

Citizens Electoral Council of Australia

Postal Address: PO Box 376, Coburg Vic 3058

Phone: 1800 636 432 Fax: 03 9354 0166

Home Page: www.cecaust.com.au Email: cec@cecaust.com.au



Authorised by R. Barwick, 595 Sydney Road, Coburg, Victoria 3058. Printed by Citizens Media Group Pty Ltd., 595 Sydney Road, Coburg, Victoria 3058.

Independent Political Party

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Abbott's got Glass-Steagall on his mind

Tony Abbott showed last week he is closely following the Citizens Electoral Council's campaign for a Glass-Steagall banking separation, (<http://cecaust.com.au/main.asp?sub=articles&id=Background-glass-steagall.html>) when he was able to give a ready answer to an out-of-the-blue question on Glass-Steagall at a 12 November doorstep interview in Brisbane.

Ever since the GFC erupted in 2008, the CEC has relentlessly campaigned in Australia for U.S. physical economist Lyndon LaRouche's call for a global implementation of the banking separation enacted in America's 1933 *Glass-Steagall Act*, which protected the real economy from financial looting by separating investment banks from deposit-taking commercial banks that service the community.

Just days after the CEC issued a nationwide media release (http://cecaust.com.au/main.asp?sub=releases&id=2012_11_08_Derivatives_Cancer.html) on the threat facing Australia's banks from their massive \$20 trillion derivatives exposure, and how only Glass-Steagall will save the Australian people from a banking collapse, a journalist asked Abbott:

"Tony, what do you think of the Glass-Steagall proposal to solve the problems with the banking situation where the banks are handling both derivative and the commercial and mortgage side of things?"

Abbott replied, "Look I don't want to go into the technicalities of the former Glass-Steagall Act, suffice to say that banks in Australia *have always been much better regulated than banks in the United States* and the good situation of Australian banks is largely the result of common sense behaviour from Australian bankers and good regulation, much of which was put in place by the former Howard Government." [Emphasis added.]

Abbott is peddling denial. The fact he knows Glass-Steagall means he also knows the CEC's longstanding warnings about the Australian banking system, which is so riddled with toxic

derivatives and so over-stretched in mortgage debt it is headed for collapse.

He is also at odds with the growing throng of bankers in Australia and around the world who have come to see Glass-Steagall as a matter of survival:

Australian business doyen Don Argus, the former boss of NAB and BHP, made world headlines in September 2011 by calling for Glass-Steagall. The very experienced Argus said commercial banks can't understand investment banking and vice versa, so they must be separated.

The 6 August 2012 *Australian Financial Review* quoted an unnamed "retired senior local banker", kept anonymous due to the sensitivity of his current position, who insisted that "Australia's major banks are too big and complex" and should be broken up along the lines of Glass-Steagall.

Internationally, the advocates for Glass-Steagall include the Bank of England itself, City of London magnate Peter Hambro of the Hambros banking dynasty, and even the banker most responsible for the 1999 repeal of the *Glass-Steagall Act*, Citigroup boss Sandy Weill.

CEC leader Craig Isherwood today called on Australians to put maximum pressure on Abbott and his fellow MPs, by supporting the CEC's national resolution, *The Future of Australia: Develop or Die*, (<http://cecaust.com.au/resolution/>) which demands Glass-Steagall for Australia.

"Australia's banking system is headed off the cliff," he said. "When it happens, the people will be made to suffer through the same vicious austerity we are seeing in Europe, to prop the banks up. Glass-Steagall can avert that, but it will put the financial predators who only make money by looting the real economy out of business. Abbott and co. must be forced to publicly decide if they serve the interests of predatory finance, or the Australian people.

"The CEC's fight for Glass-Steagall is breaking through. Join us to make sure we win."

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result, some consumers are likely to be paying more than they otherwise should and are effectively cross-subsidising those who are driving the growth in peak demand."

Here we see the real agenda: make electricity so expensive that low-income households won't afford it. In practice, this means mass-murder. Greenie propaganda and free market economics have joined forces, to demonise technological advances such as air conditioners, which make life bearable in heatwaves and actually save lives, as a waste of energy. Wealthy people won't turn off their air-conditioners in a heat-wave. They'll simply pay more. It is the poor who will be forced to endure extreme conditions. 374 mainly elderly Victorians died in the February 2009 heat wave that preceded the Black Saturday bushfire, as Melbourne was hit with waves of blackouts and brownouts from privatised power infrastructure. That's a harbinger of the Dark Age future that Martin Ferguson is planning in this Energy White Paper.

The way the government plans to achieve this strategy is through the insidious technology of smart meters:

"Protecting the interests of vulnerable consumers must be

part of any reforms in this area," the White Paper flat-out lies. How will they "protect the vulnerable"? Not by shielding them from price-rises, but by *targeting the vulnerable* with price-rises, using technology such as smart meters: "This includes recognising the varying ability of consumers to access programs and information and shift usage patterns to respond to price signals, and understanding that communication may be needed through a range of channels to reach the intended audience." [Emphasis added.]

Absolutely none of this plan is necessary. Australia can return to national banking, and finance public electricity infrastructure at 1-2 per cent interest over long-terms of 20-30 years. This will make the construction of the infrastructure very affordable. The fuel is already cheap: Australia has massive supplies of brown coal, black coal, natural gas, oil, uranium and thorium. Instead of pricing these commodities at international market rates so private parasites can gouge profits, the resources can be delivered at close to cost, and Australia can return to the cheapest electricity in the world.

