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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European debt brinkmanship is Sword of Damocles over global financial system

The ongoing debt negotiations between Greece and the Eurofascists are like the mythological Sword of Damocles, a deadly blade suspended by a single hair above the heads of its potential victims—in this case, all of the nations in the global casino economy, including Australia.

If the EU Finance Ministers decide in Brussels next Monday to maintain their hard line against Greece, demanding a return to killer austerity and the abandoning of the Greek government's plans to increase minimum wages and restore pensions—a "deep and immovable red line" that Greek Labour Minister Panos Skourletis insists will not be crossed—in return for loan extensions, the 'Eurocrats' may trigger a chain-reaction that blows themselves and the entire trans-Atlantic financial system out of existence—and Australia's debt- and derivative-laden financial sector along with it.

Imagine a scenario in which the IMF/EU/ECB "Troika" refuse to negotiate with Greece, and instead clings to its demand that repayments of the ECB bail-out of Greece's private banks be taken out of the hide of the Greek people; imagine then that the pro-sovereignty Syriza government of Greece calls the Troika's bluff and defaults, removes itself from the Eurozone and perhaps the EU as well, and returns to using the Drachma. Even if you believe, as some in Europe purport to, that "contagion" from a Greek default could be contained, the Euro would be doomed the moment Greece walked out.

This is certainly weighing on the minds of leading bankers. Take Hung Tran, executive managing director of the Institute of International Finance (IIF), for example, who stated the case succinctly to London's *The Telegraph* on 2 May, thus: "there's a whole range of political ramifications in terms of market expectations if the euro proves to be reversible. The natural question is: who will be next?" Tran then voiced the fear that few, if any, of his peers had heretofore dared express: "If Greece exiting the euro area severely strains its relationship with the EU and the West, questions will arise about the alignment of Greece in terms of foreign policy, security policy and so on, and the whole cohesion of the western alliance would be put in doubt." To those in Europe who favour sovereignty over subjugation and would prefer to avoid a third world war, this can only be good news; but that a key officer of the "bankers' cartel" that comprises nearly 500 of the world's largest financial institutions—including Australia's Big Four, Macquarie, the Future Fund and others—would come out with this in public indicates just how close to panic the self-styled elite of world finance truly are.

Meanwhile in Australia…

Contrary to popular delusion, Australia's banks are by no means the strongest in the world. They survived the GFC by luck and a government guarantee rather than by good management, and since mid-2008 our country's net foreign debt has risen by over 44 per cent, from just under $600 billion to over $865 billion, $639 billion of it in the private sector. The biggest problem, though, is the banks' off-balance sheet business (i.e. derivatives gambling). Under the guise of 'hedging' against the risks of current market conditions, Australia's banks have been allowed to accumulate a $27.77 *trillion* pile of derivatives contracts, double the pre-GFC level.[1] Among these are $6.77 trillion in foreign-exchange derivatives—an order of magnitude greater than the net foreign debt itself. Now ask yourself: what happens in the event of a Euro-panic if everyone holding such contracts tries to close them out at once, in the same direction? The world's largest private banks, including ours, would implode virtually overnight. There is also the obvious question of what to do with potentially hundreds of trillions worldwide in Euro-denominated commodities contracts, bonds and derivatives if the Euro, one of the world's major reserve currencies, ceases to exist.

It is not that the IIF bankers suddenly care for Greece's plight; what has them so spooked is that for all of the Troika's bluster, it is Greece, not the EU, that is negotiating from a position of strength. The Syriza-led government's dedication to Greek sovereignty and refusal to toe the EU's anti-Russia line has led naturally and very, very rapidly to Greece increasingly turning away from the doomed trans-Atlantic system and into alignment with the BRICS-led global renaissance now taking place. When Greek PM Alexis Tsipras travels to St Petersburg in June, he may indeed (as many have speculated) request financing from the BRICS New Development Bank if the EU decides at Monday's meeting to shut Greece out in the cold, but paying off immediate debts is not the purpose of Greece's contacts with Russia, China, Egypt and other non-EU countries; rather, as Energy Minister Panagiotis Lafazanis recently told Greek daily *Kathemirini*, Syriza intends that Greece, as the link between three continents, develop itself to become a major hub of China's world-spanning 'One Belt, One Road' initiative, and to do so by "following an alternative strategy that is beyond the dogma of Euro-Atlantic subjugation".

For so long as the rest of the EU member states continue to follow that dogma, they deny themselves the only course of action by which they themselves can become free nations once more. Australians face, and have always faced, that same choice: will we stand resolute as does impoverished, austerity-ravaged Greece, stare down the IMF, ECB, EU, London and Wall Street, and finally assume our rightful place in a new, just order of sovereign nations co-operating in a common purpose; or will Australians, with our vast territory, virtually unlimited resources and powerful, though idle, technical capability, continue to cower in submission to those who would destroy us, and risk destroying the world, to preserve their own power? If the EU gambles and loses on 11 May, that decision will be upon you sooner than you think. If you choose not to cower, but rather fight for a better world, we know what to do to achieve it; join us.

