

Citizens Electoral Council of Australia

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Independent Political Party

19th of April 2012

Isherwood: Glass-Steagall financial protection has never been more urgent

Spain's banking crisis proves that the vicious austerity imposed on Greece, Ireland and Italy has had zero success in solving the Eurozone financial crisis.

To the panicked bankers and economists now calling for a "firewall" to contain the fall-out, Citizens Electoral Council leader Craig Isherwood said today, "It's the Glass-Steagall legislation being championed by U.S. statesman and economist Lyndon LaRouche, or utter collapse."

The dire crisis emanating from Spain was emphasised in London's *Sunday Telegraph* by the chief economist of Prosperity Capital Management Liam Halligan¹—who has publicly called for Glass-Steagall—who warned that the Spanish debt bomb was about to explode, and none of the bailout mechanisms in place are capable of handling it.

Similar to Australia, Spain's government debt is relatively low—the private banking sector's debt is 300 per cent of GDP. Nonetheless, Spain will face major bank collapses or the government will be forced to bail out its bankrupt banks, just as happened in Ireland, a country now spiraling into financial and economic disintegration. Between the out-of-control levels of bank debt and the 30-40 per cent collapse of property values, the Spanish banks, led by Banco Santander (a pillar of the Rothschild family's Inter-Alpha global banking syndicate), are all facing a pile-up of non-performing debt. Attempts by the Rajoy government to impose killer levels of austerity have already triggered general strikes and violent protests. Spain's official unemployment level is 24 per cent as of March—almost two-and-a-half times the European average, while official youth unemployment is over 50 per cent.

Halligan wrote: "The spectre of another eurozone bail-out looms large—only this time far bigger than Greece, involving much larger numbers and in one of the world's major economies ... Greece has already enacted the largest sovereign debt restructuring in history to avoid a big, disorderly default. Pulling that off involved a 110 billion euro EU/IMF package in May 2010, another 170 billion euro this year and a hefty bondholders 'hair-cut'. What would it take in Spain if that's what it took in Greece? Spain is a 'grown-up' economy. Should Spain need a bailout, and if (a big if) one can be afforded, then who's next? Where does this madness end?"

International Monetary Fund Managing Director Christine Lagarde quaked in fear at a 12th April Brookings Institution forum, that "the risks remain high; the situation fragile," and that "we must

not let down our guard". Lagarde called for a "stronger global firewall [to] help complete the 'circle of protection' for every country". However, her IMF is struggling to stockpile enough cash from its member nations to represent any meaningful buffer for the looming crises—it's already dropped its cash target from \$500 billion to \$400 billion, after the U.S. declined to put in, and the U.K. promised a piddling \$10 billion.

Isherwood warned, "Like Ireland, Spain is an example to Australia. When the property bubble bursts, the banks are goners. Since 2007, the world has gone through literally trillions in government and central bank bailouts, the fascist overthrow of a number of European governments by bankers, and a spreading plague of vicious austerity.

"Now there is no choice: we must go with Glass-Steagall², the 1933 legislation which U.S. President Franklin Delano Roosevelt used to pull the U.S. and the world out of the Great Depression, but which the City of London and Wall Street had repealed in 1999. Glass-Steagall will enact a firewall of government regulation to protect the financial activities that support the real economy—savings deposits, farm and business trading accounts etc—so that the parasitical speculators in the investment banks, hedge and private equity funds are only able to gamble with their own money, and not take the world down with them when they bankrupt themselves."

Isherwood concluded, "All of the free trade economic theory used to justify deregulation is a pack of lies. The banks gave themselves a license to steal, and politicians were in on it, including in Australia—look at Macquarie Bank³. Now the world is five years into a global breakdown crisis that is turning into a new Dark Age and threatens world nuclear war. It must be stopped now, so I urge everyone to join the CEC and the global fight for Glass-Steagall, federal legislation for which has already been introduced in the U.S. and in Italy. LaRouche's longtime associate Jacques Cheminade has also made it a major topic of debate during his presidential election campaign in France."⁴

FOOTNOTES

- 1) <http://www.telegraph.co.uk/finance/comment/liamhalligan/9204702/Eurozone-crisis-roars-back-to-savage-Spain.html>
- 2) <http://cecaust.com.au/main.asp?sub=articles&id=Background-glass-steagall.html>
- 3) http://cecaust.com.au/main.asp?sub=releases&id=2008_04_04_MacBunny.html
- 4) <http://larouchepac.com/node/22354>

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For a free literature pack on how Glass-Steagall saved the U.S. in the 1930s, and how it was since taken down.

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3rd of April 2012

Balanced budgets for unbalanced minds

The incessant chatter on Treasurer Wayne Swan's upcoming May budget austerity shows the majority of media and political commentators to be economic illiterates, exclaimed CEC leader Craig Isherwood today.

"Balanced budgets are for unbalanced minds, and this insanity totally ignores the principle of National Banking", said Isherwood. "A national budget should never be run as a zero-sum game or household budget balancing income and expenditure.

"Fools calling for budget surpluses are actually calling to slash the real economy and people's welfare to hoard some useless paper money. We must dump this monetarist doctrine and grow the physical economy instead.

"The actual wealth of our economy has nothing to do with money, but is rather a product of our creativity to perform actions which transform our lives for the better.

"As the once government-owned Commonwealth Bank is now privatised and the Reserve Bank is independent of government, our federal government is now incapable of implementing sane monetary policy and is blindly following the orders of the private banksters for fiscal austerity.

"To regain our economic sovereignty, we must return to National Banking by reactivating the powers which the Commonwealth Bank once had. Our federal government must have the power to issue bills of credit for subsequent monetisation into new paper currency in the Treasury.

"We need a capital works revolution, so new money printed must be directed to wealth generating capital such as infrastructure for water, power and transport.

The only limit for the issue of new credit will be governed by our creativity and ability to deploy and reskill our labour force to build the physical economy.

"We must deploy monetary policy around real constraints in the physical world—not an obsession around balancing paper money, which has no intrinsic worth at all. We only use money because bartering is unworkable in an advanced economy.

"Under the present private central banking system, money printing is directed to financial speculation and bailouts for the banksters. This has caused inflation, slashing our living standards—actually massive hyperinflation, as evidenced in the \$17 trillion of derivatives held by Australia's banks.

"Money printing under National Banking won't create inflation because it must only be directed into wealth generating capital. As we grow our physical assets, the additional new paper money will be required in circulation anyway because of our increased productive capacity.

"Taxation is still required to service non-capital expenditure for the general welfare in areas such as health, education and pension payments. However, with National Banking and a growing physical economy, we will have more well-paid skilled workers contributing to government revenue ensuring government can fulfil its general welfare obligation.

"Join the CEC", Isherwood concluded, "and fight for this National Banking principle."

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