The CEC is running a nationwide resolution campaign to fight this murderous looting agenda: "The Future of Australia: Develop or Die". This is a fight for people's lives—join us.

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24th of October 2012

Martin Ferguson's Energy White Paper: Power to the profiteers, death to the poor

The Energy White Paper that Resources and Energy Minister Martin Ferguson released earlier this month is a blueprint for financial parasites to control electricity, so they can squeeze every drop of profit they can from working and poor families.

His Energy White Paper confirms him to be a Labor quisling—a traitor to his own. It reveals the Gillard government he represents intends to abandon entirely Australia's tradition of publicly built and operated electricity infrastructure that serves the present and future needs of the community. Instead, the government plans to hand over electricity delivery completely to bankers, speculators and multinationals through deregulation and privatisation. However, they do intend the government to continue to play a role: no, not in ensuring the delivery of service, but in ensuring the new free market is structured so the private owners rake in enough profits so to "incentivise" them to invest more for future needs.

Plenty of politicians and bureaucrats are dumb enough to actually believe in free market theory, but Ferguson is from a well-known Labor Party family, and the former President of the Australian Council of Trade Unions. He knows better. He is consciously betraying the "working families" and poor whom he was once seen to champion, to the most effective scam that the private financier interests, dubbed the "Money Power" by the patriots of "old" Labor, have yet devised to squeeze the public for every dollar of real money they can, to funnel into their monetarist casino. A conga-line of politicians have gone on to collect fat salaries from Macquarie Bank and other parasite operations, after ramming through policies that rip wealth off the public and transfer it into the parasites' coffers. What could possibly motivate Ferguson to betray his "old" Labor roots?

The following excerpts from the Executive Summary of Ferguson's Energy White Paper demonstrate how comprehensively the Labor government has abandoned Labor's traditional commitment to the common good, and embraced the murderous British ideology of free market economics and private financial power.

[The excerpts are in quotes, interspersed with editorial comments]:

"Meeting Australia's future energy needs will require significant levels of investment over coming decades. By 2030, the requirement in our domestic energy sector may be as much as \$240 billion, while energy resource development projects may need up to \$290 billion in investment."

So, how will this investment-need be met?

"Our ability to deliver investment in a timely and cost-effective way will depend critically on access to finance and capital. Given the relatively small pool of Australian investors with deep experience in greenfield energy investments, it is likely that a significant proportion of the required capital—debt and equity—will need to be sourced from overseas."

This assertion is absolutely false. It can all be financed through a national bank, as a Labor government, more than any other group, knows [see below]. However, instead of national banking, the government proposes using the power of government to grease the skids of private finance:

"The footloose and competitive nature of foreign capital means that Australia must maintain attractive and stable investment and policy frameworks, particularly if the current turmoil in international financial markets is sustained. This includes ensuring

that energy markets provide opportunities for fair commercial returns." [Emphasis added]

This is the nub of Labor's sell-out. It isn't enough to hand electricity over to pirates in the guise of the "market"; they intend to fix the market so the pirates are guaranteed their profits.

The White Paper pays lip service in passing to the overwhelming domestic economic issue in Australia: sky-high power prices. But whereas it speaks confidently about ensuring the market promotes investment etc., its tone on the issue of price increases is very different:

"Addressing the causes of price rises presents complex policy challenges for governments and, unfortunately, *there are no easy fixes.*" [Emphasis added.]

Why are there no easy fixes? Because the market is elevated above the welfare of people:

"If we are to maintain investment and promote the efficient use of energy, prices must reflect the cost of supply in a competitive market. *Interventions to suppress efficient pricing outcomes will have detrimental investment and supply consequences that are not in the long-term interests of consumers.*" [Emphasis added]

Or put another way, the consumers must get screwed, for the benefit of... the consumers!

The White Paper then says that the light at the end of the price rise tunnel is falling demand:

"There are positive signs that some price pressures may begin to ease into the future. In particular, lower growth in demand for electricity may defer some of the projected investment need until current capacity is fully utilised. Proposed changes to market rules will also assist in more efficiently targeting network investment—a key driver of recent price rises—to consumer needs."

In other words, the very collapse of the physical economy, especially the shut-down of energy-intensive industries such as aluminium smelting, is the only hope that price rises might "ease". This is because if there is less capital investment in new infrastructure, there will be less need for price increases to pay for such investment. Of course, this statement blatantly contradicts the earlier projection that there will need to be \$240 billion invested by 2030.

The White Paper then predictably blames price rises on "gold-plating", the euphemism for "over-investment" in infrastructure:

"In our main markets, between 10% and 25% of maximum demand occurs for only 1% of the time, which means we are all paying higher power bills because of this inefficient use of system capacity (AEMO 2011).

"For example, it has been estimated that 25% of retail electricity costs in New South Wales are derived from peak events that occur over a period of less than 40 hours per year (Fraser 2010).

"The main drivers of the growth in inefficient peak demand are the increased use of relatively low-cost, energy-intensive domestic appliances, such as air conditioners and large-screen TVs, and inefficient pricing structures. Current electricity pricing does not reflect the true cost of generating and supplying electricity at various times of the day, and so fails to provide a critical financial incentive for more efficient behaviour. As a

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