

# Citizens Electoral Council of Australia



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Independent Political Party

16<sup>th</sup> of August 2011

## Breakdown crisis out of control: Helga Zepp-LaRouche issues urgent appeal for a global Glass-Steagall system



Helga Zepp-LaRouche.

Germany's *BüSo* Party leader Helga Zepp-LaRouche intervened into the global economic turmoil on 15<sup>th</sup> August, with an appeal for international support for the Glass-Steagall solution to the crisis.

Mrs LaRouche is the wife of U.S. statesman and physical economist Lyndon LaRouche, the world's most accurate economic forecaster, who uniquely forecast the current crisis, and is leading the fight for a global Glass-Steagall reorganisation of the international monetary system.

Mrs LaRouche's written appeal details the Glass-Steagall solution:

### The Glass-Steagall Solution

Faced with this existential threat, there is only one way out: a global, two-tier banking system in the tradition of the U.S. Glass-Steagall Act of 1933. The bill for a new Glass-Steagall Act, H.R. 1489, which was introduced by Democratic Rep. Marcy Kaptur (D-Ohio) in the U.S. House of Representatives, is now being cosponsored by 32 other Congressmen, and supported by the national trade union federation, the AFL-CIO; the National Farmers' Union (NFU); and numerous regional and local trade union and party institutions, city councils, etc.

I enumerate the necessary emergency measure:

1. All the countries of the trans-Atlantic region must adopt legislation for a two-tier banking system, based on Franklin D. Roosevelt's Glass-Steagall Act of June 16, 1933, the principles of which also existed in European countries until the early 1980s, with strict regulations under which the banking sector primarily had the character of industrial banks, and private savings could not be used for risky speculative operations. As was the case before the repeal of Glass-Steagall in 1999 by the Gramm-Leach-Bliley Act, commercial banks, investment banks, and the insurance sector will have to be completely separated from each other.
2. The commercial banks will have to be placed under state protection; the investment banks will have to bring their balance sheets into order on their own, without the help of taxpayers' money, which in practice means that toxic

paper in the trillions will have to be written off, even if it leads to the insolvency of the banks.

3. Those legitimate areas from the old system that deal with the real economy or the productive lives of working people will be identified, and be held valid in the new system. Some categories of these claims will have to be frozen at first, because of complex interdependencies, and then analyzed by a state institution, valued, and honored.
4. A national banking system in the tradition of Alexander Hamilton must then issue long-term loans, within the new credit system, with low interest rates for productive investment purposes, which, by an emphasis on increasing energy-flux density and scientific and technical progress, will raise economic productivity.
5. The participating nations must immediately establish a system of fixed exchange rates.
6. For the reconstruction of the global economy, long-term cooperation agreements will have to be concluded among sovereign states, whose purpose will be to build well-defined infrastructure and development projects. These agreements represent de facto a new credit system, a New Bretton Woods system, in the tradition of Roosevelt.
7. Given the decades-long destruction of industrial and agricultural capacities as a result of the monetarist dogma, beneath the level required for decent living conditions for the world's current population of around 7 billion, the goal must be to achieve, through a science-driver, the next, higher platform of economic development, as Lyndon LaRouche has formulated this from the standpoint of physical economy. As an historical example, the increase in productivity achieved by President John F. Kennedy's Apollo program has lasted to the present day.

Join me in directing an urgent appeal to parliaments and governments to fulfill their constitutional duty and to protect the common good of those they represent, by adopting a two-tier banking system immediately.

Citizens Electoral Council leader and National Secretary Craig Isherwood, and National Chairman Ann Lawler, endorse Mrs LaRouche's appeal. To add your support, contact the CEC.

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.

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12<sup>th</sup> of August 2011

## London orders S&P downgrade to orchestrate bailout

The London bosses of Standard & Poor's instigated this week's carnage on global markets to force through another round of hyperinflationary bailout, known as Quantitative Easing 3 (QE3).

David Beers, the London-based head of S&P's sovereign credit ratings section, schemed with U.S. Treasury Secretary Timothy Geithner and Barack Obama, to announce a downgrade that the Obama administration could use as leverage for their \$4 trillion "Big Deal" plan: to permanently undermine America's Roosevelt-created welfare safety net by gouging trillions of dollars out of Social Security and Medicare; and to trash the U.S. Constitution by creating a fascist "Super Congress" to dictate ongoing budget cuts.

The intention of this "Big Deal" is to free up U.S. government finances to meet the private bankers' demands of more bailouts for their bankrupt system; in effect, S&P is directing a coup against the United States, with the Obama administration's complicity, to steamroll the strident opposition that has been building for months against QE3. As the CEC reported on 27<sup>th</sup> May, this opposition was so strident it forced bailout-happy Dominique Strauss-Kahn's removal as head of the IMF.

### Isherwood: We have the solution

Citizens Electoral Council leader Craig Isherwood today demanded S&P and private financiers be stripped of their power to dictate the running of the economy:

"After their AAA scam on subprime CDOs and CDS derivatives blew up the financial system in 2008, S&P's bosses should be in jail for fraud, not dictating financial policy," he blasted.

"Now is the time for national governments to step up

and take charge of the financial system."

Mr Isherwood continued, "This is a dire crisis, because it is more than a financial panic; it is a global economic breakdown crisis, accompanied by a social breakdown as seen in England, which threatens the lives of billions of people.

"The most important thing people need to understand, is that we in the CEC, along with U.S. Statesman and physical economist Lyndon LaRouche, know *exactly* what to do," he declared. "We must apply the principle of people first—just because the monetary system is dead doesn't mean we all have to die too.

"We must reject all banker demands for austerity on the people to pay their gambling debts, and put them into bankruptcy and/or jail instead. We must enact the policies Lyndon LaRouche is calling for—a global Glass-Steagall reorganisation of the debt, and national banking to regulate the financial system and direct credit into economic development.

"In other words, we must do what American President Franklin Roosevelt did in the Great Depression. The bankers hated it, and tried to run a fascist coup against him, but the people prospered.

"Otherwise, we are facing a New Dark Age, a hyperinflationary financial meltdown, a free trade and "green" induced collapse of the production of food and other essentials, social breakdown, and banker-dictated fascism."

He concluded, "This week should have proved to some wishful thinkers that they were completely lied to by their political leaders, the media and so-called economic experts. The global financial crisis that erupted in July 2007 was never fixed, but made far worse.

"If you want to see a real solution, join the CEC and fight for it."

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