, Commonwealth Bank founder King O’Malley proclaimed the model he intended to emulate: “I am the Hamilton of Australia. He was the greatest financial man who ever walked the earth, and his plans have never been improved upon ... The American experience should determine us to establish a national banking system which cannot be attacked.”

O’Malley fought tirelessly for a national bank of “Deposit, Issue, Exchange and Reserve”—a government bank with all of the powers of a trading bank (deposit, exchange), and a “central bank” (note issue, reserve). Though fierce opposition from our City of London-controlled financial establishment had limited its powers to essentially that of a government-owned trading bank, founding Commonwealth Bank governor Denison Miller announced to his staff on the bank’s general business opening day in 1913 that the new bank would nonetheless be a mighty institution: “The Bank is being started without capital, as none is required at the present time, but it is backed by the entire wealth and credit of the whole of the Commonwealth of Australia.” That is, the bank’s security, its capital lay not in some horde of “money”, but in the physical human and natural resources set into motion by its extension of credit.

When the usual flow of foreign finance and investment from the City of London into Australia dried up during World War I, the Commonwealth Bank stepped into the breach. Among other things, it averted a run on the private banks; it organised the financing of the war, including the emergency purchase of a national shipping fleet; and it financed pools of agricultural commodities so farmers could be paid to keep producing for the national war effort.

Former NSW Treasurer and Premier Jack Lang recounted in his book *The Great Bust*, that the wartime success of the Commonwealth Bank had terrified the City of London because it threatened to break their control over Australia: “Denison Miller had gone to London after the war finished and had thrown a great fright into the banking world by calmly telling a big bankers’ dinner that the wealth of Australia represented six times the amount of money that had been borrowed, and that the bank could meet every demand *because it had the entire capital of the country behind it...* A deputation of unemployed waited on him after he arrived back from London at the head office of the Commonwealth Bank in Martin Place, Sydney. He was asked whether his bank would be prepared to raise another £350 million for productive purposes. He replied that his bank was not only able to do it, but would be happy to do it. Such statements as these caused near-panic in the City of London.” (Emphasis added.)

The London-controlled private banking interests in Australia seized control of the Commonwealth Bank fol-



lowing Miller’s death in 1923 and restricted its issuance of credits, consequently plunging Australians into needless misery during the Great Depression.

But then, during the perilous early days of World War II, Prime Minister John Curtin and Treasurer Ben Chifley gave the Commonwealth Bank complete authority over the private banks, and the power to create enormous masses of credit. Directed into the physical economy, this avalanche of credit transformed our nation from an agrarian backwater into a high-technology, agro-industrial powerhouse with a world-class machine tool manufacturing sector which contributed decisively to the Allied victory in the Pacific.

Faced with the great tasks of postwar reconstruction, Prime Minister Ben Chifley’s ALP in 1945 passed legislation to make the Commonwealth Bank’s wartime powers permanent. Our anglophile High Court overturned that legislation, and then the Privy Council in London overruled Chifley’s decision to nationalise the banks towards the same end. When Robert Menzies took office in 1949, he set out, at the behest of the private bankers who owned him, to emasculate the Commonwealth Bank, and with it, Australia’s development potential.² He scrapped most of Chifley’s planned Post-War Reconstruction projects, and blocked the Commonwealth Bank from funding the only post-war project that was built, the Snowy Mountains Scheme. In 1959, Menzies stripped the Commonwealth Bank of its central banking powers by creating a separate Reserve Bank of Australia. What was left of the Commonwealth Bank continued as a publicly-owned trading and savings bank until Paul Keating and John Howard privatised it in three tranches between 1991 and 1997.

The Commonwealth Bank was disbanded not because it was a failure, but because its stunning success posed a mortal threat to the City of London and their local satraps’ control over Australia. The Bank’s performance, especially during 1942-45, provides the clearest demonstration that a national bank is essential to the well-being of the nation as a whole. Today, as Australia once again teeters on the edge of disaster, the Commonwealth National Credit Bank will restore to the Australian people the full blessings of national banking—the cornerstone of national sovereignty.

Craig Isherwood
National Secretary
Citizens Electoral Council

A New National Bank

In 1994, following extensive discussions with Mr. LaRouche, the CEC composed draft legislation to re-establish the Commonwealth Bank as a national bank, with expanded powers and functions along the lines originally envisaged by King O'Malley first, and then by John Curtin and Ben Chifley. A summary of the draft bank bill is followed by the draft legislation itself.

Summary:

A national bank dedicated to fostering the growth of the nation's physical economy is the cornerstone of national sovereignty. Beginning with the Commonwealth of Australia Constitution Act in 1901, and then the *Banking Act 1959* and the *Reserve Bank Act 1959*, it is clear that Australia was never intended to break free of the colonial yoke. By these laws, the Queen's representative, the Governor-General, is granted awesome powers:

- Section 56 of the Constitution gives the Governor-General total control over the appropriation of revenue or of money, by specifying that no revenue or money bill may be enacted or even debated without the Governor-General's prior written permission delivered to the Parliament on the day.
- The Reserve Bank Act grants the Governor-General the right to appoint the governor of the Bank, and thus to control all Reserve Bank policy.
- Part 2 of the *Banking Act 1959* gives the Governor-General the absolute power to issue Authorities for the conduct of the business of banking, the application of any conditions attaching to such Authorities, and the power to determine the criteria and financial standing of an applicant for an Authority to become a bank.
- Part 3 of the *Banking Act* gives the Governor-General power to impose a trade embargo on all exports from, and imports into, Australia. In addition, the absolutely untrammelled extent of his/her powers is specified in Section 39 of that Act. Note the italicised words in the concluding phrase of this section itemising his/her powers to make regulations:

39. (1) Where the Governor-General considers it expedient to do so for purposes related to:
- (a) foreign exchange or the foreign exchange resources of Australia;
 - (b) the protection of the currency or the protection of the public credit or revenue of Australia; or
 - (c) foreign investment in Australia, Australian investment outside Australia, foreign ownership or control of property in Australia, or of Australian property outside Australia, or Australian ownership or control of property outside Australia, or of foreign property in Australia; the Governor-General may make regulations, *not consistent* with this Act, in accordance with this Section (emphasis added).

In other words, even though this Act grants the Governor-General all-sweeping powers, they can in addition do whatever they like, regardless of what is specified in this Act!

So far as possible (that is, without constitutional changes), the Commonwealth National Credit Bank Bill (CNCB) strips the Governor-General of these arbitrary powers. Since the new CNCB will be clearly acting in the nation's best interests, should the Governor-General choose to exercise his/her powers under Section 56 of the Constitution to thwart the will of the Parliament in establishing the new Bank, or in the Bank's functioning, a political crisis will follow in which the Governor-General will be exposed for the colonial dictator he/she really is, and can thus be defeated.

The CNCB bill repeals the *Reserve Bank Act 1959*, completely replacing it. It amends the *Banking Act 1959*. In particular, it removes the Governor-General's powers and grants them to the board of the new Bank. It establishes a Bank which is responsible to Parliament, instead of to the private individuals who currently run the Reserve Bank, and mandates, by law, the Bank to function in such a manner as to cause a rise in Australia's "potential population-density" through a "rise in the physical output of the nation" and in "the rate of introduction of new technologies into the economy." Precise measures to calculate such rises are specified, so that

the Bank has no choice, but to so function, or an investigation is mandated.

All new credit creation by the new Bank shall, by the terms of this Bill, be tied to tangible hard commodity production. The present Reserve Bank's ability to create or extinguish credit by "open market operations" -- is expressly forbidden.

The "power" of the proposed new Bank are greater than those of the existing Reserve Bank, and in addition to those of the Reserve Bank, include power:

1. to issue notes and establish credits to acquire, support and retain the sovereignty of Australia and for the defence of the lives, liberty, and happiness of the Australian people;
2. to control, and if necessary, prohibit, the movement and dealing in currency, of foreign exchange and financial instruments of the widest definition;
3. to plan, measure, and map the economic state of the nation;
4. to provide credits under a National Emergency Credit Issue Act to guarantee up to \$100,000 per individual person, the deposits of such persons in the event of a financial collapse of a substantial percentage of the existing trading banks. The confusing claim that the Reserve Bank, under the *Reserve Bank Act 1959*, has preference over depositors in the event of bank failure, when Section 16 of the *Banking Act 1959* states that, priority in the event of bank failure lies with the depositors, has been corrected in Section 55 of the CNCB Bill.

The new Bank will have eight divisions, as follows:

- *The Reserve Division*, responsible to licence, supervise, and regulate all financial institutions.
- *The Mint and Note Division*, responsible for the issuance of legal tender, i.e.. notes and coins.
- *The National Development Division*, responsible to assess the nation's need for credit to provide for the establishment and maintenance of infrastructure of national importance and to provide such credit.
- *The Statutory Authorities, Scientific and Educational Institutions Division*, responsible to assess the nation's need for credit to provide for the capital costs of land, buildings, plant, machinery, and tangible items, as well as for scientific and technological research and development costs for statutory authorities, scientific and educational institutions, and to provide such credit.
- *The State and Local Government Division*, responsible for assessing the nation's needs for credit for the establishment and maintenance of infrastructure not specifically provided for by other divisions of the bank and to provide that credit at an annual interest rate not to exceed three per cent.
- *The Primary Industries Division*, responsible for assessing the nation's need for credit and the issuance of credit expressly for family farmers and other family producers of primary products who directly contribute to increasing the potential population-density of Australia.
- *The Manufacturing Division*, responsible for assessing the nation's need for credit and the issuance of credit for manufacturing industries of Australia.
- *The International Division*, responsible for the administration of exchange controls, and provisions of the Act relating to gold, and if and when required, the exchange and clearance of financial instruments and other international matters.

The existing informal regulation of trading banks has been formalised, and provisions have been included to stop banks and other financial institutions from engaging in or financing speculative activities relating to currency, foreign exchange. derivatives, and the like.

All activities of the CNCB are to be open for public scrutiny and statements of account and activities are to be laid before the Parliament within 30 days of the close of each calendar month.

Commonwealth National Credit Bank Bill

An Act to reconstitute the Reserve Bank of Australia as a Commonwealth National Credit Bank for economic development and supervision of the Banking and Non-Bank Financial Corporations systems and for other purposes.

PART I—PRELIMINARY

1. Short Title
2. Commencement
3. Repeal and Amendments
4. Interpretation
5. Application to Territories
6. Act to Bind the Crown

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PART I—PRELIMINARY

Short Title

1. This Act may be cited as the *Commonwealth National Credit Bank Act*.

Commencement

2. This Act shall come into operation on a date to be fixed by Proclamation.

Repeal and Amendments

3. (1) The *Reserve Bank Act 1959* and all regulations are repealed.
(2) The *Banking Act 1959* is amended in the following respects:
 - (a) the words “Governor-General”, wherever appearing, are deleted and replaced with the words, “the Board”;
 - (b) the word, “Treasurer”, wherever appearing, shall be deleted and replaced with the words, “the Board”;
 - (c) Section 8 in Part II is repealed and replaced by the words, “Banking business not to be carried on without authority. A body corporate shall not carry on any banking business in the Commonwealth unless the body corporate is in possession of an authority under the Reserve Division of the *Commonwealth National Credit Bank Act*”;
 - (d) Sections 9, 10, 11A, 11B, 11C, 12, 13 and 14 are repealed;
 - (e) The words, “Reserve Bank”, wherever appearing, are deleted, and replaced with the words, “Commonwealth National Credit Bank”;
 - (f) The word “Governor”, wherever appearing in the context of the Governor of the Reserve Bank, is deleted, and replaced with the words “Chief Executive”;
 - (g) The words “Deputy Governor” and “Deputy Governors”, wherever appearing in the context of the Deputy Governor or Governors of the Reserve Bank, are deleted, and replaced with the words, “Deputy Chief Executive”;
 - (h) Sections 17, 18, 19, 20, 21, 22, 23, 24, 25, 32, 33, 34, 35, 39, 39A and 39B, are repealed.
(3) The *Financial Corporations Act 1974* is amended in the following respect:
 - (a) The words, “Governor-General”, wherever appearing, are deleted and replaced with the words “Commonwealth National Credit Bank Board.”

Interpretation

4. (1) In this Act, unless the contrary intention appears:

“Act” means any legislation enacted by any Parliament of the Commonwealth, States or Territories of the Commonwealth of Australia and includes the rules and regulations made pursuant to such legislation;

“Australia” includes the Territories;

“Australian currency” means notes, coins and specie, payable and denominated in Australian dollars and cents;

“Australian financial instruments” means any instrument denominated in Australian currency evidencing debt or property, or a surety for the fulfilment of a promise or obligation, and also means rights, options, swaps and derivatives so denominated;

“bank” means a person carrying on the business of banking;

“banking” means the business carried on by banks in accordance with the *Banking Act 1959* and by State Banks defined by relevant State legislation;

“Chartered Bank” means any bank in Australia upon which the Commonwealth National Credit Bank has conferred the privilege of administering monies created pursuant to a national credit issue;

“Commonwealth” means the Federal Commonwealth of Australia;

“Constitution” means the *Constitution of Australia Act* as amended;

“derivative” means those contracts that are based on other products either financial or real, or prices associated with financial products and which involve:

(1) Future delivery, receipt or exchange of financial items such as cash or another derivative instrument; or

(2) Future exchange of real assets for financial items where the contract is marketable. The contracts can either be binding on both parties, as is the case with a currency swap, or subject to the exercise by one party, of a right contained in a contract, as is the case with options;

“family farmer” means any individual whose principal occupation is farming, and who resides on, or in the immediate vicinity, of the land farmed. It includes partnerships in which all individuals are related within the third degree of kinship, and where at least fifty per cent of the beneficial ownership resides with family farmers. It includes corporations in which all individuals are related within the third degree of kinship and in which at least one individual is a family farmer, or in which at least fifty per cent of the voting shares are owned by family farmers.

“farming” means any activity which directly results in the production of food (including viticulture) or fibre (including horticulture).

“financial institution” means any entity to which the provisions of the *Banking Act 1959*, or the *Financial Corporations Act 1974* applies;

“foreign currency” means notes, coins and specie denominated other than in Australian dollars and cents;

“foreign financial instruments” means any instrument denominated in any currency other than Australian currency evidencing debt or property, or a surety for the fulfilment of a promise or obligation, and also means rights, options, swaps, and derivatives so denominated;

“infrastructure” means the public or publicly regulated foundations of a national physical economy, and includes water management, transport, energy, health, education, and communications;

“legal tender of Australia” means Australian currency, which cannot legally be refused in payment of debt;

“money” means the currency of Australia, cheques, notes, credit card transactions and other financial instruments or pledges commonly or generally accepted in payment of debts;

“National Bank” means the Commonwealth National Credit Bank of Australia;

“national banking” means the business carried on by the Commonwealth National Credit Bank of Australia in accordance with this Act;

“National credit issue” means the issuance of credit by the Bank for circulation as money under the authority of Parliament;

“netting agreement” means an agreement between two or more parties whereby a number of trade balances of a debit and credit nature are netted out to produce a single debit or credit figure, or whereby a number of transactions are deemed one transaction;

“non-bank financial organisation” means any organisation to which the *Financial Corporations Act 1974* applies;

“Nostro account” means an account maintained by a bank in Australia in which its transactions with a bank not in Australia, are recorded;

“officer” or “officer of the Bank” means an officer of the Commonwealth National Credit Bank;

“open market operations” means the practice of debt or monetary policy management by or through the purchase, sale or dealing in Government-issued securities;

“Parliament” means the Parliament of the Commonwealth;

“person” means any person, group of persons, corporation, trust, or group of corporations or trusts;

“potential population-density” means the numbers of individuals existing per square kilometre, supported solely by the physical economy of the nation, plus the number who could be so supported. A rising potential population-density means an increasing number of individuals who could be potentially supported per unit area, and includes an increased quality of individual, through higher education, skill levels, and general culture;

“property” includes securities and rights under securities;

“regulations” means regulations made pursuant to the provisions of this Act or any other Act of Parliament;

“repealed Act” means an Act repealed by this Act;

“resident” means a person, not being a body corporate, who is ordinarily resident in Australia or a body corporate which is incorporated in Australia;

“statutory office” means the office of Chief Executive or Deputy Chief Executive;

“statutory reserve deposit” means the non-callable monies deposited with the Bank in accordance with the provisions of Sub-section 13(h) of the Reserve Division;

“the Bank” means the Commonwealth National Credit Bank of Australia;

“the Board” means the Commonwealth National Credit Bank Board of Directors established by this Act;

“the Chief Executive” means the Chief Executive of the Bank;

“the Deputy Chief Executive” means the Deputy Chief Executive of the Bank;

“the former Reserve Bank of Australia” means the Reserve Bank of Australia established under the *Reserve Bank Act 1959*;

“usurious” means interest rates exceeding the following rates where the purpose of the loan is related to the physical production of tangible goods:

(1) five per cent per annum calculated daily on the unpaid balance where the debt is mainly secured by land or fixed assets thereon;

(2) six per cent per annum calculated daily on the unpaid balance where the debt is mainly secured by plant, machinery, vehicle or other movable asset;

(3) seven per cent per annum calculated daily on the unpaid balance where the debt is mainly secured by personal guarantee, inventory items, crop or produce lien, or the like; and,

(4) at a rate of interest exceeding ten per cent per annum, calculated daily on the unpaid balance where the loan is not related to the physical production of tangible goods.

