

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

6th of February 2014

Isherwood:

Throw the book at corrupt unions... after the criminal banks

Citizens Electoral Council leader Craig Isherwood today called on the Abbott government to finally hold the banks accountable for their financial crimes, before it goes off on its crusade against union corruption.

Isherwood said, "In 2009 I called for an Australian Pecora Commission, modelled on the U.S. investigation of Wall Street led fearlessly by Ferdinand Pecora from 1932-34, which exposed the financial crimes that led to the Great Depression, and the corrupt dealings between the Wall Street banks and American politicians that enabled the banks to get away with their crimes.

"So far, outside of some Senate inquiries there has been no serious investigation of financial crimes in Australia. Yet after a few high-profile examples of union corruption, people in the Abbott government are pushing for a Royal Commission into the unions.

"I say investigate both," he said, "but unless the government goes after the banks with the same zeal it has to tear into the unions, it is being corrupt itself, by covering up for corruption on a scale that crooked unionists could only dream of."

Isherwood cited examples of the banks not being held accountable:

* The central role of the Commonwealth Bank, Macquarie Bank and the Bank of Queensland in the Storm Financial scandal, in which hundreds of customers in North Queensland were lured into borrowing heavily against their homes in order to gamble on the stock market, and were subsequently ruined in the 2008 GFC.

* The evidence that loan officers in not just mortgage brokers, but also the Big Four banks, fraudulently doctored loan documentation to justify making low-doc loans that many customers subsequently couldn't afford.

* The relationship between Macquarie Bank, aka the Millionaires' Factory, and numerous ex-politicians and pub-

lic servants who have gone to work for Macquarie after, in many cases, being involved in public policy decisions such as privatisations and public-private partnerships from which Macquarie directly profited.

* The role of Australian-based banks in the UK LIBOR scandal, and the fact that six of the 14 banks caught rigging the LIBOR in London are also involved in setting Australia's benchmark interest rate, the Bank Bill Swap rate (BBSW). Rigging the LIBOR interest rate allowed the banks to skim off the top of hundreds of trillions of dollars of deals over three decades, and it was known and condoned at the highest levels.

* Commonwealth Bank's sudden decision in 2012 to no longer disclose its exposure to the toxic over-the-counter derivatives market, after increasing its exposure at a breathtaking rate in the three previous years. OTC derivatives are purely gambling side-bets that are often instruments of outright fraud; it was the global meltdown of the OTC derivatives bubble that caused the GFC in 2008.

Isherwood noted that there have been numerous corporate collapses in recent years in which the losses were borne by the mum and dad investors but not the banks or the well-connected.

Isherwood concluded, "It is time to clean up the criminal activity in the financial system that has been allowed to flourish under the cover of deregulation.

"We must also impose the only effective regulation which can protect ordinary people from the predations of financial speculators, which is a Glass-Steagall separation of retail banking from investment banking.

"The only reason for the government to not launch a thorough investigation of criminality in the banking system, and not go with Glass-Steagall, is to cover for the bankers. The CEC is fighting to hold them to account—join us.



GET A FREE PACK

For a free copy of the CEC's brand new pamphlet, Glass-Steagall NOW!, which includes a detailed exposé of the criminal fraud inherent in the derivatives trade that all of Australia's major banks are heavily involved in, call toll-free 1800 636 432, or send this coupon to: CEC, PO Box 376, Coburg, Victoria, 3058.

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18th of December 2013

Make 2014 the Year of Glass-Steagall!

As 2013 comes to a close, it is instructive to look back on the enormous progress the CEC has made in the last year in the fight for Glass-Steagall. Because then it becomes obvious that 2014 can—and must—be the year that Glass-Steagall becomes reality, the law of the land. And that must be the intention of this movement, as we enter the New Year.

The full-page ad in the 3 December 2013 *Australian* newspaper, with over 450 endorsers, was the culmination of an unprecedented burst of intense work: around a million copies of the *New Citizen* newspaper were distributed across Australia, exposing the plans for “bail-in”, and explaining the Glass-Steagall alternative; tens of millions of emailed press releases informed the Australian people of up-to-the-minute developments in the push for bail-in; despite the glut of new parties and candidates in the 7 September election the CEC’s slate of election candidates generated much more than usual local media coverage and a higher vote; and CEC office staff and activists poured out more than 15,000 phone calls to elected federal and state MPs, local councillors, political candidates, and thousands of community leaders of various stripes to enlist their support in the fight against bail-in and for Glass-Steagall, which was reflected in the ad.

As a result, we have made bail-in and the Glass Steagall solution to that atrocity, a major item of discussion in the Federal Parliament; have provoked widespread discussion and support for Glass-Steagall and against bail-in within local councils all over the country; and now we are pushing those items onto the agenda of state parliaments as well. We have done this so effectively that Financial Stability Board bigshot and RBA chief Glenn Stevens has just blurted out for the first time that he supports “bail in”, as reported in an *Australian Financial Review* interview with him last week (see release, p.4). Who could really doubt that this is because of us? Who knows if Glenn Stevens even intended to make that admission, since he quickly waffled around to cover up what he had just said, but sometimes when people have a subject so much on their minds—as Stevens well knows we have put the reality of bail-in on everyone’s minds—they just blurt it out without even intending to.

During the last week of federal Parliament this year, Treasurer Joe Hockey declared in Question Time when defending his \$8.8 billion capital injection into the Reserve Bank, that there are three threats to the global financial system looming in 2014: 1) the so-called “tapering” of the gush of central bank money-printing called Quantitative Easing, by which the central banks will try to ease it off

without sending the markets into a terminal dive; 2) the stress tests planned for the banks in the European Union, which Hockey emphasised was a serious issue (see p. 4); and 3) the future negotiations over again raising the U.S. debt ceiling.

Joe Hockey and Glenn Stevens see their job in government as making sure the private banks survive these threats. However, the true responsibility of government is to make sure the people survive any such threats. Our mission is to wrest control of the government away from the bankers and their agents such as Hockey, and to put it back in the hands of the people. In the near term, that means Glass-Steagall—a government-imposed barrier between predatory financial speculators, and the real economy of people and production. The good news is that under Glass-Steagall, the threats Hockey is warning about will evaporate.

Early in the new year the CEC will publish its two new pamphlets showcasing legislation for Glass-Steagall and a national bank. A third pamphlet is planned, exposing the origins and intention of green fascism, which is stopping nations including Australia from embarking on the major water, power and transportation infrastructure projects that are necessary for our development. These pamphlets will provide all of the ammunition you need to make Glass-Steagall and a national bank the “talk of the town”, so that everyday people begin to demand these policies. And when those in power know that the public knows what Glass-Steagall is, and that it will solve the financial crisis—not fascist schemes like bail-in—it will become a matter of political survival for them. They’ll have to go with Glass-Steagall, or face the consequences.

It is the CEC’s mission to unleash that understanding within the public. Let’s make 2014 the year we succeed.



The document handed to MPs in Canberra 2-5 Dec.