1) http://cecaust.com.au/main.asp?sub=articles&id=background_financial_crash.html#ausbankderivatives

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When life deals you falling iron ore prices, make steel

Good news! Iron ore prices are right down, so Australia has an opportunity to embark on a program of massive infrastructure construction using steel manufactured here from our own resources.

This is the attitude that Australians must adopt, both for our own benefit and to participate fully in the grand infrastructure development perspective that the BRICS nations—Brazil, Russia, India, China and South Africa—are leading worldwide. The BRICS alliance is the driving force behind the new multilateral development banks, including the BRICS' own New Development Bank and the Asian Infrastructure Investment Bank (AIIB), which are directing hundreds of billions of dollars into international railway links, new and upgraded ports, and hydroelectric dams and other energy projects, on which nations can collaborate, thereby building a basis for both peace and prosperity.

For Australia, a domestic program parallel to the BRICS' global perspective of national infrastructure development, utilising our own abundant resources, would create anywhere from hundreds of thousands to likely more than a million jobs—far more than those lost in the mining industry.

In 2002 the Citizens Electoral Council, in collaboration with the late engineering visionary Professor Lance Endersbee, published "The Infrastructure Road to Recovery", which detailed many large-scale water, transportation and energy infrastructure projects that Australia could commence building immediately, including:

the Australian Ring Railway and the Melbourne to Darwin Asian Express, both of which Professor Endersbee designed as high-speed rail projects to conquer the tyranny of distance and open up the interior and remote areas of Australia to economic development;

18 major water diversion projects, including the Bradfield Scheme (to direct water from Australia's highest rainfall areas in north Queensland down into the fertile and arid inland), the Clarence River Scheme in northern NSW (that will inject more water into the Murray-Darling Basin food bowl), the 3rd stage of WA's Ord River Scheme and the development of the nearby Fitzroy River Basin, and many others;

port infrastructure for high-speed shipping, capitalising on technology developed here in Australia, with which Australia will be just one to four days shipping from all of the major ports of Asia;

a nuclear power grid for cheap, clean and abundant power, utilising our world-leading reserves of uranium and thorium, which will allow spin-offs such as large-scale water desalination, and also put Australia in the vanguard of the global effort to develop fusion power.

The jobs that would be created will be high-skilled, high-wage jobs, in expanded steel manufacturing, and in the construction of the infrastructure projects. Besides steel, many other moribund industries would also come to life, to supply the infrastructure projects: cement, machine tools, and even the automotive industry, which could be re-tooled to supply machinery for earthworks and construction.

The new infrastructure would lead to an expansion of agriculture and related manufacturing industries, to meet the growing demand in Asia. The consolidation of Australia's industrial skills base—which otherwise we are currently losing, rapidly—would also enable Australia to assist our Asian neighbours with their own projects; Australian-made capital goods could also be exported for use in the developing economies of Asia.

Funding

Funding this perspective would not be an issue. There is plenty of money in the economy; more importantly, there is plenty of idle manpower and resources. It is a case of putting it all to good use. Since the 2008 GFC the Commonwealth government has racked up a debt of around $300 billion, from stimulus and deficits. If even a fraction of that money—say $50 billion—had been spent on the kind of nation-building infrastructure in the CEC's program, Australia's economy would be greatly improved on what it is today.

Otherwise, the government has the power to establish another National Bank, modelled on the original Commonwealth Bank, which founding governor Denison Miller opened for business in 1912 *without capital*, declaring that the bank was "backed by the entire wealth and credit of the whole of the Commonwealth of Australia" (Denison Miller, 20 January 1913, "The Commonwealth Bank of Australia", by C.C. Faulkner). Furthermore, there is well over a trillion dollars in superannuation accounts that is at risk in the presently collapsing economy, which the government could call into good use, ensuring its security by doing so. And on top of all that, Australia will benefit from the trillions of dollars that the BRICS-initiated development banks are directing into infrastructure projects in the region.

The CEC has initiated a new petition campaign, to compel the Australian government to seize the historic opportunity before us, both internationally with the BRICS, and domestically: *Australia must secure its future by aligning with the BRICS in a new, just world economic order.*[1]

Join the fight! Sign the petition, join as a member, call 1800 636 432 to order and distribute the CEC's literature.

1. http://cecaust.com.au/main.asp?sub=brics&id=aiib.html

Please go online to sign the petition.
http://cecaust.com.au/main.asp?id=BRICS-petition.html

Please go online to view the proceedings of the CEC's 28-29 March international conference on the BRICS:
The World Land Bridge: Peace on Earth, Good Will towards all Men.
http://cecaust.com.au/2015conference/