“Vostro account” means an account maintained by a bank in Australia in which transactions of any foreign bank are recorded.

Application to Territories

5. This Act extends to all Territories of the Commonwealth.

Act to Bind the Crown

6. This Act binds the Crown.

PART II—CONSTITUTION, POLICY AND MANAGEMENT OF THE COMMONWEALTH NATIONAL CREDIT BANK

The Commonwealth National Credit Bank

7. The body corporate established under the *Commonwealth Bank Act 1911* under the name Commonwealth Bank of Australia, and continued in existence under the subsequent Acts, namely the *Commonwealth Bank Act 1945*, *Reserve Bank Act 1959*, and *Commonwealth National Credit Bank Act* :
- (1) is preserved and continues in existence as a body corporate under and subject to the provisions of this Act, under the name Commonwealth National Credit Bank of Australia;
- (2) shall have a seal;
- (3) is capable of acquiring, holding and disposing of real and personal property, and of suing and being sued.

General Powers

8. The Bank has such powers as are necessary for the purposes of this Act, and in particular, and

in addition to any other powers conferred on it by this Act, has power:

- (1) to receive money on deposit;
- (2) to borrow and lend money;
- (3) to buy, sell, discount and rediscount bills of exchange arising from tangible hard commodity production. The practice of creating or extinguishing money supply through “open market operations” is forbidden;
- (4) to buy, sell and otherwise deal in foreign currency, specie, gold and other precious metals;
- (5) to issue notes and establish credits to acquire, support and retain the sovereignty of Australia, and for the defence of the lives, liberty, and happiness of the Australian people;
- (6) to issue notes, bills, drafts, and effect transfers of money;
- (7) to establish credits and give guarantees;
- (8) to underwrite and make loans;
- (9) to regulate financial institutions and State Banks operating beyond the borders of one state or territory, but not a State Bank operating within its home State, unless with prior agreement of the State;
- (10) to use and direct the resources of the nation to extract and make available to the Bank the data upon which to measure the rate of increase of potential population-density;
- (11) to control the rate of exchange of Australian currency with respect to foreign currencies;
- (12) to control or prohibit, whether within, or outside the Commonwealth, the buying, borrowing, selling, lending, exchanging, or that which has the effect of such, or any other dealing or transaction that relates to Australian currency, or Australian financial instruments by a non-resident of the Commonwealth;
- (13) to control or prohibit the taking or sending out of the Commonwealth, and the bringing or sending into the Commonwealth, of Australian or foreign currency, or Australian or foreign financial instruments, including the transfer of such instruments from a register outside the Commonwealth to a register within the Commonwealth or vice versa and also the transfer of Australian financial instruments between registers outside the Commonwealth;
- (14) to control or prohibit whether within or outside the Commonwealth by a resident of the Commonwealth, the buying, borrowing, selling, lending, exchanging, or that which has the effect of such, or any other dealing or transaction that relates to foreign currency or foreign financial instruments, and such dealings within the Commonwealth by a non-resident of the Commonwealth;
- (15) to control or prohibit the making of markets in Australian financial instruments, or foreign financial instruments within, or partly within, the Commonwealth;
- (16) to control or prohibit any transaction that has the effect of, or that otherwise relates to, the buying, selling, leasing, or exchanging of, or other dealing with property, that is outside Australia, by or on behalf of a resident of the Commonwealth or the buying, selling, leasing, or exchanging of, or other dealing with property within the Commonwealth by a non-resident;
- (17) to obtain accounts, books, documents, other papers, electronic data, or other information for purposes related to the exercise of the Bank’s powers;

(18) to provide a continual assessment of the need for credit and to emit and issue money;

(19) in the event of a banking emergency as defined by the collapse of a substantial percentage of the corporations holding Authorities to conduct the business of banking, the Board may prepare for the consideration of the Parliament, a bill for a “National Emergency Credit Issue Act.” The credits authorised by the enactment of such bill, shall be used to guarantee the deposits of individual depositors in financial institutions, up to a limit of \$100,000 per individual;

(20) to do anything incidental to any of its powers.

General Policy Respecting Physical Economy

9. (1) Except in the case of national emergency declared by the Parliament, the Bank shall only issue credit against the tangible wealth-creating capacity of the nation. Such capacity is defined as agriculture, mining and raw materials extraction, manufacturing, infrastructure, health care, education, and scientific research.
- (2) The Reserve Division shall monitor all new credit issuance to ensure that the policy summarised in Subsection (1) is adhered to.
- (3) The Bank shall guide its activities so as to cause a rise in both:
- (a) the physical output of the nation; and
 - (b) the rate of introduction of new technologies into the economy.
- (4) The growth described in Sub-section (3) shall be measured and mapped in the annual accounts of the nation, which shall be placed before the Parliament, and expressly show:
- (a) the rise in the per capita consumption of an average market basket of consumer goods from year to year, at a constant or declining cost to the consumer;
 - (b) the rising ratio of production of capital goods, plant, equipment, and basic economic infrastructure, compared to consumer goods;
 - (c) the rise in energy usage from year to year, both per capita, and per hectare;
 - (d) the rise in energy flux-density of the technologies of energy production, measured in watts per square centimetre per second, or a meaningful equivalent;
 - (e) the rise in both the actual, as well as potential population-density, from year to year.
- (5) If there be no rise in any of the factors described in Sub-clauses (a), (b), (c), (d), or (e), then an investigation shall be carried out to determine the cause of that stagnation or collapse, and the results of that investigation shall be laid before the Parliament.

Authority

10. The Bank shall at all times act under authority of the Parliament and as determined in accordance with this Act.

Establishment of the Commonwealth National Credit Bank Board

11. There shall be a Commonwealth National Credit Bank Board, which shall be constituted as provided by Part III.

Functions of the Commonwealth National Credit Bank Board

12. It is the duty of the Board to ensure that the monetary, economic, and banking policy of the Bank is directed to the greatest advantage of the people of Australia, and that the powers of the Bank under this Act, the *Banking Act 1959* and the *Financial Corporations Act 1974*, are exercised in such a manner as will best contribute to the:
- (1) stability of the Australian currency;
 - (2) attainment and maintenance of full employment in the Commonwealth;

- (3) economic prosperity of the people of the Commonwealth;
- (4) defence of the lives, liberty, and happiness of the people of the Commonwealth;
- (5) management and progressive elimination of the foreign debt of the Commonwealth, the States and of the public institutions and private sector:
- (6) attainment and retention of national sovereignty;
- (7) health care, welfare, education, and cultural enrichment of the people of the Commonwealth;
- (8) security of the food supply of the people of the Commonwealth;
- (9) provision of national and state infrastructure;
- (10) encouragement of productive private enterprise within the Commonwealth.

Management of the Bank

- 13. The business of the Bank shall be managed by the Board in accordance with the provisions of this Act, and specifically:
 - (1) The Board shall appoint persons to the following positions for such period, and on such terms as are consistent with the provisions of this Act, and may revoke any such appointment:
 - (a) Chief Executive;
 - (b) Deputy Chief Executive; and
 - (c) Divisional Managers for each of the eight Divisions of the Bank;
 - (2) The Board shall delegate to the Chief Executive and the Deputy Chief Executive executive powers, as are necessary for the proper and efficient functioning of the Bank as they so determine, and may from time to time revoke, withdraw, alter or vary, all, or any of these powers;
 - (3) Divisional Managers shall manage their respective Divisions under the executive authority of the Chief Executive of the Bank:
 - (4) The Deputy Chief Executive shall perform such duties as the Chief Executive directs, and in the event of a vacancy in the office of Chief Executive, or in the event that the Chief Executive is temporarily unable to fulfil his/her duties for any reason whatsoever, the Deputy Chief Executive shall perform the duties of the Chief Executive, and shall have, and may exercise, the powers and functions of the Chief Executive, provided that he/she shall first provide the Board written advice of his/her intention to so act;
 - (5) All authority granted to each and every Division of the Bank, by this Act, shall be subject to approval of the Board.

PART III—THE COMMONWEALTH NATIONAL CREDIT BANK BOARD AND THE CHIEF EXECUTIVE AND DEPUTY CHIEF EXECUTIVE OF THE BANK

Membership of the Board

- 14. (1) The Commonwealth National Credit Bank Board shall consist of:
 - (a) the Chief Executive (ex officio with no voting rights);
 - (b) the Deputy Chief Executive (ex officio with no voting rights);

- (c) the Prime Minister of the Commonwealth;
- (d) the Treasurer of the Commonwealth;
- (e) the Premiers of each State, and the Chief Minister of the Northern Territory;
- (f) five Federal Ministers of the Commonwealth relevant to primary industry, secondary industry, defence, health, and education.

(2) A member of the Board shall cease to be eligible to hold his/her seat on the Board if, and from such time, as he/she shall be replaced by a successor to his/her ministerial position, or other qualifying appointment.

(3) No member of the Board shall appoint a proxy, or any other person to act on his/her behalf.

Remuneration of Members

15. (1) A member of the Board shall be paid such remuneration as is determined by the Remuneration Tribunal.
- (2) A member of the Board shall be paid such allowances as are prescribed.
- (3) This section has effect subject to the Remuneration Tribunals Act 1973.
- (4) A reference in this section to a member of the Board does not include a reference to the Chief Executive or Deputy Chief Executive.

Declaration by Members

16. A member of the Board shall, before entering upon his/her duties or exercising any power under this Act, make before a Justice of the Peace or a Commissioner for taking Affidavits, an oath or affirmation in accordance with the form described in the Regulations.

Disqualification from Membership

17. (1) A person who is a director, officer, employee or agent of a corporation (other than the Bank), or who has, during a period of three years prior to his/her appointment to the Board, held such a position with any such corporation, the business of which is wholly or partly that of a financial institution, is not capable of appointment, or of continuing to act as a member of the Board.
- (2) A person who has been a member of the Board, shall not for a period of three years commencing from the date he/she ceased to be a member of the Board, act as a director, officer, employee or agent of a corporation, the business of which is wholly or partly that of a financial institution.

Vacation of Office by Board Member

18. (1) If a member of the Board appointed under Section 14:
- (a) becomes permanently incapable of performing his/her duties;
 - (b) becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his/her creditors, or makes any assignment of his/her remuneration for their benefit;
 - (c) resigns his/her office by writing under his/her hand, addressed to the Chairman of the Board;
 - (d) is absent, except on leave granted by the Board, from all meetings of the Board held during two consecutive months or during any three months in any calendar year; or
 - (e) fails to comply with his/her obligations under Section 23:
- then the remainder of the Board shall instruct the Chairman, and the Chairman shall so terminate his/her appointment.

Vacancies Not to Invalidate Proceedings

19. Subject to Sub-section (4) of Section 21, the exercise of the rights, powers, authorities or func

tions or the performance of the duties or obligations of the Board is not affected by reason only of there being a vacancy in the office of a member or any number of members.

Chairman and Acting Chairman

20. The Prime Minister of the Commonwealth shall be the Chairman of the Board, and in his/her absence an Acting Chairman shall be elected by the Board.

Meetings of the Board

21. (1) The Board shall meet at such times and places as the Board determines, but such determinations shall include not less than one meeting each calendar year in Darwin and in each capital city of the Commonwealth.
- (2) The Board shall meet not less frequently than once a month.
- (3) The Chairman shall preside at all meetings of the Board at which he/she is present, and, in the absence of the Chairman, the Acting Chairman so elected, shall preside.
- (4) Eight members form a quorum at a meeting of the Board.
- (5) Questions arising at a meeting of the Board shall be decided by a simple majority of the votes of the members present and voting.
- (6) The member presiding at a meeting of the Board shall have a deliberative vote, and in the event of an equality of votes, shall also have the casting vote.
- (7) The Board shall keep till minutes of its proceedings, both audio-tape and written transcript.

Exclusion of Chief Executive and Deputy Chief Executive from Certain Deliberations

22. The Chief Executive and Deputy Chief Executive shall not be present during any deliberation of the Board, or take part in any decision of the Board, in relation to the determination or application of any terms or conditions on which the Chief Executive or Deputy Chief Executive holds office.

Disclosure of Interest in Contracts

23. (1) A member of the Board, who is directly or indirectly interested in a contract made, or proposed to be made by the Bank, shall disclose the nature of the member's interest at the first meeting of the Board at which the member is present when the relevant facts have come to the knowledge of the member.
- (2) A disclosure under Sub-section (1) shall be recorded in the minutes of the Board, and after the disclosure, the member of the Board:
- (a) shall not take part in any deliberation or decision of the Board with respect to that contract; and
 - (b) shall be disregarded for the purpose of constituting a quorum of the Board for any such deliberation or decision.

Chief Executive and Deputy Chief Executive

24. (1) The Chief Executive and Deputy Chief Executive:
- (a) shall be appointed by the Board and such appointments shall be ratified by Parliament;
 - (b) shall be appointed for such period, not exceeding seven years, as the Board determines, and are eligible for reappointment; and
 - (c) hold office subject to good behaviour.
- Holding Office
25. The Chief Executive and Deputy Chief Executive shall hold office on such terms and conditions (including terms and conditions relating to remuneration and allowances) in

relation to matters not provided for by this Act, as are determined by the Board. Such terms and conditions shall be a matter of public record.

Vacation of Office by Chief Executive or Deputy Chief Executive

26. (1) The Board shall terminate the employment of the Chief Executive or Deputy Chief Executive if he:
- (a) becomes permanently incapable of performing his/her duties;
 - (b) engages in any paid employment other than with the Bank, or become a member of, or acts in the interest or on behalf of, a secret society or society with secrets, or a foreign power, or interests associated with a foreign power;
 - (c) becomes bankrupt, applies to take benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his/her creditors, or makes an assignment of his/her salary for their benefit; or
 - (d) resigns his/her office by writing under his/her hand addressed to the Chairman.
- (2) If the Chief Executive or the Deputy Chief Executive is guilty of protracted or gross negligence in the discharge of his/her duties, or repeatedly fails to act in the best interests of the Bank, and the people of Australia, the Board may, if it so resolves, terminate his/her appointment.

PART IV—NATIONAL BANKING

Commonwealth National Credit Bank to Act as a National Bank

27. The Bank:
- (1) is the National Bank of the Commonwealth;
 - (2) shall carry on business as a national bank;
 - (3) subject to this Act, to the *Banking Act 1959*, and the *Financial Corporations Act 1974*, shall not carry on business otherwise than as a national bank;
 - (4) shall have absolute and sole authority to issue the legal tender of the Commonwealth;
 - (5) subject to the *Banking Act 1959*, and the *Financial Corporations Act 1974*, the Bank shall regulate all financial institutions governed by such Acts.

Bank to Be Banker for the Commonwealth and Others

28. The Bank shall, insofar as the Commonwealth and any other recipient of a national credit issue require it to do so, act as banker and financial agent of the Commonwealth and such other recipient.

Capital

29. The capital of the Bank shall be the aggregate of:
- (1) the capital of the former Reserve Bank of Australia immediately before the enactment of this Act; and
 - (2) such other sums as are transferred from the Reserve Bank Reserve Fund in pursuance of Section 30 of this Act.

Reserve Fund

30. (1) The Bank shall have a Reserve Fund, to be called the “Commonwealth National Credit Bank Reserve Fund”, which shall consist of:
- (a) the amount standing to the credit of the Reserve Bank Reserve Fund immediately before the enactment of this Act; and

(b) such other sums as are placed to its credit in pursuance of Section 31 of this Act.

(2) The Board may, from time to time, transfer from the Commonwealth National Credit Bank Reserve Fund to the capital of the Bank, for the purposes of Part IV of this Act, such sums as the Board determines.

Profits

31. The net profit of the Bank in each year shall be dealt with as follows:

(1) such amount as the Board determines shall be placed to the credit of the Commonwealth National Credit Bank Reserve Fund; and

(2) the remainder shall be paid to the Commonwealth.

Certain Prohibitions on Trading Activities of the Bank

32. Subject to Section 54 in Part VII of this Act, the Bank shall not participate as a Principal in any project financed by a national credit issue, nor is the Bank permitted to receive dividends, profit share, or other pecuniary benefit from any project financed by a national credit issue.

PART V—DIVISIONS WITHIN THE BANK

Reserve Division

33. (1) The Reserve Division shall:

(a) licence, supervise and regulate all financial institutions;

(b) eliminate usurious and unconscionable banking and commercial practices, and the risk of such practices;

(c) set the operational liquidity ratio of financial institutions at 18 per cent of the demand deposits and mandate that such liquidity ratio be held in the legal tender of Australia;

(d) maintain a system of national economic accounting in the form described in the Regulations to accurately reflect the economic state of the nation at all times.

(2) The Reserve Division shall determine the criteria for issuance of authority to conduct business under the *Banking Act 1959*, and the *Financial Corporations Act 1974*, and relying upon such criteria, shall accept or reject applications for authority to carry on the business of financial institutions, and issue such authorities.

