Citizens Electoral Council of Australia

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Independent Political Party

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# Debt fraud: Greece actually owes nothing!

*The Greek debt, as such, is mostly not Greek debt. The debt which Germany and other nations are demanding that they pay for, is money that the Greeks never got! So the Greeks don't owe that money. This was a swindle, because the Greeks didn't incur that debt.*
— US physical economist Lyndon LaRouche, 17 February 2015

What people need to know about Greece and "its debt" is that the new Greek government is asking the European Union to shut down a huge Wall Street-London bank swindle and make economic growth possible again in Europe.

If that doesn't happen, the worsening bankruptcy of the whole trans-Atlantic banking system will continue to generate desperate confrontations with major powers Russia and China, with the threat of world war.

The rest of Europe, so far, is refusing to shut that Wall Street swindle down, and on 19 February Obama's Treasury Secretary Jack Lew backed up that refusal, including by a threatening phone call to the Greek finance minister. The agreement reached the following day between Greece and the Eurogroup merely put off any real decision on what to do about Greece's debt for another four months.

What Obama, Merkel, et al. are demanding Greece do, instead of shutting down this Europe-wide swindle by the banks, is run a budget surplus of 4.5 per cent of its annual economy, exclusively to pay the "Greek debt." In Australian terms, that would mean the government imposing enough budget cuts to immediately start running a surplus of $20 billion a year, in order to pay down debt. This would require cuts in the order of $60 billion per year, which is impossible… without killing people.

The "Greek debt" swindle is the same one as the TARP bailout in the US, and the Federal Reserve's printing of $4 trillion in new money to cover Wall Street's debts; and its perpetrators are the same huge banks.

In the United States, the big banks took millions of subprime, unrepayable mortgages sold by their captive mortgage companies, and made them into toxic securities which blew up the financial system and the whole economy in 2008; the government bailed them out, while American living standards plunged.

In Europe, the banks bought the mortgage securities from the US banks. At the same time they made millions of unrepayable subprime loans of their own—not only to homeowners, but also to governments without the means to repay them, like those of Greece, Ireland, Portugal, Hungary, and others. Big Wall Street banks were involved, particularly Goldman Sachs, which created "magic" derivatives: Take a bank loan to Greece, make it look like a mere "currency swap" rather than a debt—but turn it into a much bigger debt ten years later.

All this European subprime debt blew up on the big banks in 2009, a year after the US subprime debt blew up on them. Then the European governments all superindebted themselves, to create a $1 trillion "European TARP" called by the initials EFSF. They bailed the megabanks out, with the IMF pitching in, using "only" about $600 billion to pay the unpayable "subprime government debt" part of it. $275 billion paid "Greek debt".

This immense bank bailout was approved by the Greek, Irish, and other governments, who passed it immediately on to the banks which had been their "subprime lenders."

### Debt swindle

The Greek debt swindle was classic. In 2009 Greece's debt was $300 billion. It then "got" two huge bailouts in 2010 and 2012, of about $140 billion each. Less than 10 per cent of that $275 billion stayed in Greece and was spent by the Greek government; more than 90 per cent went directly and immediately to Deutsche Bank, HSBC, JPMorgan Chase, and their fellow sharks, with small amounts crumbling to the hedge funds swimming alongside. Former Greek Labor and Social Security Minister Louka Katseli has given documentation that the Greek government actually got to spend or invest just 3 per cent of that $275 billion. The only banks which had to write off their "Greek debt" were Greek banks; all of Wall Street and the London-centred banks got their toxic debt "assets" guaranteed 100 per cent by this European bailout swindle. This made the Greek banks so bankrupt that the Greek government then had to borrow more to bail them out with $50 billion—so Greece's debt was increased when supposedly being reduced! A total swindle!

Then, between 2010 and today, Greece, Ireland, Portugal, etc. were ordered to pay the bill for this huge new Europe-wide bank bailout debt. They imposed a slashing domestic austerity until their people emigrated, death rates rose and birth rates fell, and clouds of wood smoke rose over modern cities whose inhabitants could no longer afford modern heat. *After five years of this punishment, Greece's $300 billion debt has become $350 billion or so—after $250 billion passed through to the banks!*

And the other European countries are also on the hook for this phoney debt, all of it. They guaranteed it; Greece and Ireland and the other austerity-crushed countries can't pay it, so the rest of Europe must either agree to reorganise that debt and write it down, or their taxpayers will pay for the swindle.

