

# Citizens Electoral Council of Australia

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## Aussie households feel Greek pain—Glass-Steagall NOW!

Crushing debt is inflicting the same economic pain on Australian households that is driving thousands of Greeks to protest on the streets, because in both cases it is the general population who are paying for the systemic bankruptcy of the banking system.

Australian families who used the First Home Owners Grant to buy a home after November 2008, and now find themselves in mortgage stress, are carrying the burden of Australia's bankrupt banking system.

In the heat of the "GFC", the Rudd-Gillard government deliberately "set up" those families, offering them the promise that its grant would make housing "affordable" as a ploy to push them into the property market.

In truth, the government knew this would make housing more unaffordable, by driving prices higher, because that is exactly what it intended to do—push property prices higher, to save Australia's banks. (That Rudd and Gillard devised the First Home Owners Grant to make housing more expensive was revealed in the June 2010 book *Sh\*tstorm*, by Lenore Taylor and David Uren.)

The government had just bailed out the banks by guaranteeing their deposits, and their enormous offshore borrowings, but it knew that if Australia's property bubble collapsed, as has every other bubble in the world, its guarantees wouldn't save the banks from annihilation.

Now, the Fitch ratings agency reports that mortgage delinquencies are rising, especially among new homebuyers since November 2008. Nationwide, one in every 80 mortgaged households are behind on their payments, and in some pockets of the country, that figure is as high as one in every 18.

Last week's announcement by Reserve Bank Governor Glenn Stevens that he will soon raise interest rates is like a death sentence for thousands more mortgage-stressed families, who will be forced into default and lose their homes.

In Greece, the people are fighting back against a brutal austerity program that is destroying basic living standards to prop up the debt of the bankrupt Inter-Alpha Group of Banks.

When tens of thousands took to the streets on 15<sup>th</sup> June, nurse Dimitra Nteli asked German television, "What shall we do? We have to fight, for our children and for ourselves.

Having worked as a nurse for 25 years now, I earn €1,100 a month. Now, my income will drop to €900. How shall we make a living on that?" Nteli's daughter Christina, 26, told the TV reporters that for the young generation, the possibility of getting a job under the austerity program of the government is almost zero.

A Greek default is looking unavoidable, so the panicked EU is negotiating a partial debt write-off, but even that will blow out Greece's creditors among the British Inter-Alpha Group of Banks, whose bankruptcy is at the heart of the crisis.

As governments and central banks scramble to deal with the Greek crisis, and the renewed threat of "contagion", which will trigger a chain-reaction meltdown of the world financial system, Neil Barofsky, the man who oversaw America's \$700 billion official bank bailout known as TARP (Troubled Asset Relief Program), last week declared that the next bailout will cost \$5 trillion. In reality, there is no bottom to the costs of the "next bailout" because the entire global financial system is blowing out, notwithstanding the \$17 trillion the U.S. Treasury and Federal Reserve has so far pumped into the private banks through one vehicle or another, of which the officially-reported TARP funds were only the tip of the iceberg.

Today, Citizens Electoral Council leader Craig Isherwood declared, "The only way to stop this global debt insanity is to re-enact the Glass-Steagall banking regulation originally pushed through by U.S. President Franklin Delano Roosevelt as the crucial first step to bringing the U.S. out of the Great Depression unleashed by speculation in the City of London and its junior partners on Wall Street.

"Governments must step in on behalf of the people, and reorganise the banks. Real debt, which was incurred to produce real wealth, gets honoured; but speculative gambling debt and derivatives obligations gets wiped out, along with the investment banks that gambled with it.

"In Australia, we must apply the Glass-Steagall principle through the CEC's *Homeowners and Bank Protection Bill*.

"The long-inevitable collapse of the property bubble has already started, so it is the government's responsibility to avert a social catastrophe by keeping families in their homes, to make sure people don't pay for the bankruptcy of the banks," he said.

To compare the CEC's record to that of the growing chorus of leaders, including PM Julia Gillard, who claim that nobody could have seen this crisis coming.

### ORDER DVD

For a copy of our feature DVD *Homeowners and Bank Protection Bill: The Only Solution*, one-hour documentary, call toll-free 1800 636 432 or send this coupon to: CEC, PO Box 376, Coburg, Victoria, 3058 and leave ALL your details. Price: \$10.00 + P&H \$2.50



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