(3) The Reserve Division shall determine the criteria for the issue of Charters to banks to become Chartered Banks, and relying upon such criteria, shall accept, or reject applications for authority to carry on the business of Chartered Banks, and issue such Charters.

(4) The Reserve Division shall have the power, by notice in writing served on the body corporate, to which an authority or Charter was issued under the foregoing provisions, to:

(a) impose conditions, or additional conditions, on an authority or Charter; and

(b) vary or revoke conditions imposed on an authority or Charter. and, where an authority or Charter under this Division is subject to conditions, the body corporate shall comply with those conditions.

(5) Where an authority or Charter under this Division is granted to a body corporate, the First Schedule of the *Banking Act 1959*, or the Register of Corporations kept for the purposes of the *Financial Corporations Act 1974*, as the case may be, is hereby amended by the authority of this Act, with the addition of the name of the body corporate.

(6) Where the Reserve Division is satisfied that a body corporate in possession of an authority or Charter under this Division, has ceased to carry on the business of a financial institution in Australia, this Division may revoke its authority or Charter.

(7) Where:

- (a) A body corporate in possession of an authority or Charter under this Division requests the revocation of the authority or Charter, by notice in writing to the Division; and
- (b) The Division is satisfied that:
 - i. The revocation would not prejudice the interests of the depositors of the financial institution; and
 - ii. The revocation would not likely be to the detriment of the national interest; then, the Bank shall revoke the authority or Charter;
- (c) If an authority or Charter under this Division is so revoked, the First Schedule of the *Banking Act 1959*, or the Register of Corporations kept for the purpose of the *Financial Corporations Act 1974*, as the case may be, is deemed to be amended by the omission of the name of the financial institution concerned.

(8) Where the Board is satisfied that a financial institution in possession of an authority or Charter under this division:

- (a) has ceased to exist; or
- (b) has changed its name; then the Division shall publish in the Gazette a notice to that effect and, upon the publication of the notice, the First Schedule of the *Banking Act 1959*, or the Register of Corporations kept for the purpose of the *Financial Corporations Act 1974*, and the register of Chartered Banks kept for the purposes of this Act, shall be amended with effect from the date on which the body corporate ceased to exist, or changed its name, by deletion or by change of the name.

(9) The Reserve Division shall publish in the Gazette, notice of any authority or Charter granted or revoked by this Division, or any instrument made under Sub-section (4) of Section 33.

(10) A person other than a body corporate shall not carry on the business of a financial institution in Australia.

(11) With effect from the date of proclamation of this Act each corporation listed in the first schedule of the *Banking Act 1959* shall be deemed to be a Chartered Bank, subject to acceptance in writing of the rules of the Charter contained in the Regulations. Such acceptance shall be conveyed in writing to the Reserve Division within ninety days of the date of proclamation of this Act. Charters shall be granted by the Division for terms not exceeding thirty-six calendar months, and each Charter shall be granted upon such terms and conditions as the Division shall determine. Charters so granted shall be considered for renewal upon receipt by the Division of a written request to renew. Renewal shall be at the discretion of the Division. Any Charter not so renewed by the expiry date shall be deemed to have lapsed, and all concessions and business flowing from the Charter shall be withdrawn.

(12) No financial institution shall be permitted to participate directly or indirectly in the undermentioned activities:

- (a) currency speculation including derivatives thereof;
- (b) equity participation in any entity, other than for the purposes of orderly disposal of property acquired by way of default on an outstanding loan;
- (c) trade, commerce, agriculture, industry or other like undertaking;
- (d) usurious or other unconscionable practices;
- (e) trading in stocks, bonds, or other securities or financial instruments, derivatives, or the financing of any such trading, where the purpose is speculative.

(13) The Reserve Division shall prescribe regulations for the prudential conduct, supervision, and monitoring of all financial institutions. Such regulations shall require all such institutions to conduct their business in accordance with the provisions of the Regulations. Further, the Regulations shall:

- (a) provide for the collection, analysis, and publication of information in respect of the business, and financial standing of financial institutions;
- (b) encourage and promote sound ethical practice by financial institutions;
- (c) provide for evaluation of the effectiveness and implementation of the Regulations;
- (d) provide for the control of rates of interest, discount and other charges payable to, and by financial

institutions, and for the elimination of usurious practices;

(e) provide for determination of the lending policy of financial institutions including the purpose for which monies will, and will not be advanced. Such determinations shall favour lending at low rates of interest, and on otherwise favourable terms, for purposes that increase the potential population-density, and eliminate or penalise lending for speculative purposes;

(f) explicitly describe and determine capital adequacy ratios and prime assets ratios;

(g) explicitly describe and determine prudential financial standards relating to market, credit, and data risks, off balance sheet business, derivative products and the like;

(h) provide for an account to be known as the Statutory Reserve Deposit Account to be maintained with the Bank, and for such Account to be in credit to the extent specified in the Regulations;

(i) subject to Section 33 (1) (c), explicitly describe and determine operational liquidity ratios;

(j) provide for the percentile nominated in Section 33 (1)(c) to be reduced by one percentage point for each one percentage point that loans to productive industries, as determined by the Reserve Division, exceed 60 per cent of all loans, down to a minimum liquidity ratio of 5 per cent;

(k) stipulate that a serious and protracted breach of the operational liquidity ratio of 18 per cent, except as specified in Sub-section (13)(j) above, shall be cause for an immediate investigation in accordance with Sub-section (14) of this section;

(l) prescribe penalties for offences against the regulations not exceeding \$100,000 fine plus confiscation of the gains arising from such offences.

(14) The Reserve Division shall protect the depositors of financial institutions, and shall have the power with the prior consent of the Board to carry out any investigation, and to control the affairs of such financial institutions, and such financial institutions shall assist all such investigations and control, and provide all deeds, securities, financial instruments, undertakings, and other intangibles or things considered necessary, and furthermore:

(a) a financial institution that considers that it is likely to become unable to meet its obligations, or is about to suspend payment, shall forthwith in writing inform the Reserve Division;

(b) where a financial institution informs the Reserve Division that it considers that it is likely to become unable to meet its obligations, or that it is about to suspend payment, or the Reserve Division is of the opinion that a financial institution is in serious and protracted breach of this Act, the *Banking Act 1959*, or the *Financial Corporations Act 1974*, or is likely to become unable to meet its obligations, or is about to suspend payments, then the Reserve Division shall investigate the affairs of such financial institution and assume control of, and carry on the business of that financial institution;

(c) where the Reserve Division has under this section resolved to investigate the affairs of a financial institution, such corporation shall submit its business to the control of the Reserve Division, and shall provide all such access, books, accounts, documents, electronic data, information, personnel, facilities, and other intangibles and things that the Reserve Division requires to conduct the investigation, or to carry on the business of that financial institution;

(d) where the Reserve Division in pursuance of this section has assumed control of the business of a financial institution, the Reserve Division shall, subject to Sub-section (14)(f), remain in control of, and direct the affairs of that financial institution, until such time as the Reserve Division is satisfied that suitable provision has been made for repayment of the deposits of that financial institution, and in the opinion of the Reserve Division, it is no longer necessary for the Reserve Division to remain in control of the business of that financial institution;

(e) whenever the Reserve Division is in control of a financial institution, the laws relating to insolvency and liquidation of companies shall not apply, nor shall any other person, organisation or entity, be appointed to supervise, conduct, or determine, any matter in relation to the winding up, liquidation or restructuring of a financial institution;

(f) where the Reserve Division has, in pursuance of this Sub-section, assumed control of the business of a financial institution, a Full Court of the Federal Court of Australia, may, upon application of that financial institution, order that the Reserve Division cease to control the business of that financial institution as from the date specified in the order, if, after the expiration of twelve months from the date the Reserve Division assumed control, the Court is satisfied that it is no longer necessary for the protection of the depositors of that financial institution that the Reserve Division should remain in control of the business of that financial institution;

(g) where the Reserve Division, in pursuance of this Subsection, assumes control of the business of a financial institution, and ceases such control, the Reserve Division shall publish that fact in the Gazette.

(15) The Reserve Division shall publish in the Gazette, detailed investigation reports and accounts of any corporation under investigation or control, in pursuance of the obligations con-

tained in the preceding Sub-section.

(16) In the event of a financial institution becoming unable to meet its obligations, or suspending payment, the assets of such corporation in the Commonwealth shall be available to meet its deposit liabilities in priority to all other liabilities of that corporation, and the provisions of any netting or similar type agreement entered into by that financial institution, shall be of no consequence or effect, and shall not operate to frustrate the intention of this Sub-section (14).

(17) Every financial institution shall hold and own assets in the Commonwealth of a value, not less than the total amount of its deposit liabilities in the Commonwealth.

Mint and Note Division

34. The Mint and Note Division shall be responsible for the issuance, reissuance and cancellation of Australian notes and coins as defined in the Australian Notes Act 1910, under Part VII of the *Commonwealth Bank Act 1911*, under Part VI of the *Commonwealth Bank Act 1945*, under Part V of the *Reserve Bank Act 1959*, and under this Act, and furthermore:

(1) Denomination of notes and coins shall be detailed in the Regulations, or any other denomination that the Board, by instrument in writing published in the Gazette, determines.

(2) Australian notes and coins issued by the Mint and Note Division are to be legal tender throughout the Commonwealth.

(3) The Mint and Note Division shall ensure that there is sufficient supply of legal tender as required by the Australian economy, and that such supply and issue is first authorised by the Parliament.

(4) The Australian notes and coins issued in pursuance of this Division, shall bear such signatures, and be of such design, as detailed in the Regulations.

(5) Neither a person, nor a State, shall issue a bill, or note, or coin, for payment of money payable to bearer on demand, and intended for circulation as legal tender.

National Development Division

35. The National Development Division shall be responsible for assessment of the nation's need for credit, to provide for the capital costs of establishing and maintaining infrastructure, not otherwise specifically provided for by other Divisions of the Bank, but as defined by the Constitution and under the authority of a minister responsible to the Parliament. It shall be the further responsibility of this Division to provide such credit, upon such terms, as specified in the relevant National Development Credit Issue Act, and as the Board determines at an annual interest rate not to exceed three per cent.

The National Development Division shall:

(1) Annually call upon the resources of Commonwealth Departments, and advertise in the major media, for the people of Australia, to assist in the assessment of the need for both:

- (a) new infrastructure;
- (b) the maintenance and modification of existing infrastructure.

(2) After receiving submissions from the public and Commonwealth Departments, and assessing the Nation's needs, for credit for the ensuing twelve months, prepare, for approval by the Board, a Parliamentary bill in the terms described in the Regulations for a "National Development Credit Issue Act", for a national credit issue.

(3) Upon approval by the Board, and by no later than 31st May each year, cause the Treasurer to introduce into the Parliament the Bill to authorise creation of the required credit.

(4) Use the Proclamation of the bill; as amended by Parliament; as the authority for the national credit issue for the works detailed therein, and furthermore:

- (a) such bill shall be subject to normal constitutional procedures and requirements, as a law appropriating monies;
- (b) nothing herein, shall prevent the submission and enactment of more than one bill each year for a national credit issue, through this Division of the Bank;
- (c) under authority of the National Development Credit Issue Act, the Division shall credit a “National Development Account”, the total amount authorised by the Act, and from such account, the Bank shall pay to the credit of each Commonwealth Department’s “National Infrastructure Account” with the Bank, such amounts as specified in the National Development Credit Issue Act.

Statutory Authorities, Scientific and Educational Institutions Division

36. The Statutory Authorities, Scientific and Educational Institutions Division, shall be responsible for assessing the nation’s needs for credit to provide for the capital costs of land, buildings, plant, machinery, and tangible items, as well as for scientific and technological research and development costs for statutory authorities, scientific and educational institutions. It shall be the further responsibility of this Division to provide such credit, upon such terms, as specified in the relevant Statutory Authorities, Scientific and Educational Institutions National Credit Issue Act, and as the Board determines but at an annual interest rate not to exceed three per cent.

(1) The Statutory Authorities, Scientific and Educational Institutions Division shall:

- (a) annually call upon the resources of Commonwealth and State authorities and institutions and the people of Australia, by advertisement in the major media and otherwise, to assist in the assessment of the need for land, buildings, plant, machinery, and tangible items, the maintenance and modification of such existing property, together with scientific and technological research and development;
- (b) after receiving submissions from the public, and Commonwealth and State authorities and institutions, and assessing the Nation’s needs for credit for the ensuing twelve months, prepare for approval of the Board, a bill in the terms described in the Regulations, for a Parliamentary Act entitled, “Statutory Authorities, Scientific and Educational Institutions National Credit Issue Act”, for a national credit issue, to pay for the costs for establishing, modifying, and maintaining the property, and for the scientific and technological research and development detailed therein;
- (c) upon approval by the Board, and by no later than 31st May each year, cause the Treasurer to introduce into Parliament, the bill to authorise creation of the required credit;
- (d) use the Proclamation of the bill, as amended by Parliament, as the authority for the national credit issue for the property, works, research, and development described therein.

(2) Furthermore:

- (a) such bill shall be subject to normal constitutional procedures and requirements, as a law appropriating monies;
- (b) nothing herein shall prevent the submission and enactment of more than one bill each year, for a national credit issue through this Division of the Bank;
- (c) under authority of the Statutory Authorities, Scientific and Educational Institutions National Credit Issue Act, the Bank shall credit an account designated “Statutory Authorities, Scientific and Educational Institutions National Credit Issue Account”, the total amount authorised by the Act. From such account, the Bank shall pay to the credit of each Statutory Authority, Scientific or Educational Institutions Account with the Bank. Such amounts as specified in the Statutory Authorities, Scientific and Educational Institutions National Credit Issue Act;
- (d) such credit shall be for the payment of capital works and research purposes, and not for operating costs or budget supplement;
- (e) the Bank shall, in every instance, take a security charge over the asset created, or the outcome of research, and hold such charge until the borrowing has been repaid or extinguished;
- (f) at the time of preparing the bill described in Subsection (2), there shall also be prepared a document citing the reasons for inclusion or exclusion of each proposal considered, and such document shall be submitted to the Board with the draft bill, and shall become a matter of public record.

State and Local Government Division

37. The State and Local Government Division shall be responsible for assessing the nation's needs for credit for establishment and maintenance of infrastructure which comes, or would come within the responsibility of a State Government Minister. A further responsibility of this Division shall be to provide credit upon such terms as specified in the relevant "State and Local Government National Credit Issue Act", at an annual interest rate not to exceed three per cent.

(1) The State and Local Government Division shall:

- (a) annually call upon the State and Territorial Governments and the people of Australia, by advertisement in the major media and otherwise, to assist in the assessing of the need for the establishment of new infrastructure and the maintenance of existing infrastructure;
- (b) after receiving submissions from the public and State and Territorial Governments, and assessing of the needs of each State and Territory for credit for the ensuing twelve months, prepare for approval by the Board, a parliamentary bill in the terms described in the Regulations for a "State and Local Government National Credit Issue Act";
- (c) upon approval by the Board, and by no later than 31st May each year, cause the Treasurer to introduce into the Parliament the bill to authorise creation of the required credit;
- (d) use the Proclamation of the bill, as amended by Parliament, as the authorisation for the national credit issue for the works detailed therein.

(2) Furthermore:

- (a) such bill shall be subject to normal constitutional procedures and requirements as a law appropriating monies;
- (b) nothing herein shall prevent the submission and enactment of more than one bill each year for a national credit issue through this Division of the Bank;
- (c) under authority of the State and Local Government Credit Issue Act, the Bank shall credit an account designated "State and Local Government National Credit Issue Account" the total amount authorised by the Act. From such account the Bank shall pay to the credit of each State and Local Government National Credit Issue Drawings Account with the Chartered Bank or State Bank named in the Act for that purpose the total amount due to each particular State;
- (d) the State and Chartered Banks shall permit the State Government Departments, and Local Government Councils, to draw funds due to them in monthly tranches, after completion of all security arrangements detailed in Sub-clauses (e) and (f), and after approval by the State or Chartered Bank of the invoices for work carried out or goods and property purchased, in connection with each project funded by the National Credit Issue;
- (e) the State Bank or Chartered Bank shall, in every instance, take a security charge over the asset created, and the land upon which it is constructed, and hold such charge until the borrowing has been repaid or extinguished;
- (f) the State and Chartered Banks' liability to the Bank, in respect of a national credit issue under this Division, shall be secured by a floating or specific charge, and discharged upon repayment to the Bank, of the amount of the original credit and all other appertaining charges and interest;
- (g) such national credit shall be for the payment of capital works and their maintenance, and not for operating costs or budget supplement;
- (h) at the time of preparing any bill described in this section, there shall also be prepared a document citing the reasons for inclusion or exclusion of each proposal considered, and such document shall be submitted to the Board with the draft bill, and it shall be a matter of public record;
- (i) interest, and all other charges by the State and Chartered Banks in relation to loans, made in accordance with the provisions of this Division, shall be not more than two per cent per annum of the outstanding balance, in addition to interest charges of the Bank.

Primary Industries Division

38. The Primary Industries Division is responsible for assessing the nation's need for credit to provide for the costs of land, buildings, plant, machinery, other tangible items, and working capital for primary industry.