This is why the new Greek government now demands that Europe shut down this global bank swindle: Write off the unpayable debt; invest in reviving economic productivity by building new economic infrastructure.

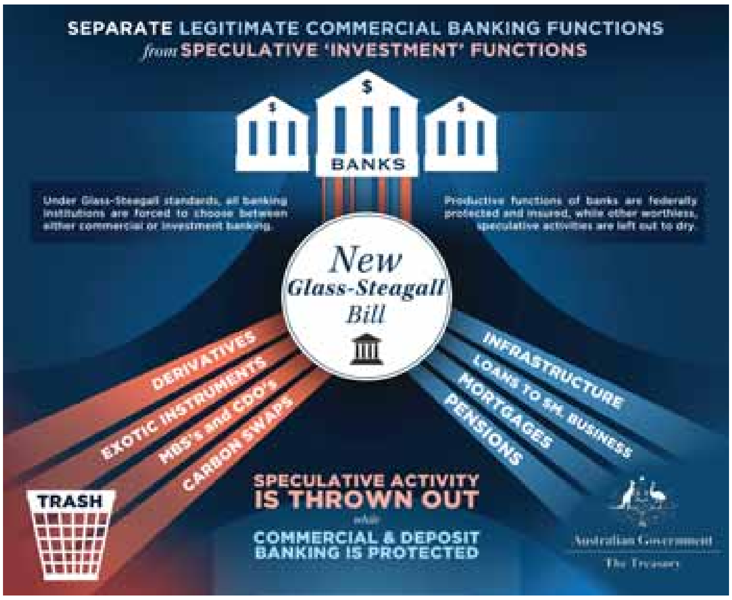
In addition, the megabanks have to be put through a Glass-Steagall reorganisation and broken up.

# Australia Urgently Needs a *Glass-Steagall* Separation of Banks

Citizens Electoral Council Petition to Federal Parliament

TO THE HONOURABLE THE SPEAKER AND MEMBERS OF THE HOUSE OF REPRESENTATIVES

This petition of the Citizens Electoral Council of Australia draws to the attention of the House the threat facing Australia's banking system from the deepening global financial crisis, which puts at serious risk the bank deposits of the Australian people, and essential banking services for the real economy.




Australia is now vulnerable because our banking system is concentrated in just four banks, which between them hold the overwhelming majority of deposits and provide the majority of banking services, but which have dangerously exposed themselves to shocks in the global financial system, including through nearly $20 trillion in derivatives speculation.

We therefore ask the House to take immediate action to protect deposits and essential commercial banking services, by enacting strict banking separation as did U.S. President Franklin Roosevelt's Glass-Steagall Act 1933. Glass-Steagall split deposit-taking, standard commercial banks from Wall Street's speculative investment banks, creating entirely separate entities under different roofs, thus successfully protecting the U.S. banking system until Glass-Steagall's repeal in 1999. We ask the House to apply the Glass-Steagall principle to Australia through legislation to divide each of the four major banks into two parts:

1) normal commercial banks as per Glass-Steagall standards, and

2) institutions involved in investment banking and other forms of speculation. Banks that speculate will then do so with their own money and at their own peril, with no government protection whatsoever.

| Name | Signature | City/Town/State* | Phone* | Email* |
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Please post back to CEC Australia, PO Box 376 COBURG VIC 3058

*Voluntary information

## *GET A FREE PACK*

For a 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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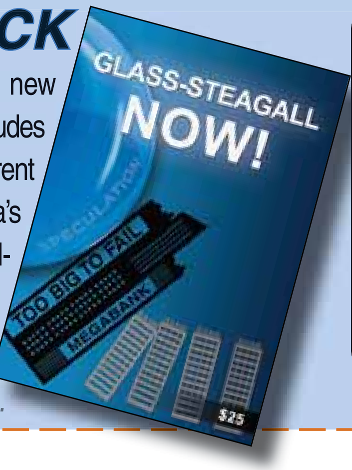


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