A further responsibility of this Division shall be to provide credit upon such terms as specified in the relevant "Primary Industries National Credit Issue Act", and, at an interest rate to Chartered Banks for reloaning to primary producers of not more than two per cent and, subject to Sub-section (8) of Section 38, at an interest rate for loans directly to primary

producers of not more than five per cent.

(1) The Primary Industries Division shall:

- (a) assess the needs for credit for the primary industries of Australia;
- (b) provide credit upon terms defined herein and otherwise as the Board determines, expressly for:
 - i. family farmers, and other family producers of primary products, who directly contribute to increasing the potential population-density of Australia;
 - ii. relief from the effects of catastrophe;
 - iii. price support mechanisms and marketing structures, provided that not more than five per cent of the voting stock or equity of any such mechanism or structure, is held or controlled by any one individual organisation or group;
- (c) after assessing the needs for credit for the primary industries of Australia, for the ensuing twelve months, prepare for approval of the Board, a parliamentary bill in terms described in the Regulations for a “Primary Industries National Credit Issue Act”;
- (d) upon approval by the Board, and by no later than 31st May each year, cause the Treasurer to introduce into the Parliament the bill to authorise creation of the required credit;
- (e) use the Proclamation of the bill, as amended by Parliament, as the authority for the national credit issue.

(2) Such bill shall be subject to normal constitutional procedures and requirements as a law appropriating monies.

(3) Nothing herein shall prevent the submission and enactment of more than one bill each year for a national credit issue through this Division of the Bank.

(4) Under authority of the Primary Industries National Credit Issue Act, the Bank shall credit an account designated the “Primary Industries National Credit Issue Account”, the total amount authorised by the Act. From such account, the Bank shall pay to the credit of a “Primary Industries National Credit Issue Drawings Account” with the Chartered Banks or branches of the Bank nominated by the prospective recipients, such monies, in tranches, to cover the monthly approved credit advances to all such recipients nominating each such Chartered Bank or branch of the Bank.

(5) The Chartered Banks and branches of the Bank, shall effect transfers from their respective drawings accounts to the credit of the borrowers’ accounts, after completion of all security arrangements detailed in Sub-sections (6) and (7), and after approval by the Chartered Bank or branch of the Bank, of the invoices for work carried out, and for goods and property purchased in connection with each project funded wholly, or in part, by the national credit issue.

(6) The Bank or Chartered Bank shall, in every instance, take a security charge over the asset created or enhanced, constructed or purchased, whether plant, machines, unsold produce, land, and the like, related to the purpose for which the credit is authorised.

(7) The Chartered Banks’ liability to the Bank in respect of national credit issues under this Division shall be secured by a floating or specific charge, and discharged upon repayment of the amount of the original credit and all other appertaining charges.

(8) Interest, and all other charges payable by the primary industry borrower, shall not exceed five per cent per annum, based on the outstanding balance of any loan, whether wholly or in part comprising a national credit issue, and whether arranged with a Chartered Bank, or a branch of the Bank.

Manufacturing Division

39. The Manufacturing Division is responsible for assessing the Nation’s need for credit to provide for the costs of land, buildings, plant, machinery, other tangible items, and working capital for the manufacturing industry.

A further responsibility of this Division shall be to provide credit upon such terms as

specified in the relevant “Manufacturing Industries National Credit Issue Act”, and, at an interest rate to Chartered Banks for relending to manufacturers of not more than two per cent and subject to Sub-section (8) of Section 39, at an interest rate for loans directly to manufacturers, of not more than five per cent.

(1) The Manufacturing Division shall:

- (a) assess the needs for credit for the manufacturing industries of Australia;
- (b) provide credit upon terms defined herein, and otherwise, as the Board determines, expressly for:
 - i. manufacturers producing goods which directly contribute to increasing the potential population-density of Australia;
 - ii. relief from the effects of catastrophe;
- (c) after assessing the needs for credit for the ensuing twelve months, prepare, for the approval of the Board, a parliamentary bill in the terms described in the Regulations for a “Manufacturing Industries National Credit Issue Act”;
- (d) upon approval by the Board, and by no later than 31st May each year, cause the Treasurer to introduce into the Parliament, the bill to authorise creation of the required credit;
- (e) use the Proclamation of the bill as amended by Parliament, as the authority for a national credit issue.

(2) Such bill shall be subject to normal constitutional procedures and requirements, as a law appropriating monies.

(3) Nothing herein, shall prevent the submission and enactment of more than one bill each year for a national credit issue through this Division of the Bank.

(4) Under authority of the Manufacturing Industries National Credit Issue Act, the Bank shall credit an account designated the “Manufacturing Industries National Credit Issue Account” the total amount authorised by the Act. From such account the Bank shall pay to the credit of a “Manufacturing Industries National Credit Issue Drawings Account” with the Chartered Banks or branches of the Bank nominated by the respective recipients, such monies. in tranches, to cover the monthly approved credit advances to all such recipients nominating each such Chartered Bank or branch of the Bank.

(5) The Chartered Banks and branches of the Bank shall effect transfers from their respective drawings accounts, to the credit of the borrowers’ account, after completion of all security arrangements detailed in Sub-sections (6) and (7) and after approval by the Chartered Bank or branch of the Bank, of the invoices for work carried out, or goods and property purchased, in connection with each project funded wholly, or in part, by the national credit issue.

(6) The Bank or Chartered Bank, shall in every instance, take a security charge over the asset created, enhanced, constructed, or purchased, whether plant, machines, unsold products, land, and the like, related to the purpose for which the credit is authorised.

(7) The Chartered Bank’s liability to the Bank in respect of national credit issues under this Division, shall be secured by a floating or specific charge, and discharged upon repayment of the amount of the original credit and all other appertaining charges.

(8) Interest, and all other charges payable by the manufacturing industry borrower, shall not exceed five per cent per annum, based on the outstanding balance of any loan whether wholly, or in part, comprising a national credit issue, and whether arranged with a Chartered Bank, or a branch of the Bank.

International Division

40. The International Division is responsible for administration of exchange control, and provisions of this Act relating to gold, and if, and when required, the exchange and clearance of financial instruments and other international matters.

(1) The International Division shall:

- (a) administer the exchange control provisions of this Act;
- (b) administer the provisions of this Act relating to gold;
- (c) administer any consolidating legislation which requires the Bank to regulate the clearance, settlement or transfer of financial instruments;
- (d) deal with any matter or issue relating to international affairs, within the powers of the Bank, including provision of information to, and cooperation with, the Commission, established in accordance with the provisions of the *Foreign Debt Moratorium Act*.*

(2) This Division shall impose restrictions and controls on, and regulate and monitor, and if necessary, prohibit transactions involving any foreign exchange, or the dealing in Australian currency or Australian financial instruments by non-residents of the Commonwealth. Such transactions may involve but are not limited to:

- (a) rates of exchange;
- (b) the buying, borrowing, selling, lending, exchanging, or that which has the effect of such, or any other dealing or transaction that relates to Australian currency, or Australian financial instruments whether within, or outside the Commonwealth, by a non-resident of the Commonwealth;
- (c) the taking or sending out of the Commonwealth, and the bringing or sending into the Commonwealth, of Australian or foreign currency, or Australian or foreign financial instruments, including the transfer of such instruments from a register outside the Commonwealth to a register within the Commonwealth or vice versa and also the transfer of Australian financial instruments between registers outside the Commonwealth;
- (d) the buying, borrowing, selling, lending, exchanging, or that which has the effect of such, or any other dealing or transaction that relates to foreign currency, or foreign financial instruments;
- (e) the making of markets in Australian financial instruments or foreign financial instruments within or partly within the Commonwealth by a non-resident of the Commonwealth;
- (f) any transaction that has the effect of, or that otherwise relates to, the buying, selling, leasing, or exchanging of, or other dealing with property, that is outside Australia, by or on behalf of a resident of the Commonwealth or the buying, selling, leasing, or exchanging of, or other dealing with property within the Commonwealth by a non-resident;

(3) This Division shall be responsible for administering the following provisions regarding gold within the Commonwealth:

- (a) a person shall not take, or send any gold out of the Commonwealth, unless prior consent, in writing, of this Division, be first obtained. Such consent shall only be granted in exceptional circumstances, or in the event of national emergency. The Bank shall lay before the Parliament, a copy of any consent so granted, and the reasons therefore;
- (b) this Division shall be a permanent buyer for all gold produced and traded in the Commonwealth and the price to be paid shall be, subject to Sub-clause (g), not less than that published by the Bank in the Gazette;
- (c) this Division may purchase foreign gold as it determines necessary;
- (d) any person who owns gold, not in gold coins, the total value of which exceeds \$100,000 where such gold is not used in connection with the purpose of the person's lawful profession or trade, shall deliver the gold to the Bank within one month of coming into possession of such gold;
- (e) where a person lawfully in possession of gold for his/her profession or trade, ceases that profession or trade he/she shall deliver all such gold subject to Subclause (d) to the Bank within one month of his/her ceasing that profession or trade;
- (f) all gold delivered in pursuance of this section shall thereupon vest in this Division, absolutely free from any mortgage, charge, lien, trust or other interest, in, or affecting the gold, and the Bank shall pay for the gold, to the person delivering the gold, on behalf of all persons having any interest in the gold, an amount determined in accordance with this section and this Division shall not be under any liability to any other person claiming any interest in the gold;
- (g) the price to be paid for any gold delivered in pursuance of this section, shall be determined by this Division, and based on the estimate of this Division as to an equitable cost of production, plus a fair margin for profit;
- (h) a person shall not sell, or otherwise dispose of gold, to a person other than this Division;
- (i) a person may buy gold from this Division solely for the purpose of using it in his/her lawful profession or trade.

- (4) This Division shall work to establish an international gold reserve system to support trade between all nations.
- (5) No international treaty, protocol, covenant or the like, or memorandum signed with non-Australian bodies which relates to banking or economic matters, shall be valid or binding unless such document has first been approved by the Board, and ratified by Parliament.
- (6) This Division may receive and deal in the notes, financial instruments, and specie of other nations, and has authority to maintain “Nostro” and “Vostro” accounts for its dealings with foreign banks and for the dealings of foreign banks with this Division of the Bank.
- (7) This Division shall prepare for approval of the Board, a parliamentary bill in the terms described in the Regulations for a “Gold Purchase National Credit Issue Act”, for a national credit issue to pay for the costs of purchasing.
- (8) Upon approval by the Board, this Division shall cause the Treasurer to introduce into the Parliament, the bill to authorise creation of the required credit, and the International Division shall use the Proclamation of the bill, as amended by Parliament, its the authority for a national credit issue.
- (9) Such bill shall be subject to normal constitutional procedures and requirements, as a law appropriating monies.
- (10) This Division Shall credit an account designated the “Gold Purchases National Credit Issue Account”, with the total amount of each national credit issue, authorised by the Act. From such account it shall issue currency for the purchase of gold.
- (11) Each financial institution shall, within 30 days of the Proclamation of this Act, notify this Division of all foreign currency in its possession or under its control. Such foreign currency shall not be used except with prior written permission of this Division and as specified in the Regulations.
- (12) This Division shall have power to reverse any transaction undertaken up to twelve calendar months prior to this Act coming into force, by any financial institution, where it appears that the purpose or consequence of such transaction was other than the financing of lawful trade in physical goods, or which otherwise would be inconsistent with the provisions of this, Act, if it were at the time of such transaction, enacted as a law of the Commonwealth.

PART VI—COMMONWEALTH NATIONAL CREDIT BANK SERVICE

Appointment of Officers

41. (1) The Bank may appoint such officers as are necessary for the purposes of this Act.
- (2) The officers appointed under this Part shall constitute the Commonwealth National Credit Bank Service.
- (3) Subject to this Part, and to the Regulations, officers hold office on such terms as the Bank determines.

Requirements for Appointment

42. A person shall not be appointed under this Act to the Commonwealth National Credit Bank

* See page 39-42, *Sovereign Australia Part II: The Legislative Program To Save Our Nation*, Citizens Electoral Council, 1994

Service, unless:

- (1) he or she is an Australian citizen;
- (2) he or she makes and subscribes before a Justice of the Peace or a Commissioner for taking Affidavits, an oath or affirmation of allegiance, in accordance with the form described in the Regulations;
- (3) the Bank is satisfied as to his/her or her health and physical fitness for the work involved.

Regulations for Bank Service

43. The regulations may make provision in relation to the Commonwealth National Credit Bank Service, and in particular, may prescribe terms and conditions of employment of officers.

Superannuation Fund

44. (1) There shall be a Superannuation Fund of the Bank.
(2) The Bank may, with the approval of the Minister for Finance, make rules not inconsistent with this Act or the Regulations, for, or in relation to, the Superannuation Fund.

Borrowing by Members of the Board and Officers

45. (1) In respect to any member of the Board, or officer, or employee of the Bank, the Bank shall not:
 - (a) lend money; or
 - (b) provide guarantees relating to the payment of money, provided that any loans or guarantees to which this section applies, were issued prior to Proclamation of this Act. Such loans or guarantees shall be permitted to continue for a period not exceeding ninety days from the date of Proclamation of this Act.

Indemnity of Personnel
46. (1) The Chief Executive and Deputy Chief Executive, and other members of the Board, and other persons employed by the Bank, shall be indemnified by the Bank in respect of any liability, loss, claim, or proceeding incurred, or made by any person, whilst such officer, members, or other persons employed by the Bank, are acting within the scope of their duties.

PART VII—MISCELLANEOUS

Head Office

47. (1) The location of the Head Office of the Bank shall be determined by the Board.
(2) The Head Office of the Bank shall not be in the same building as any other bank or person.

Branch Offices of the Bank

48. In the exercise of its powers and the performance of its functions, the Bank may establish branch offices at such places, whether within or beyond Australia, as the Board determines.

Agents

49. (1) In the exercise of its powers and the performance of its functions, the Bank shall not:
 - (a) arrange with any person to act as agent of the Bank whether within or beyond Australia; or
 - (b) act as the agent of a bank carrying on business within or beyond Australia.

Guarantee by the Commonwealth

50. The Commonwealth is responsible for the payment of all monies due by the Bank, but

nothing in this section authorises a creditor or other person claiming against the Bank to sue the Commonwealth in respect of his/her or her claim.

Taxation

51. The Bank is not liable to taxation under any law of a State or of a Territory to which the Commonwealth is not subject, and the income of the Bank is not liable to income tax under any law of the Commonwealth.

Audit and Public Accountability

52. (1) Within the bounds of sound and ethical commercial practice, all activities of the Bank shall be made public.
- (2) The Bank shall not be exempt under the Freedom of Information Act.
- (3) Within thirty days of the close of each calendar month, a statement of the accounts and activities of the Bank shall be made to Parliament, and all records shall be audited quarterly. Such statement is to be available to the public at the cost of printing and postage.
- (4) All records relating to Australia and the International Monetary Fund, Bank for International Settlements and World Bank, are to be a matter of public record after expiration of one year.

Annual Reports and Financial Statements

53. (1) The Board shall, as soon as practicable after each 30th June, and in the terms detailed in the Regulations, prepare and submit to the Parliament:
- (a) a report on the operations of the Bank during the year ending on that day;
 - (b) a report on the operations of the financial institutions during the year ending on that day; and
 - (c) a report on the economic state of the nation.

Power to Improve Property and Carry on Business

54. Where the Bank holds any property, (whether real or personal), or business (including a bank), as security for a loan or advance, and the property or business passes to the Bank due to failure or default of the owner under the terms or conditions of the loan or advance, the Bank may maintain, repair or improve the property, or carry on the business, until the Bank can, in its discretion, dispose of the property or business, in the best interests of the Bank.

Priority of Debts Due By Other Banks

55. Notwithstanding anything contained in any law relating to the winding up of companies, debts due to the Bank by any financial institution shall, in winding up, have priority over all other debts other than debts due to the Commonwealth and the depositors of the financial institutions.

Regulations

56. (1) The Board may make Regulations, not inconsistent with this Act, prescribing all matters which by this Act are required or permitted to be prescribed, for carrying out, or giving effect to this Act, or for the conduct of business by the Bank, and in particular, prescribing penalties for offences against the Regulations, not exceeding a fine of \$100,000 and confiscation of all benefits derived from such violation.
- (2) The Regulations shall apply both within and without Australia.

Penalties

57. (1) A person who contravenes a provision of this Act specified in column 1 of the table at the end of this section:

- (a) if the contravention continues beyond the end of the day on which it commenced—is guilty of an offence in respect of each day during the whole or part of which the contravention continues (including the day of conviction for any such offence or any later day); or
- (b) in any other case of contravention, is guilty of an offence.

(2) An offence in relation to a provision of this Act specified in column 1 of the table is punishable, on conviction, as follows:

- (a) if the letter A is specified in column 2 opposite to the reference to the provision in column 1:
 - i. if the offender is a natural person—by a fine not exceeding \$20,000, and in default, to gaol for a term not exceeding one year;
 - ii. if the offender is a body corporate—by a fine not exceeding \$50,000;
- (b) if the letter B is specified in column 2 of the table opposite to the reference to the provision in column 1:
 - i. if the offender is a natural person—by a fine not exceeding \$100,000, and in default, to gaol for a term not exceeding two years;
 - ii. if the offender is a body corporate—by a fine not exceeding \$250,000;
- (c) if the letter C is specified in column 2 of the table opposite to the reference to the provision in column 1:
 - i. if the offender is a natural person—by a fine not exceeding \$250,000 and in default, to gaol for a term not exceeding ten years;
 - ii. if the offender is a body corporate—by a fine not exceeding \$1,000,000.

(3) Every director, officer or agent of a company which directed, authorised, assented to, acquiesced or participated in the commission of an offence by the company is guilty of an offence and liable on conviction to a penalty for each offence as a natural person as detailed in Sub-section (2).

(4) Nothing in this section is intended to imply that Section 4K of the Crimes Act 1914 does not apply to offences against this Act or the Regulations.

Table of Offences		
Item	Column 1	Column 2 (Penalty Level)
1.	Section 12	A
2.	Section 16	A
3.	Section 17	A
4.	Section 23	B
5.	Section 26(1)(b)	B
6.	Section 26(2)	B
7.	Sub-section 27(4)	C
8.	Sub-section 33(4)	B
9.	Sub-section 33(10)	B
10.	Sub-section 33(12)	C
11.	Sub-section 33(14)	B
12.	Sub-section 40(2)	C
13.	Sub-section 40(3)	C
14.	Sub-section 40(5)	C
15.	Sub-section 40(10)	B
16.	Sub-section 40(11)	C
17.	Sub-section 42(1)	A
18.	Sub-section 42(2)	A
19.	Sub-section 45(1)	A
20.	Any other provision	A



Citizens Electoral Council of Australia

PO Box 376 Coburg VIC 3058

Phone: 1800 636 432

Email: cec@cecaust.com.au

Web: www.cecaust.com.au



British banks HSBC and Standard Chartered, were caught in 2012 by US authorities in massive money laundering operations. In other words, KPMG assisted its clients to launder money, but is using money laundering as the excuse to take away the rights of Australians to use cash!

The real reason: bail-in and negative interest rates

Money laundering and tax evasion are nothing new, that they would suddenly require this “solution”. What *is* new is the plunge in the public’s confidence in the banks, especially since the global financial crisis. But instead of properly reforming the banks to restore the public’s confidence, through policies such as Glass-Steagall, which separates normal banking from the financial gambling that causes crises, authorities around the world have resorted to insane and in fact criminal measures that further destroy confidence in the banks.

The two most egregious measures are the criminal bail-in policy and the insane move to negative interest rates; bail-in steals deposits to prop up failing banks, while negative interest rates force customers to pay to keep their money in the bank. Both are coming to Australia. Morrison snuck his bail-in law through the Senate in February 2018 with only eight senators present in the chamber and no recorded vote. The Reserve Bank of Australia has aggressively slashed interest rates to 1 per cent, and in the banking crisis that is brewing right now they will feel compelled to follow countries like Japan and Switzerland down past zero and into negative territory, as the International Monetary Fund is recommending.

Both bail-in and negative interest rates destroy confidence in the security of bank deposits, which motivates people to take their money out of the bank and hold it in cash. This is the experience in Japan and Europe. So like some European countries, Australia is banning cash to force people to use the banking system so they cannot escape these policies, under threat of two years jail.

Fascism is the use of state power to benefit private corporations; by definition, this is a fascist assault on the freedom of Australians to use cash and not private banks. The CEC is calling on all concerned Australians to demand the government scrap this law and reform the banking system instead!

What you can do

The government has allowed only two weeks for submissions, in order to avoid scrutiny. Don’t let them get away with it! We have until 12 August to swamp Treasury with letters and emails, demanding they drop this law. Write an email or letter today to the Treasury: state your objection to any law that removes your right to use cash, and demand the government restore confidence in the banking system by properly reforming the system, not by trapping people in the system so they can’t escape policies like bail-in.

Email: blackeconomy@treasury.gov.au with the subject line:

Submission: Exposure Draft—Currency (Restrictions on the Use of Cash) Bill 2019

Address written submissions to:

Manager
Black Economy Division
Langton Cres
Parkes ACT 2600

[Click here to sign the petition to the Australian Parliament: Hands off our bank deposits—stop ‘bail-in’!](#)

[Click here for a free copy of the latest issue of the *Australian Alert Service*.](#)

Citizens Electoral Council of Australia

Craig Isherwood, National Secretary

PO Box 376, COBURG, VIC 3058

Phone: 1800 636 432 Email: cec@cecaust.com.au Website: www.cecaust.com.au

MEDIA RELEASE

30 July 2019

Morrison is banning cash so Australians can't escape bail-in, negative interest rates

The fight against "bail-in" is on! The Morrison government has released for consultation a new law that bans cash transactions over \$10,000. The pretext for this law is to crack down on money laundering and tax evasion in the "black economy". This is a shameless lie! The formal recommendation to ban cash comes from "big four" global accounting firm KPMG, which is an accomplice of the world's biggest money launderers and tax evaders. The real purpose for the cash ban is to trap Australians in the banking system, so they cannot escape negative interest rates or having their bank deposits "bailed in".

Scott Morrison first announced this measure in the 2018 budget, originally to come into force this month, but now scheduled for January 2020. It was recommended in the [October 2017 Black Economy Taskforce Report by](#)

[Michael Andrew AO](#) (who died last month), a former chief of global accounting giant KPMG. The report revealed that the strategy is to: "*Move people and businesses out of cash and into the banking system, which makes economic activity more visible, auditable and efficient.*" (Emphasis added.) It gives the game away by noting that it may benefit "financial stability and the effectiveness of monetary policy"—code for policies like bail-in and negative interest rates. To achieve this it recommended: "Moving to a near cash free economy. A \$10,000 economy-wide cash limit should be introduced." But \$10,000 is just the beginning: in June 2018, just after Morrison announced it, KPMG was already lobbying Treasury to lower the limit to \$5,000 or even \$2,000.

[Morrison is banning cash](#)

Download the PDF to print and circulate

Deception and stealth

When Morrison released the exposure draft of his bail-in law in 2017, he did so on a Friday afternoon when there would be no media attention. Only a sharp-eyed CEC staffer spotted it and recognised it as bail-in, enabling the CEC to mobilise a massive nationwide campaign against it which continues to this day. The government is being equally sneaky with this law. Treasurer Josh Frydenberg quietly released the exposure draft of the legislation, called the [Currency \(Restrictions on the Use of Cash\) Bill 2019](#), last Friday afternoon, 26 July, and has allowed only two weeks for public comment.

The exposure draft of the bill has two notable features:

1. It bans ALL cash transactions over \$10,000, enforced with a penalty of two years jail;
2. Division 2 is blank, containing only the words "To be inserted".

What is the government hiding by releasing an incomplete draft, on a Friday afternoon, and allowing only two weeks for public consultation?

The deception doesn't end there. In its explanation of the law, the government has sought to make it palatable by emphasising that there will be exemptions to the cash ban, including depositing and withdrawing cash in banks, and, curiously, *most* consumer-to-consumer transactions, such as for a second-hand car. However, *the exemptions are not in the legislation*. They are in a separate regulatory instrument to be issued by the Minister after the legislation is passed. This means that they are not permanent, but that in the future, the Minister will be able to scrap the exemptions without requiring new legislation. This is the "salami tactic": first pass the law in a form that is politically palatable, and then slice off key changes. In a bail-in scenario, for instance, under the current regulation people fearing bail-in may withdraw all of their money from the bank, but the Minister will be able to issue a new regulation that suddenly stops people from withdrawing more than \$10,000.

Not about money laundering

This law is emphatically *not* about controlling money laundering and the black economy. The vast majority of money laundering and tax evasion is done by banks and corporations, not individuals. And who helps banks and corporations do it? The big four global accounting firms, including KPMG, whose boss Michael Andrew recommended this cash ban! The big four literally write the tax laws that enable corporations to evade tax, and dominate the offshore tax havens like the Cayman Islands that exist for tax evasion and money laundering. When Michael Andrew was the global boss of KPMG—the only Australian ever to lead the worldwide operations of a big four firm—two of KPMG's biggest clients,

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Mr Wayne Byres, Chairman,
Australian Prudential Regulation Authority,
Level 12, 1 Martin Place,
Sydney, In the State of the New South Wales, 2000.

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Id: RPP44 63700 51000 37684 41605

Anna Bligh, Chief Executive,
Australian Bankers' Association
Level 3, 56 Pitt Street, Sydney,
In the State of the New South Wales, 2000.

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Id: RPP44 63700 51000 37684 42602

James Shipton, Commissioner,
Australian Securities and Investments Commission
GPO Box 9827, Sydney,
In the State of the New South Wales, 2001.

Registered Post Article
Id: RPP44 63700 51000 37684 43609

Scott Morrison, Chief Executive Officer,
Corporation of Australia
Parliament House, Canberra,
In the Australia Capital Territory, 2600

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Id: RPP44 63700 51000 37684 44606

Scott Morrison, Chief Executive Officer,
Corporation of Australia
Suite 102, Level 1, 30 The Kingsway, Cronulla,
In the State of the New South Wales, 2230

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Kelly O'Dwyer,
Minister for Revenue and Financial Services
Suite 1, 1343 Malvern Road, Malvern,
In the State of the Victoria, 3144

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Id: RPP44 63700 51000 37684 46600

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Unit C7, Mudgeeraba Professional Centre,
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In the State of the Queensland, 4213

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Governor, Reserve Bank of Australia
65 Martin Place, Sydney,
In the State of the New South Wales,

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Karen Andrews
Member for McPherson, Queensland
Ground Floor The Point 47 Watts Drive
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Registered Post Article
Id: RPP44 63700 51000 37684 49601

Josh Frydenberg
Federal Member for Kooyong
695 Burke Road, Camberwell
In the State of the Victoria, 3124

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Tax Evasion occurs primarily with large Corporations, particularly Multi Nationals!
Chief facilitators KPMG + other large accounting firms!

- Banning cash transactions over \$10,000 will not end the tax evasion and money laundering of the “black economy”, but will strip individuals of their right to privacy in financial affairs, and trap them in private banks, unable to escape policies such as “bail-in” and negative interest rates.
- It is outrageous that this cash ban is a recommendation of one of the big four global accounting firms, KPMG, which wrote the 2017 Black Economy Taskforce report and is already lobbying for the limit to be reduced to \$2,000.
- KPMG and its fellow big four firms are complicit in the overwhelming majority of tax evasion and money laundering, which is perpetrated by their clients in multinational banks and corporations, not by individuals using cash.
- If this cash ban is enacted, the government clearly intends more restrictions, as the law has been drafted so that the exemptions to the ban, such as for withdrawing cash from a bank, can be removed by the Minister at any time. The private banks already impose unreasonable restrictions on the ability of Australians to access their own cash.

Recommendations:

- Respect the right of Australians to use cash for privacy and as an alternative to the banks;
- Scrap this bill and the cash ban policy; and
- Crack down on the real black economy by going after multinational banks and corporations, the big four accounting firms, and the tax havens.
- Educate self
- Hold a Senate PUBLIC HEARING! than
- Hold a REFERENDUM and obey the result.

You can choose to ignore these documents, and thereby agree to all the claims made here, or you can deny the claims, in writing, with your personal signature, to be received by me before 30 November 2019. Signature, by definition, means to affix a signature to; to subscribe in one’s own handwriting; to write person’s own signature beneath; to consent or bind the author, by writing the author’s name beneath; to attest by writing the author’s name. “Electronic” signatures are not deemed acceptable.



All correspondence to be delivered to:
C Pollitt, C/- General Post Office Box 4679,
Robina Town Centre,
In the state of the Queensland.

Failure to reply personally BEFORE 30
November 2019, is deemed to be agreement
and acceptance to all the claims made here.

Blessings

By 

Attachments: Citizens Electoral Council of Australia MEDIA RELEASE, 30 July 2019

A copy of this letter is being sent to:

C Pollitt
C/- General Post Office Box 4679
Robina Town Centre
in the State of the Queensland

11 November 2019

Josh Frydenberg
Treasurer of Australia Corporation
Parliament House, Canberra,
In the Australia Capital Territory, 2600

Copies of this document also sent to (see page 3) :

Hello Josh,
RE: Currency (Restrictions on the Use of Cash) Bill 2019

Crimes Act 1914

*(24F) Nothing in the preceding provisions of this Part makes it unlawful for a person:
(a) to endeavour in good faith to show that the Sovereign, the Governor General, the Governor of a State, the Administrator of a Territory, or the advisors of any of them, or the persons responsible for the government of another country, has or have been, or is or are, mistaken in any of his or their counsels, policies or actions;*

It is my duty to keep you informed as to MY WILL on any matter that comes before the Parliament or should come before the Parliament

It is a question of the Australian People preventing the ultimate centralisation, taking from their hands the right to live their lives in the freedom, which is their birthright. **It is MY WILL that no amendments or alterations be made to the use of cash in Australia without the consent and express will of the Australian People by referendum. The government does not get to make up rules and regulations to suit themselves.**

Scott Morrison's Currency (Restrictions on the Use of Cash) Bill 2019 is a fraudulent assault on the freedoms of Australians.

The Commonwealth Constitution of Australia 1901 defines currency as "passing or circulation from hand to hand, from person to person".

This does not allow for intermediaries i.e. banks, to be forcibly involved in our currency transactions. Therefore your cash ban legislation is inconsistent with our Constitution and section 128 of our Constitution makes your cash ban legislation null and void.

Please remember that to alter our Constitution you need to hold a referendum of the people. Knowingly acting against our Constitution is called treason. The penalty for treason is life imprisonment.

- The legislation is contrary to Civil Liberties!
It removes FREEDOM in The Commonwealth of Australia!
- The legislation has no practical-proven benefits! but rather numerous proven negatives for the men-women of The Commonwealth of Australia!
- The Corporate Faux Government reasons are fake! The real reason is that customers' money will be stuck in Banks to be utilized in the event of a "Bail In" or to control accounts for political reasons!
- The legislation will not stop tax evasion!

FIFTY DOLLARS

John Faulkner
GOVERNOR, RESERVE BANK
OF AUSTRALIA

Robert Cooper
SECRETARY TO
THE TREASURY

THIS AUSTRALIAN
NOTE IS LEGAL
TENDER
THROUGHOUT
AUSTRALIA
AND ITS
TERRITORIES

Australia



David Unaipon
*It is a full-blooded member of my race
I should say chosen to be the first
but I hope not the last -
to stand in enduring
proof of our customs
beliefs and imagings.*


DAVID UNAIPON



50



From: Citizens Party <citizensparty@>
Sent: Monday, 24 January 2022 11:36 AM
To: Careers (HR)
Subject: A people's bank to resurrect Australia / The lies leading us to war
Attachments: 21Citizens Party_Logo.png

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span,.ExternalClass font{line-height:100%} p{margin:0}body{-ms-text-size-adjust:100%;-webkit-text-size-
adjust:100%;-webkit-font-smoothing:antialiased;moz-osx-font-smoothing:grayscale}
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The lies leading us to war

Citizens Report

This week Elisa Barwick is joined by Robert Barwick for the 21 January Citizens Report discussing:

The X-factor to resurrect Australia: A people's bank

The strategy and lies leading us to war

The Citizens Report is the weekly half-hour political and economic update of the Citizens Party's fight to save Australia from economic collapse. The report is now posted and ready for you to view. Click on your preferred platform to view:

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Read the Australian Alert Service

Content covered in The Citizens Report is elaborated in the Citizen Party's weekly Australian Alert Service magazine, which reports on the political fight to free Australia and all nations from the financial control of the City of London and Wall Street. The 19 January issue includes the following:

Editorial: Economic shock front ahead-act now!

Morrison, McGowan challenged: take responsibility for agency failures-compensate Sterling victims NOW!

All eyes on regional banking taskforce

Banks ramp up debanking despite regulator scrutiny

RBA review must jettison neoliberal mandates

New Zealand backflips on statutory bail-in

Put the Governor-General on the 'foreign influence' register

Smoking guns in the Fed's 2019-20 emergency 'repo' bailouts

Fed shareowners monopolise emergency repo loans

A clear and present danger: Peter Dutton and the 'Strategy of Denial'

Security talks with Russia inconclusive; military tension still high

Slow progress in talks to restore Iran nuclear accord

Unifying Aussies across the political divide

In memoriam: Vince Zumbo

Education is more than information

ALMANAC: When democracy becomes tyranny

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From: Citizens Party <citizensparty@>
Sent: Thursday, 27 January 2022 1:18 PM
To: Careers (HR)
Subject: ASPI exposed! Shut down this think tank of lies and war
Attachments: Citizens Party_Logo.png

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Australian Citizens Party
 Media Release Thursday, 27 January 2022
 Craig Isherwood, National Secretary
 PO Box 376, COBURG, VIC 3058
 Phone: 1800 636 432
 Email: info@
 Website:

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ASPI exposed! Shut down this think tank of lies and war

In Shakespeare's tragedy Othello, the heroic general by that name is incited into a murderous rage by a web of malicious lies spun by his trusted adviser Iago. Because Othello does not recognise Iago's lies, he ends up falsely believing his beloved wife Desdemona was having an affair and kills her, thus destroying his life and everything he loves. Evil liars manipulating the powerful into destructive conflicts is nothing new, but tragedies like Othello were written as cautionary tales for people to learn from. Australia should learn that lesson in relation to the Australian Strategic Policy Institute (ASPI).

ASPI is the principal source of the deliberate disinformation campaign that has achieved a breathtakingly sudden breakdown in diplomatic relations, mostly since 2017, between China and Australia, our "Five Eyes" partners the USA, UK and Canada (except NZ), and some European nations, which is pushing the world to the brink of war. (Thankfully, the majority of the world's nations have seen through ASPI's lies, and maintained good diplomatic relations with China regardless.) ASPI is an Australian Defence Department think tank, majority funded by the Australian government, but it is also heavily funded by foreign governments and the world's biggest weapons manufacturers, who have raked in massive profits from the extra sales they have made out of the dangerous war tensions they have paid ASPI to fuel. Among its foreign government funders, the biggest is the US State Department, but it also receives funding from the British, Dutch, and Japanese governments, and the North Atlantic Treaty Organisation (NATO), which is right now provoking conflict with Russia.

Outgoing ASPI Director Peter Jennings, who has overseen ASPI's aggressive conflict-stoking role, was an adviser to Prime Minister John Howard, whom Jennings advised to commit Australia to the 2003 invasion of Iraq. That advice alone should have seen Jennings banished from public influence forever; instead he was given a role which he has used to stoke what would be the biggest war of all. Twice in 2020 Jennings predicted war with China "within months";

Uyghur lies

Now ASPI's lies have been thoroughly exposed in a brilliant report by an Australian lawyer, Jacqueline (Jaq) James, which is a legal analysis of a 2020 ASPI report, “Uyghurs for sale?”. ASPI's report fuelled the last two years of hysterical claims that the Uyghur Muslims of China's Xinjiang Autonomous Region were being subjected to “forced labour” in China, which led to political pressure on companies all over the world to drop Chinese companies with Uyghur employees from their supply chains. Many large Western companies did, not because they found forced labour, but because of the political pressure they came under; as a result, many Uyghur workers lost their jobs.

Jaq James's report, “The Australian Strategic Policy Institute's Uyghurs For Sale report: Scholarly Analysis or Strategic Disinformation”, dissects all of ASPI's specific allegations to assess its standards of evidence from a legal standpoint, i.e. would these claims stack up in a court of law? They don't–none of them. In fact, in a second edition of her report in response to an ASPI employee's accusation that she “simply dismissed” their findings, Ms James shows that ASPI falsely misrepresented its evidence in such a blatant way it can only be considered deliberate. She concludes: “ASPI lobbed eighteen specific accusations relating to forced labour at China, and, as this paper shows, not one of them survives close scrutiny. It is submitted that this is because the ASPI report was not a work of scholarly analysis, but rather a piece of strategic disinformation to exact harm.”

Jaq James's report is not the first to debunk ASPI's malicious lies about China. The Citizens Party has debunked them repeatedly, and over the past few years many people and institutions around the world have come to recognise that ASPI is nothing more than a propaganda outlet for the pro-war elements in the Five Eyes countries, who, as the 2003 Iraq invasion demonstrated, use deliberate lies that vilify the target countries to pave the way to war. However, her report is one of the most thorough and conclusive examinations of ASPI's claims, and she has shown that this think tank is totally lacking in credibility, is completely untrustworthy, and reflects very badly on Australia.

For the sake of world peace, this think tank of lies must be shut down!

[Click here to support Jaq James, who is independent and self-funded, to continue her analysis work.](#)

[Click here to read “An obliteration of ASPI's 'Uyghurs For Sale' report: take two”, which highlights some of the most important details from the second edition of the Jaq James report.](#)

[Click here to read the full, second edition of “The Australian Strategic Policy Institute's Uyghurs For Sale report: Scholarly Analysis or Strategic Disinformation?”](#)

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Australian Citizens Party ABN: 96 864 903 379 595 Sydney Road Coburg VIC 3058 AUSTRALIA Ph: 03 9354 0544

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From: Citizens Party <citizensparty@>
Sent: Monday, 31 January 2022 10:37 AM
To: Careers (HR)
Subject: Aussies & Kiwis must unite against bail-in / Avoid war, shut down ASPI
Attachments: 21Citizens Party_Logo.png

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Latest from the Citizens Party

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Avoid war, shut down ASPI

Citizens Report

This week Robert Barwick is joined by Glen Isherwood for the 28 January Citizens Report discussing:

Time for Aussies and Kiwis to unite against 'bail-in' deposit theft

Shut down ASPI, think tank of lies and war

The Citizens Report is the weekly half-hour political and economic update of the Citizens Party's fight to save Australia from economic collapse. The report is now posted and ready for you to view. Click on your preferred platform to view:

[Click here to view The Citizens Report on our website.](#)

[Click here to view The Citizens Report on YouTube.](#)

[Click here to listen to it on SoundCloud.](#)

Read the Australian Alert Service

Content covered in The Citizens Report is elaborated in the Citizen Party's weekly Australian Alert Service magazine, which reports on the political fight to free Australia and all nations from the financial control of the City of London and Wall Street. The 26 January issue includes the following:

Editorial: To avert war, expose and defeat those who want war

Halt the march to war

ASPI exposed! Shut down this think tank of lies and war

An obliteration of ASPI's 'Uyghurs For Sale' report: take two

Financial complaints umpire AFCA is part of the problem

Case study: No right to appeal or review

Case study: No access to true justice

Financial firestorm ahead: IMF, World Bank

A contrast in economies: USA and China

MI5 apes ASIO's 'Chinese interference' scare tactics

A message from Ukraine: Stop using weapons supplies and political blackmail to incite Ukraine to war with Russia!

Elbridge Colby peddles World War III

Push for inquiry into conflict of interest, collusion in the legal and public sector

In celebration of a great friend: Stuart Bruce Smith

Beyond the visible scope: Australia's future in space

ALMANAC: Update on the Webb Telescope: 'A gift to mankind'

[Click here for a free copy of the latest issue of the Australian Alert Service](#)

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Authorised: Robert Barwick, 595 Sydney Rd, Coburg, Vic 3058

Australian Citizens Party ABN: 96 864 903 379 595 Sydney Road Coburg VIC 3058 AUSTRALIA Ph: 03 9354 0544

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From: Citizens Party <citizensparty@
Sent: Tuesday, 1 February 2022 2:21 PM
To: Careers (HR)
Subject: Morrison's WeChat Saga
Attachments: Citizens Party_Logo.png

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Australian Citizens Party

Media Release Tuesday, 1 February 2022

Craig Isherwood, National Secretary

PO Box 376, COBURG, VIC 3058

Phone: 1800 636 432

Email: info@

Website:

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Morrison's WeChat Saga

The barrage of lies continues to soften up the Australian public to accept the 'inevitable' war with China.

Now that the Australian Strategic Policy Institute's (ASPI) lies about Uyghur 'forced labour' in China have been thoroughly discredited (in a 70-page analysis by Jaq James, see AAS Vol. 24 Nos. 1-2 & 4), the anti-China hawks have explosively announced the alleged blocking by China of the 'official' WeChat account of the Prime Minister.

This has quickly turned out to be completely false.

The story was first carried by the Daily Telegraph on 24 January. It was quickly picked up by Bloomberg, CNN, Reuters and others. Reuters and SBS took the trouble to investigate and made enquiries to WeChat. This is what they learned.

An 'official' account on WeChat is a blog like every other blog on the World Wide Web, with a name to identify the blog and a registered 'entity' which controls the blog. Scott Morrison was not the registered entity for the account which bore his name.

The 'official' WeChat account (blog) with the name 'Scott Morrison' was set up, owned and operated by a person in China with the surname of Ji-the registered 'entity' with control of the account. It is not known whether this was done independently or at the behest of Scott Morrison or his office.

Under WeChat rules, which are the same as other social media platforms, such as Twitter, the entity which owns the account may transfer ownership (sell) to another entity. WeChat notifies followers/users of the account that a transfer is occurring.

In this case the "entity"; Ji transferred the account to a new "entity"; called Fuzhou 985 Information Technology Ltd, which renamed the account "Australia China New Life". This was a perfectly legitimate commercial transaction in which neither the Chinese Government nor the Communist Party of China (CPC) was involved. Such transactions are not uncommon, as purchasers typically want to make money from the blog's followers, such as by running ads.

Nevertheless, Senator James Paterson, Chair of the Parliamentary Joint Committee on Intelligence and Security, leapt in to state on radio that "There's 1.2 million Australians of Chinese descent who overwhelmingly use this service and now can no longer access news and information from their Prime Minister";.

Having complained that the PM had effectively been locked out of communicating with the Australian Chinese voters, he then called on all politicians to boycott WeChat and thus voluntarily lock themselves out of communicating with Australian Chinese voters. That seems a less than intelligent recommendation in an election year.

The ABC invited journalist Bill Birtles to comment. He stated that the PM had been obliged to use an agent in China to set up "his"; account, because Australians could not set up WeChat accounts directly and that WeChat accounts are regularly censored by the CPC. But the Australian Embassy in China has been running an account, with the Embassy publicly certified by WeChat as the "entity"; that owns and controls the account. Perhaps our diplomats know something Birtles and Morrison do not?

The transaction between Ji (the entity who owned and controlled the WeChat blog "Scott Morrison";) and the infotech company which acquired it, occurred a few months ago, but only now has been seized upon as a stick to beat China with.

The Daily Telegraph asserted that the PM's WeChat blog had been rebranded as a "propaganda outfit"; (for the People's Republic of China). In this case the purchaser apparently has not even made up its mind-the PM's messages on the blog remain untouched. No new posts have emerged. The whole episode is a transparent attempt at further "China bashing";, completely devoid of truth.

The above article was authored by retired senior Australian diplomat John Lander, who worked in the China section of the Department of Foreign Affairs in the lead-up to the recognition of the People's Republic of China in 1972 and several other occasions in the 1970s and 1980s. He was deputy ambassador in Beijing 1974-76 (including a couple of stints as Chargé d'Affaires). He was heavily involved in negotiation of many aspects in the early development of Australia-China relations, especially student/teacher exchange, air traffic agreement and consular relations. He has made numerous visits to China in the years 2000-19.

Click here to sign the petition:

An Australia Post 'people's bank'-a win-win solution for the nation

Click here to join the Citizens Party as a member.

Click here to refer others to receive regular email updates from the Citizens Party.

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From: Citizens Party <citizensparty@>
Sent: Thursday, 10 February 2022 10:37 AM
To: Careers (HR)
Subject: TONIGHT - Special YouTube Live Stream
Attachments: Citizens Party_Logo.png

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2022 Federal Election

Special YouTube LIVE STREAM event: @Australian Citizens Party 2022 Federal Election campaign launch


Please join the Citizens Party TONIGHT at 7.30PM AEDT (other time zones below) for its first ever YouTube live stream, to launch the 2022 Federal Election campaign.

You will:

Meet the candidates

Hear the policies on the ACP's election Fighting Platform

Be able to ask questions via email

To participate, click on the URL or image below and you can set a reminder by clicking on the  Set Reminder button on the bottom left of the video.

Citizens Party 2022 Federal Election Campaign Launch

<https://aus01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fyoutube.com%2Fwatch%3Fv%3DYZWGmns5Y5s&data=04%7C01%7CRecruitment%40rba.gov.au%7C2c13da44e8c24cd4eae208d9ec251a39%7Caf0d88c1660544c2999ee6b2f8790d86%7C0%7C0%7C637800466977097532%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwbMDAiLCJQIjoiv2luMzliLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000&sd=zwBhsvA%2B0QbsOOaBPnN%2F0mfNV7j20vMonJkI3bWxBHM%3D&reserved=0>

DATE: 10 February 2022

TIME: 7:30PM AEDT VIC, NSW and TAS
(WA 4:30PM; SA 7:00PM; NT 6:00PM; QLD 6:30PM)


Please Note: The Countdown Time to the LIVE show displayed on YouTube is based on your computer TIME ZONE settings and is calculated accordingly. It will tell you how many days, hours and minutes till the live broadcast starts for you.

If you have a question that you would like to ask of any of our candidates, either prior to the LIVE broadcast, or during it, then please email: ask@citizensparty.com.au These email questions will be responded to either in the Q&A section of the broadcast or by email after the event has concluded.

You can visit the Citizens Party website at

<https://aus01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.citizensparty.com.au%7C2c13da44e8c24cd4eae208d9ec251a39%7Caf0d88c1660544c2999ee6b2f8790d86%7C0%7C0%7C637800466977097532%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwbMDAiLCJQIjoiv2luMzliLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000&sd=zwBhsvA%2B0QbsOOaBPnN%2F0mfNV7j20vMonJkI3bWxBHM%3D&reserved=0>

From: Citizens Party <citizensparty@>
Sent: Monday, 14 February 2022 12:53 PM
To: Careers (HR)
Subject: Major parties fail Australia again / Elite create their worst nightmare
Attachments: 21Citizens Party_Logo.png

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adjust:100%;-webkit-font-smoothing:antialiased;moz-osx-font-smoothing:grayscale}
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Anglo-Americans make their worst nightmare come true

Citizens Report

This week Elisa Barwick is joined by Craig Isherwood for the 11 February Citizens Report discussing:

Major parties fail Australia again

Anglo-Americans make their worst nightmare come true

The Citizens Report is the weekly half-hour political and economic update of the Citizens Party's fight to save Australia from economic collapse. The report is now posted and ready for you to view. Click on your preferred platform to view:

[Click here to view The Citizens Report on our website.](#)

[Click here to view The Citizens Report on YouTube.](#)

[Click here to listen to it on SoundCloud.](#)

Australian Citizens Party campaign launch [Click here to watch the recording of the ACP's YouTube Live Stream 10 February 2022 Federal Election Campaign launch.](#)

Coming event: DFA Live Q&A Financial Fig Leaves: With Robbie Barwick & tomorrow night!
15 February at 8:00 PM AEDT ACP Research Director Robert Barwick joins Digital Finance Analytics principal Martin North to discuss the financial system, who runs it, and for what end. We will cover ASIC, APRA, and RBA, Deposit Bail-In, Investor Protection and Glass-Steagall among other topics.

Read the Australian Alert Service

Content covered in The Citizens Report is elaborated in the Citizen Party's weekly Australian Alert Service magazine, which reports on the political fight to free Australia and all nations from the financial control of the City of London and Wall Street. The 9 February issue includes the following:

Editorial: Face reality of economic collapse and war

Sterling Inquiry report: Senator Roberts demands full and immediate compensation

Additional comments from Senator Malcolm Roberts

'Red' herring torches Aus-China research collaboration

EU sees the light on nuclear energy; Australia still in the dark

The development framework for China's 'green' policies

China-Russia diplomacy at Olympics-a 'tectonic shift'

The paradox of the ACP

Australia is putting a rover on the Moon in 2024 to search for water

ALMANAC: UN direct appeal to state department: Save Afghanistan from 'mass death'

[Click here for a free copy of the latest issue of the Australian Alert Service](#)

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From: Citizens Party <citizensparty@>
Sent: Tuesday, 15 February 2022 2:03 PM
To: Careers (HR)
Subject: Where will your savings be safe from 'bail-in'? In a postal bank!
Attachments: Citizens Party_Logo.png

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Australian Citizens Party

Media Release Tuesday, 15 February 2022

Craig Isherwood, National Secretary

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Email: info@

Website:

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Where will your savings be safe from 'bail-in'? In a postal bank!

Join the grassroots campaign to recruit all parties to support the Commonwealth Postal Savings Bank Bill.

The growing uncertainty over the financial system, in the face of rising inflation and interest rates, raises the spectre of a domestic banking crisis. Australia's Big Four banks are more exposed to the housing market bubble than their US and European counterparts were in 2008, when mortgage defaults triggered a global wave of bank collapses. Governments used taxpayer bailouts to save the banks in the 2008 banking crisis, but since then all G20 governments, including Australia, have committed to propping up failing banks using the new policy of 'bail-in'-confiscating savings deposits and funds of other 'unsecured creditors'. Four years ago this week, on St. Valentine's Day 2018, then-Treasurer Scott Morrison snuck a bill through the Senate, with only eight Senators present in the chamber, which included a loophole that banking experts confirmed could potentially be used in a crisis to bail in the savings deposits of Australians. One Nation Senator Malcolm Roberts is attempting to amend the 2018 law to close the loophole, but he is opposed by the two major parties.

So-where can you keep your money that is safe? Unfortunately, nothing is guaranteed to be safe, not even the \$250,000 Financial Claims Scheme deposit guarantee, which isn't activated and is only supported by a \$20 billion per bank provision that even Australia's Council of Financial Regulators has acknowledged can't cover the 80 per cent of total Australian deposits that are in the Big Four banks. This is a disaster for the Australian financial system, because not having a safe place for hard-earned life savings will destroy the confidence that underpins the financial system. There is a solution, however, in the form of a bill that the Citizens Party has drafted that will create a safe place for Australians to deposit their savings-a public post office people's bank.

The Citizens Party's bill, the Commonwealth Postal Savings Bank Bill, has been drafted in coordination with Bob Katter MP, to establish a public postal bank similar to the way the original Commonwealth Bank started in post offices in 1912. Importantly, the Commonwealth Bank first proved its value as a public bank in the global financial panic of 1914, when it averted a 'run' on all Australian banks by the actions of its Governor, Sir

Denison Miller, who announced publicly that the Commonwealth Bank stood behind the deposits in all of the banks; consequently, the feared bank panic didn't eventuate. (In London, which was the epicentre of the 1914 panic, the Commonwealth Bank's London office was the only bank to remain open during the emergency.)

Like the Commonwealth Bank then, a new postal bank will be able to guarantee deposits because it is owned by the government; put simply, governments are far, far less likely to go bankrupt than private banking corporations are, so customers of public banks can have confidence that their deposits will always be honoured.

Multiple benefits

Protecting savings deposits is just one of the benefits of the CPSB. Its many other benefits include:

Breaking the oligopoly of the Big Four banks, which are arrogantly closing branches, debanking lawful businesses, reducing access to and availability of cash, and starving industries, small businesses, and regional communities of credit;

Guaranteeing full, low-cost banking services to all Australian individuals, businesses, and communities;

Ensuring the ongoing viability of Australia Post and its network of 2,850 small business community Licensed Post Offices;

Supporting cash availability and the cash payments system (which the private banks are trying to phase out) so cash is always a payment and savings option in Australia;

No de-banking-the CPSB will not discriminate against any lawful businesses.

Spread the word to all communities-support the CPSB Bill!

The Citizens Party urges all Australians who support the CPSB solution to participate in the grassroots campaign to spread the word to all communities, and build support for the bill that Bob Katter intends to introduce into Parliament. Following is a draft resolution for community organisations to pass as an endorsement that they can then communicate to Parliament.

Draft Resolution-Post Office People's Bank

NAME OF ORGANISATION [council, union branch, political party branch, church, other body]

notes that:

Bank branch and ATM closures are leaving many communities without access to financial services, especially in regional Australia;

Since 1975 the number of bank branches in regional Australia has fallen by more than 60 per cent, and there are more than 1,500 communities across Australia with no bank branches at all;

A large proportion of the population, including the elderly, disabled, small businesses, and local schools and charities, will always have a need for face-to-face financial services, despite advances in technology;

For hundreds of communities, their only access to cash and financial services is through Bank@Post at their local post office;

Bank@Post is an essential service to all communities, but is vulnerable to commercial decision-making by the banks, which can choose to withdraw their participation, and charge excessive fees on transactions;

With four major banks controlling 80 per cent of the financial system, Australian consumers suffer from a lack of real banking competition;

calls on the Commonwealth Parliament to pass the Commonwealth Postal Savings Bank Bill to establish a post office people's bank, fully guaranteed by the Commonwealth, as a dedicated postal savings bank, operating exclusively through Australia Post's corporate and licensed post offices, which will ensure basic banking services-including deposit-taking, business and personal lending, and access to cash-are available to all Australians, and will contribute to Australia's national economic development.

write to the Local State and Federal Members of Parliament, to inform them of our desire to support the passage of the Commonwealth Postal Savings Bank Bill through Parliament.

Let's make this solution an election issue-join the campaign!

Click here to sign the petition:

An Australia Post 'people's bank'-with fully guaranteed savings deposits!

Click here to join the Citizens Party as a member.

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Australian Citizens Party ABN: 96 864 903 379 595 Sydney Road Coburg VIC 3058 AUSTRALIA Ph: 03 9354 0544

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separate banks with deposits from speculative investment banking, the ex-investment bankers at the FSB decided to put unsuspecting bank depositors on the hook for bank losses. The FSB directed all nations to comply with its bail-in policy, called Key Attributes of Effective Resolution Regimes.

RBNZ's OBR was actually ahead of the curve, so RBNZ replied to the FSB that its existing powers already complied (later the IMF said all countries should enact statutory bail-in powers). Other countries enacted bail-in powers, including the USA, UK and EU, and Canada, but they all had one thing in common: nobody knew about it-there was no public debate! Only two countries had public debates about bail-in before legislation was enacted, India and Australia, and both in 2017. When India announced bail-in legislation in 2017, the public backlash was so severe the government quickly dropped it. In Australia, the Citizens Party had led a massive campaign to expose and oppose bail-in since 2013, when the bail-in of bank deposits in Cyprus banks had first revealed the policy to the world, so in 2017 then-Treasurer Scott Morrison had to sneak it through.

Late on a Friday afternoon in August 2017, so nobody would notice, Morrison's Treasury released an exposure draft of a vaguely-titled bill, the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Bill 2017. The Citizens Party noticed, however, and detected in the bill a broadly-worded provision creating a loophole that could be used to bail in deposits in a crisis. The Citizens Party's intense mobilisation against the bill, which coincided with the uproar over the banks that forced Malcolm Turnbull to call the banking royal commission, led to an inquiry chaired by "Senator for bankers" Jane Hume, which denied the law could be used to bail in deposits. But when One Nation Senators informed the Leader of the Government in the Senate, Mathias Cormann, on the eve of the Senate debate on the bill, that they intended to move an amendment to close the loophole, the government pulled a dirty trick. Cormann offered to have Treasury lawyers proof-read One Nation's amendment, and the next day, while the One Nation Senators were waiting to hear back from Treasury, the government and Labor Party snuck the bill through the Senate with only eight Senators present in the chamber and with only a vote "on the voices", not a formal division that would require all Senators to be present to vote.

Ever since that fateful day of 14 February 2018-the St. Valentine's Day massacre of Australians' savings-the government has continued to deny its law could be used to steal deposits. Moreover, in a 2020 Senate inquiry on a bill by One Nation Senator Malcolm Roberts to amend the 2018 law to again close the loophole to exclude deposits, the government doubled down on its denial, by claiming that bailing in deposits would be unthinkable, because it would badly destabilise the banking system. Yet the Australian government has never commented on the fact that many other jurisdictions do have deposit bail-in powers, including NZ-the nation closest to Australia with the most similar financial system, as NZ's major banks are owned by Australia's Big Four banks. It hasn't commented on these other jurisdictions, because its denials aren't genuine; it's desperately trying to suppress a public backlash.

Now that the NZ government has fled a public bail-in debate, Aussies and Kiwis need to realise their political power, and demand their governments drop all bail-in powers completely. Kiwis should start a campaign to force Ardern to make RBNZ abandon Open Bank Resolution; Aussies should demand the government pass Senator Roberts' amendment to close up the deposit loophole in the 2018 law. (Treasurer Josh Frydenberg promised to negotiate a resolution with Roberts, but has dragged his feet.)

With inflation rearing its ugly head, putting upward pressure on interest rates that would smash borrowers and put the banks that are over-exposed to the housing bubble at risk of failing, it is urgent that bail-in be dropped-now!

Click here to sign the petition:

An Australia Post 'people's bank'-with fully guaranteed savings deposits!

Click here to join the Citizens Party as a member.

Click here to refer others to receive regular email updates from the Citizens Party.

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From: Citizens Party <citizensparty@>
Sent: Monday, 28 February 2022 2:19 PM
To: Careers (HR)
Subject: Russia's Red Lines are real / Australians rally to postal bank solution
Attachments: 21Citizens Party_Logo.png

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Latest from the Citizens Party

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Australians rally to postal bank solution

Citizens Report

This week Elisa Barwick is joined by Robert Barwick for the 25 February Citizens Report discussing:

We warned you-Russia's Red Lines are real!


Australians rally to postal bank solution

The Citizens Report is the weekly half-hour political and economic update of the Citizens Party's fight to save Australia from economic collapse. The report is now posted and ready for you to view. Click on your preferred platform to view:

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Citizens Party Candidates Q&A - Live Stream

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DATE: 3 March 2022

TIME: 7:30PM AEDT VIC, NSW and TAS
(WA 4:30PM; SA 7:00PM; NT 6:00PM; QLD 6:30PM)

Please Note: The Countdown Time to the LIVE show displayed on YouTube is based on your computer TIME ZONE settings and is calculated accordingly. It will tell you how many days, hours and minutes till the live broadcast starts for you.

If you have a question that you would like to ask of any of our candidates, either prior to the LIVE broadcast, or during it, then please email: ask@ These email questions will be responded to either in the broadcast or by email after the event has concluded.

You can visit the Citizens Party election website at
<https://aus01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.citizensparty.com.au%2F2Felection2022&data=04%7C01%7CRecruitment%40rba.gov.au%7C2a8e6a0fc5fd45fda58b08d9fa6914c9%7Caf0d88c1660544c2999ee6b2f8790d86%7C0%7C0%7C637816151616585083%7CUnknown%7CTWFpbGZsb3d8eyJWljojoiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6Ik1haWwiLCJXVCi6Mn0%3D%7C1000&sdata=TRTKh%2F0vCWkN5Yhd3HtYi6dpDEvxZaJLvx7%2BCJGZcZQ%3D&reserved=0>

Read the Australian Alert Service

Content covered in The Citizens Report is elaborated in the Citizen Party's weekly Australian Alert Service magazine, which reports on the political fight to free Australia and all nations from the financial control of the City of London and Wall Street. The 16 February issue includes the following:

Editorial: The terrible consequences of geopolitics are here

Scott Morrison lavishes 200 Cartier watches on Australia Post executives: He-Can-Go!

ALP and Liberals' manufacturing failure a case of criminal negligence

Ideologically blind to learning survival lessons

Regional banking inquiry reopens political divide

The City of London origins of AFCA

Morrison's McCarthyism even spooks the spooks

Senator skewers Bank of England fakery: 'bring the gold home'!

Lebanon's financial rescue plan includes bail-in

US 'Indo-Pacific Strategy': war on China Postal Bank solution picks up steam

From the archives: Postbank proposal adds to national banking debate

ALMANAC: Ukraine on the knife's edge of world war

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From: Citizens Party <citizensparty@>
Sent: Monday, 7 March 2022 4:11 PM
To: Careers (HR)
Subject: The unipolar madmen leading us to Hell
Attachments: 21Citizens Party_Logo.png

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Latest from the Citizens Party

The lies leading us to war

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adjust:100%;-webkit-font-smoothing:antialiased;moz-osx-font-smoothing:grayscale}
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Citizens Report

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The unipolar madmen leading us to Hell

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From: Citizens Party <citizensparty@>
Sent: Monday, 14 March 2022 3:02 PM
To: Careers (HR)
Subject: Australians drowning in Morrison's excuses / Bail-in 'fact check' fails
Attachments: 21Citizens Party_Logo.png

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Latest from the Citizens Party

Morrison announces \$10 billion for submarine base but bickers with state governments over tens of millions of dollars in flood-related spending

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Citizens Report

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Australians drowning in Morrison's excuses

Bail-in 'fact check' fails to reassure depositors

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Washington: Unity is the pillar of independence

Anti-Russia war propaganda is 'Made in Britain'

Washington still deaf to Russia's security demands

RAND Corp., as MAD as ever, plots Russia's downfall

NATO plays with fire

Bail-in and bank closures, or a Postal Bank?

Imagine a different world and bring it into being!

ALMANAC: Big finance and Green Deal strike farming: Millions will starve

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From: Citizens Party <citizensparty@>
Sent: Wednesday, 16 March 2022 12:49 PM
To: Careers (HR)
Subject: Harness the Reserve Bank to fund reconstruction–now!
Attachments: Citizens Party_Logo.png

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Australian Citizens Party

Media Release Wednesday, 16 March 2022

Craig Isherwood, National Secretary

PO Box 376, COBURG, VIC 3058

Phone: 1800 636 432

Email: info@

Website:

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Harness the Reserve Bank to fund reconstruction-now!

The government must not use budget excuses to penny-pinch on flood relief and reconstruction, as it can direct the RBA to issue the needed credit.

Australia faces the urgent challenge of reconstructing the flood-damaged regions of New South Wales and Queensland. Instead of the usual penny pinching and quibbling between the federal and state governments, this challenge should be met with a visionary intention to build infrastructure and industries across all of regional Australia.

EVENT: This Thursday, 17 March, at 7.30pm AEDT, the Citizens Party will hold a special live-stream discussion featuring ACP candidates representing regional areas, which is open to all concerned Australians to participate and ask questions. [Click here to set a reminder and watch "Transforming Australia's Agriculture & Regional Communities"](#).

Natural disasters are a reality check on the infrastructure and preparedness of communities; the floods in Lismore and the Northern Rivers region found inadequate infrastructure and preparedness. Australia's failing is captured in this statistic highlighted by Floodplain Management Australia (FMA), the peak national body for flood risk practitioners: Whereas the Netherlands spends 97 per cent of its flood-related expenditure on flood prevention and mitigation, and 3 per cent on recovery and clean-up, Australia is the opposite, spending just 3 per cent on mitigation, and 97 per cent on clean-up and recovery! The nation's annual natural disasters bill averages \$2.75 billion.

Australia needs a radically different approach, and the institutions to deliver the necessary changes. It all comes down to money and investment-for urgent relief and reconstruction, and for long-term infrastructure and economic development.

The Citizens Party champions returning to the national banking institutions that built Australia, but which neoliberal ideologues privatised out of existence in the 1980s and 90s. The principle of national (or public) banking is straightforward:

The bank is backed by the full wealth of the whole nation;

Its purpose is not maximum profit, so it can invest long-term and on much smaller margins than private banks, allowing many more investments to be viable;

It can be flexible, which is especially important in natural disasters.

Australia's historical national bank, the original Commonwealth Bank, starred in both WWI and WWII, issuing the national credit that generated booms in infrastructure construction and industry development. The fact that it starred in these periods of national emergency proves the value of national banking. The only reason Australia no longer uses it is because the private banking cartel demands a monopoly over issuing credit, insisting that governments should not be involved in banking in any way, in order to maximise their profits and power.

Another sector of the financial system in which a public role is immensely beneficial, especially for natural disasters, is insurance. Queensland's State Government Insurance Office (SGIO), established in 1917, is a brilliant example. Upon its establishment, it immediately lowered premiums and expanded insurance coverage and by 1920 had grown so fast that it gave a 50 per cent discount on premiums the following year. The principle is the same as national banking: without the need to maximise profits for shareholders, government insurance is able to provide cover to the more marginal and risky areas and enterprises that private insurance companies won't. These areas and enterprises tend to be the productive backbone of Australia's economy.

Billions to save banks-now do communities

The Citizens Party has drafted legislation for a national banking system, including a retail post office "people's bank", and a national development bank. However, the need for reconstruction is urgent, and the nation cannot afford to wait. The good news is we don't have to. Australia currently has a public banking institution, which could be immediately deployed for this purpose-the Reserve Bank. It could be directed to issue the necessary credit for a comprehensive reconstruction program, including major flood-mitigation infrastructure projects, immediately.

As Australia's government-owned central bank, backed by the full wealth of the nation, the RBA has capacity, which it demonstrated during the pandemic recession by issuing \$320 billion (!) in quantitative easing (QE) to save the private banks. In the last three years, LNP Senator Gerard Rennick, One Nation Senator Malcolm Roberts and Greens Senator Nick McKim have repeatedly quizzed RBA Deputy Governor Guy Debelle in Senate Estimates as to why the RBA couldn't also use its financial capacity to invest in the infrastructure and productive industries of the real economy. Debelle (who has now bailed from the RBA) always deflected the question, saying it was a matter for the government. Whether Debelle knew it or not, he was right-the government has the power to direct the RBA to do it.

First, the Reserve Bank Act 1959 clearly spells out the RBA board's "duty" to direct the bank "to the greatest advantage of the people of Australia", and contribute to "the economic prosperity and welfare of the people of Australia". Moreover, Section 11 of the RBA Act provides that if the government and the board disagree, the government "may, by order, determine the policy to be adopted by the Bank". This means the government has the power now to tell the RBA board: as you can issue hundreds of billions to save the private banks, we need you to lend to the federal, state, and local governments for reconstruction and mitigation infrastructure.

In 2013, Bob Katter MP introduced a bill to establish a Reconstruction Board at the RBA, Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013, for the purpose of similarly using its credit capacity to save Australian industries. In the resulting 2014 Senate inquiry into Katter's bill, Treasury's submission betrayed its neoliberal ideology, which is the reason Australia is in this mess. It attacked the proposal, declaring: "Direct lending via a government-owned Development Board is likely to reduce competition and innovation across the economy by crowding out private providers of credit." (Emphasis added.) Oh boo hoo for the private banks-they don't lend for these necessary investments anyway!

So that's the choice for Australia: stick with the neoliberal ideology that demands everything in the financial system must be done to maximise profits for private banks and insurance companies-Australians be damned; or, use the RBA's capacity on an emergency basis to put the needs of Australians and their communities first.

The Citizens Party is fighting very hard for the latter-join us!

[Click here to set a reminder and watch "Transforming Australia's Agriculture & Regional Communities"](#);

[Click here to sign the petition:](#)

An Australia Post 'people's bank'-with fully guaranteed savings deposits!

[Click here to join the Citizens Party as a member.](#)

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From: Citizens Party <citizensparty@
Sent: Friday, 18 March 2022 8:49 AM
To: Careers (HR)
Subject: AAP Fact Check fails on basic 'bail-in' facts
Attachments: Citizens Party_Logo.png

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AAP Fact Check fails on basic 'bail-in' facts AAP's 'fact check' of the Citizens Party's warnings against deposit bail-in does nothing to reassure Australians their savings are safe.

The AAP news agency's fact-checking division, AAP Fact Check, ran the following headline on 7 March: 'Claim that government can grab bank deposits in a crisis has no currency'. AAP reported that it had fact-checked the claim that 'The government can take any deposits in excess of \$250,000 from your bank account and instead you can receive shares in the bank.' Under OUR VERDICT, AAP Fact Check concluded: 'False. The claim is based on opinions that have been investigated by a parliamentary committee and found to be unsupported.' Unfortunately for Australians concerned about losing their savings to prop up banks, AAP Fact Check's verdict is no assurance, because it fact-checked the wrong claim.

AAP Fact Check sources the claim to a Facebook video made by a social media 'influencer' named Espen Hjalmbj. AAP notes that Hjalmbj told his followers to Google 'Bail-in law 2018 Australia', which AAP did, bringing them to the information of the Australian Citizens Party, which has led the debate in Australia on bail-in. However, AAP did not contact the Citizens Party, leading to the major flaw in their fact check.

In essence, AAP Fact Check effectively sided with the Morrison government's position, based on the claims of a 2020 Senate inquiry. AAP accepted the findings of the report of the 2020 Senate inquiry into Senator Malcolm Roberts' bill to amend the 2018 law, which, 'after taking advice from the federal Treasury and regulator the Australian Prudential Regulation Authority (APRA), rejected concerns that deposit accounts of bank customers could be subjected to any kind of bail-in or write-off in a financial crisis.

'In its final view the committee stated: 'The committee concurs with the advice of the Treasury and APRA that the explicit protection of deposits in the Banking Act-the objects clause, priority repayment, and the Financial Claims Scheme-is inconsistent with a concern deposit accounts could be subject to any kind of conversion, write-off or bail-in.'

To back up this position, AAP consulted three academic legal experts. The first, Associate Professor Andrew Godwin from the University of Melbourne, correctly identified that the issue was about whether the acknowledged bail-in provisions in the legislation could extend to deposits, but he called the concern "a strained interpretation".

The second, UNSW Scientia Professor Ross Philip Buckley, flat out denied the "government could order" a bail-in, using similar language: "An extreme and strained reading of a phrase in the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018 (Cth) could lead to that result but it is not a reading any Australian court would adopt."

The third, ANU Associate Professor Will Bateman, said the claim had "no truth", based on the understanding that: deposits are guaranteed by the government Financial Claims Scheme up to \$250,000; the bank regulator is obliged by law to "protect depositors"; and Section 51 of Australia's Constitution prevents the government from acquiring property without providing "just terms", or compensation, which Bateman said would prevent a bail-in.

Citizens Party's response

First, AAP should have contacted the Citizens Party, because it made a mistake in fact-checking the imprecise claims of a social media influencer, instead of the precise claims of the Citizens Party.

Second, to be precise, bail-in is not the "government" grabbing deposits in a crisis. A bail-in is actually when the independent regulator, APRA, working in cooperation with the Bank for International Settlements and its Financial Stability Board in Switzerland, orders a failing bank to either convert into shares, or write off, a percentage of its liabilities to "unsecured creditors". The Australian legislation identifies the specific financial instruments held by unsecured creditors that would be converted or written off, but then adds the very broad words: "or any other instrument".

Third, the concern arises because Australia is a member of the G20, which in 2009, following the global financial crisis, charged the FSB with developing a policy to avert future crises, and then in 2011 endorsed the policy the FSB cooked up, called the "Key Attributes of Effective Resolution Regimes". The policy includes bail-in, which the FSB makes clear applies to unsecured creditors-this includes depositors. In April 2013, one month after the EU bailed in depositors in banks in Cyprus, the FSB noted in a report that "bail-in legislation is in train in ... Australia".

Fourth, all of Australia's closest allies, which have similar financial systems, have bail-in laws that apply to deposits. These include the USA, UK, EU, Canada, Japan, and New Zealand. This proves it is not unthinkable, as the government pretends.

Fifth, the \$250,000 FCS guarantee cannot be a protection against bail-in, both because it is unfunded-only backed by a \$20 billion provision that the regulators admit cannot cover deposits in the Big Four banks-but more importantly because it is "unactivated". This means it must first be activated to be used, but, according to the government's own website, it is only intended to be activated after a bank fails-and even then it is at the discretion of the government. Bail-in is an emergency policy intended to apply before a bank fails, in order to avert a failure. There are no circumstances in which the FCS can protect against bail-in.

Sixth, as depositors are "unsecured creditors", a bank defaulting on its liabilities is not the same as confiscating property. Therefore, the Constitution does not protect against bail-in.

Seventh, the Citizens Party and Senator Roberts did not claim that the 2018 law explicitly provided for a bail-in of deposits, but that the clause "any other instruments" opened a potential loophole that in extreme circumstances created the risk of a bail-in. Senator Roberts' amendment bill sought to put the issue beyond doubt by closing the potential loophole in the abundance of caution, ensuring the legislation said what the government claimed. This was actually an opportunity to increase consumer confidence in the banking system-why did the government reject it?

Put in context with the rest of the grounds for concern about bail-in, elaborated above, neither the government's actions, nor AAP Fact Check, would reassure anybody.

[Click here to sign the Citizens Party's petition: Hands off our bank deposits-stop 'bail-in'!](#)

[Click here to join the Citizens Party as a member.](#)

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From: Citizens Party <citizensparty@>
Sent: Monday, 28 March 2022 12:52 PM
To: Careers (HR)
Subject: Demand Labor-Liberal commit to full compensation for Sterling victims
Attachments: 21Citizens Party_Logo.png

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Latest from the Citizens Party

The other war (against the Anglo-American rules-based order)

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Mobilise! Call MPs in Canberra-demand Labor and Liberal commit to full compensation for Sterling victims All Australians who support the need to clean up financial corruption, which must include holding ASIC to account for its failures as a regulator, are urged to join in making phone calls this week to the Canberra offices of the Prime Minister, Opposition Leader, Finance Minister, Shadow Finance Minister, and Shadow Minister for Financial Services.

Demand they commit to paying full compensation to Sterling First-Silverlink victims through an Act of Grace payment by the Finance Department-the total cost is \$18 million plus interest and expenses.

Demand the Labor Party politicians make this an election pledge.

The politicians to call immediately:

Prime Minister Scott Morrison (02) 6277 7700 Finance Minister Simon Birmingham (02) 6277 7400 Opposition Leader Anthony Albanese (02) 6277 4022 Shadow Finance Minister Senator Katy Gallagher (02) 6277 3456 Shadow Minister for Financial Services Stephen Jones (02) 6277 4661

Tell the politicians (or tell their staff to pass on the message):

Full compensation is absolutely necessary, for the survival of the elderly and frail victims, who all face eviction and homelessness; and for justice for the victims.

ASIC failed these victims, who only thought they had paid their rent in advance for the rest of their lives, and didn't know they were in a managed investment scheme-BUT ASIC DID!

It is the government's responsibility that ASIC is a weak and ineffective regulator, due to its "buyer beware" ideology (if you get ripped off it's your own fault), therefore the government is responsible for ASIC's failures and for compensating its victims.

The so-called Compensation Scheme of Last Resort (CSLR) does not yet exist, and under current plans it does not cover the Sterling victims; even if Labor expands the scheme, it is adjudicated by the Australian Financial Complaints Authority (AFCA), which is another agency that is rigged against financial victims and in favour of the perpetrators.

As the government has the mechanism of an Act of Grace payment to compensate people, it should man up and do so immediately, and then the Sterling case must become the catalyst to overhaul ASIC and make it a proper regulator with teeth, feared by financial predators.

Citizens Report

This week Elisa Barwick is joined by Robert Barwick for the 25 March Citizens Report discussing:

The other war (against the Anglo-American rules-based order)

How to stuff up an infrastructure announcement

The Citizens Report is the weekly half-hour political and economic update of the Citizens Party's fight to save Australia from economic collapse. The report is now posted and ready for you to view. Click on your preferred platform to view:

[Click here to view The Citizens Report on our website.](#)


[Click here to view The Citizens Report on YouTube.](#)

[Click here to listen to it on SoundCloud.](#)

YouTube LIVE STREAM event

Please join the Citizens Party Thursday, 31 March, at 7.30PM AEDT (other time zones below) for its next YouTube live stream, discussing the fight to clean out financial corruption in Australia.

Senate candidate for Western Australia Denise Brailey will present a short opening address and then participating candidates will be responding to questions on banking, finance, regulation and related topics as part of the 2022 Federal Election Campaign.

To participate, click on the URL or image below and you can set a reminder by clicking on the  Set Reminder button on the bottom left of the video.

The fight to clean out financial corruption in Australia


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From: Citizens Party <citizensparty@
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To: Careers (HR)
Subject: Morrison's Hells Gate Dam is half-baked
Attachments: Citizens Party_Logo.png

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Australian Citizens Party

Media Release Tuesday, 29 March 2022

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Morrison's Hells Gate Dam is half-baked

Support a national bank to fund the full Bradfield Scheme.

First the good news: Prime Minister Scott Morrison has announced \$5.4 billion to fund the Hells Gate Dam on the Burdekin River, northwest of Townsville.

The announcement follows years of campaigning by Bob Katter MP, the Citizens Party, and even current Deputy PM Barnaby Joyce, for the Bradfield Scheme, of which Hells Gate Dam is the centrepiece.

Designed by Australia's greatest engineer, Dr J.J.C. Bradfield, who built the Sydney Harbour Bridge that turned 90 last week, the scheme would divert some of the water from the high rainfall areas of Queensland over the Great Dividing Range to water the dry inland areas of Queensland, and even eventually reach the Murray Darling Basin.

(While Dr Bradfield's proposal was criticised for using incorrect elevation figures, which were based on surveys in the 1940s, the critics' figures were even more incorrect, and more modern engineering surveys have verified the concept is sound.)

The coastal strip of North Queensland receives more than 21 per cent of Australia's surface water run-off, whereas the huge Lake Eyre basin on the other side of the range receives just 1.9 per cent, and the Murray-Darling basin, Australia's food bowl, receives 6.1 per cent.

On 2 February, the Citizens Party released a 6-minute video, "Barnaby Joyce: an infrastructure phony, or fair-dinkum?", which challenged the deputy PM to prove his support for the Bradfield Scheme was genuine, and not just a cynical vote-grab to promote before elections.

Joyce pushed the scheme very hard as a lowly backbencher in the 2019 election, but since returning to Cabinet as deputy PM he hadn't said a word.

Does this announcement show that Barnaby got the message?

Well, it may show that Barnaby got his act together and convinced Morrison to do something, but-and this is the real news-what they have announced is not good enough.

Barnaby Joyce would know that better than anybody.

The government's version of Hells Gate Dam is enough for 60,000 hectares of irrigation in the Burdekin River basin, but it is not high enough to divert water into the dry inland where it can do the most good.

Queensland State MP Robbie Katter, who has been involved in fighting for the Bradfield Scheme with his father for his whole life, explained in a 23 March statement that unlike the Morrison announcement, "the Revised Bradfield Scheme (backed by Sir Leo Hielscher and Sir Joh Bjelke-Petersen), would send the water west via channels to irrigate the rich black soils of inland Queensland starting at the Uplands Desert near Pentland (where there is a break in the Great Dividing Range)."

The beauty of the Revised Bradfield Scheme is the power to divert would come from gravity, but only if the Hells Gate Dam is high enough; Morrison's announced dam isn't.

"To enable this", Robbie Katter continued, "the building of the dam wall to a height of 395 metres [above sea level] is crucial, meaning the proposal that's tabled at the moment would kill the Bradfield Scheme forever.

"Let's do it properly once", he urged. "This dam is too big of an asset to make short-sighted decisions on."

National infrastructure bank

The Citizens Party's video about Barnaby Joyce shows that he knows very well that Scott Morrison's announcement isn't good enough.

This botched announcement is an example of two problems with Australian politics:

what happens when infrastructure is used primarily as an election ploy, by major parties who otherwise have no commitment to the long-term economic development of Australia; and

the severe shortcomings of funding infrastructure through grants from the annual budget, as this \$5.4 billion is, which leads to penny-pinching and small-mindedness, rather than through a national infrastructure bank, which can provide sufficient long-term credit to enable governments to build projects properly the first time.

The Citizens Party's policy of a national banking system, including a retail postal bank to serve consumers, a national development bank to direct credit to farmers and manufacturers, and a national infrastructure bank, would provide all the funding necessary to not only build the right version of the Hells Gate Dam, but the entire Bradfield Scheme, the cost of which is estimated to be around \$17 billion.

The Citizens Party is working with Bob Katter to draft and introduce bills to establish these banks, but in fact the government could do this already on an emergency basis, using the Reserve Bank of Australia (RBA).

Since the beginning of the pandemic, the RBA has issued over \$300 billion in emergency money called quantitative easing (QE), but only to prop up the banks.

If it can do that to support the banks, there is no reason the RBA cannot be deployed for an economic recovery program centred on nation-building infrastructure.

Politicians assume the so-called "central bank independence" of the RBA means it cannot be used this way, but that is not true.

The RBA is 100 per cent owned by the Commonwealth government, and its founding legislation requires the RBA's board to advance "the economic prosperity and welfare of the people of Australia", and also empowers the government to override any objections from the board.

Australia has immense potential to be a food bowl for Asia and the world, and with visionary nation-building infrastructure we can tap that potential; however, that means we need leaders who are visionary nation builders.

To fight for the visionary policies Australia needs, support the campaign for a national bank.

Click here to sign the petition:
For national survival, Australia needs a national bank-now!

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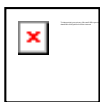
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Sent: Friday, 18 November 2022 5:36 PM
To:
Subject: [New post] Local Communities Strangled By Loss Of In-Person Banking – And What You Can Do About It!

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Digital Finance Analytics (DFA) Blog

Local Communities Strangled By Loss Of In-Person Banking – And What You Can Do About It!



Martin North

Nov 18

We (Dale Webster and I) have written to the Senate Standing Committee on Regional and Rural Affairs and Transport about the economic fallout from the removal of in person banking services across Australia. Today I discuss this with Robbie Barwick from The Australian Citizens Party and the need to lobby Senate members on this important [...]


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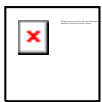
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Digital Finance Analytics (DFA) Blog

How To Save At Least Six Communities From Bankers' Bastardry!



Martin North

Dec 6

An important call to arms with Robbie Barwick from the Australian Citizens Party, aimed at saving SIX bank branches which are ear-marked for closure in the next few days, leaving more communities in the lurch, without property banking services in the community. In the next fortnight, the big banks which gorge themselves on massive profits [...]

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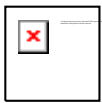
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Subject: [New post] FINAL REMINDER: DFA Live Q&A 8PM Sydney –

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Digital Finance Analytics (DFA) Blog

FINAL REMINDER: DFA Live Q&A 8PM Sydney –



Martin North

Jan 24

Join me for a live discussion with Robbie Barwick from the Australian Citizens Party. In this show we will dissect the current financial system and consider how banking can be brought into line to serve the people, not profit from them.

<https://> You can ask a question live! Go to the Walk The World Universe [...]

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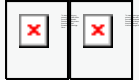
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Digital Finance Analytics (DFA) Blog

DFA Live Q&A: HD Replay Robbie Barwick: Time For A Public Bank



Martin North
Jan 25

This is an edited version of a live discussion with Robbie Barwick from the Australian Citizens Party. In this show we will dissect the current financial system and consider how banking can be brought into line to serve the people, not profit from them. <https://> Go to the Walk The World Universe at <https://walktheworld.com.au/>

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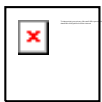
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Digital Finance Analytics (DFA) Blog

FINAL REMINDER: DFA Live Q&A 8PM Sydney – Reclaiming The Future!



Martin North
May 30

Join me for a live Q&A show tonight with Robbie Barwick from the Australian Citizens Party. We will examine the latest in the Senate Inquiry into Regional Banking Closures, the ASIC Inquiry, banks and corporates behaving badly and some of the broader geo-political risks in play. You can ask a question live.

<https://>

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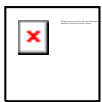
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Subject: [New post] Reclaiming The Future: DFA Q&A Replay With Robbie Barwick

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Digital Finance Analytics (DFA) Blog

Reclaiming The Future: DFA Q&A Replay With Robbie Barwick



Martin North

Jun 1

This is an edited version of my latest live show, in which Robbie Barwick from the Australian Citizens Party examine the latest in the Senate Inquiry into Regional Banking Closures, the ASIC Inquiry, banks and corporates behaving badly and some of the broader geo-political risks in play. [https://
http://www.martinnorth.com/](https://http://www.martinnorth.com/) Go to the Walk The World [...]

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