

# Citizens Electoral Council of Australia



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Independent Political Party

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## Global too-big-to-fail banks on notice: US Senators introduce 21<sup>st</sup> Century Glass-Steagall Act

The City of London and Wall Street's worst nightmare is coming true, now that four US Senators have introduced the *21st Century Glass-Steagall Act* into the Senate, ensuring that Glass-Steagall will be the defining issue of the US Presidential election.

On 7 July Senators John McCain, Elizabeth Warren, Maria Cantwell and Angus King reintroduced into the new Senate their existing legislation to restore Franklin Roosevelt's strict separation of commercial banking that services the daily economy, from speculative and risky investment banking; this separation was originally legislated in the *1933 Glass-Steagall Act*, and successfully averted any major banking crises until its repeal in 1999.

Those bankers and politicians who conspired in 1999 to scrap Glass-Steagall should have learnt their lesson when the global financial system melted down in 2008, under the weight of over a quadrillion dollars of bad derivatives bets; this scale of betting was only possible because the banks had been let off the Glass-Steagall leash. Indeed, some of the conspirators involved in the 1999 repeal, including former Citibank chairman Sandy Weill—known as the “shatterer of Glass-Steagall”—and former Citibank CEO John Reed, did learn the lesson and have loudly called for its reintroduction.

For six years, however, the restoration of Glass-Steagall has been blocked—by President Barack Obama. Obama has slavishly served Wall Street and the City of London, staffing his administration with Wall Street agents who ensured the banks would not be brought to justice for their crimes that caused the 2008 crisis and protected them from any serious restrictions on their gambling. For instance, Obama's choice for his first Attorney-General, Eric Holder, had previously engineered a shift in the Department of Justice's policy, arguing in a 1999 memo called “Collateral Consequences” that in deciding whether to prosecute banking crimes, prosecutors should take into account the knock-on effect on markets and shareholders, i.e. they should let bankers off the hook lest the fallout hurt their share price and the

financial markets. Then from 2001-2009 Holder worked for top Wall Street law firm Covington & Burling, representing the biggest banks. After six years as AG, letting his former clients off scot-free, Holder has now returned to Covington & Burling—where, it has now emerged, the firm kept an office free for him the whole time; in effect, he never left. Under Holder and Obama, Wall Street banks became both too big to fail *and* too big to jail.

But now, thanks to this bill, unlike when Obama ran his deceptive campaign in 2008, the US presidential candidates will be forced to address the issue of Glass-Steagall, and explain to the American voters, who are still suffering for the crimes of the banks, whether they support restoring the most effective banking regulation in history, or whether they will serve Wall Street and let the banks continue to get away with financial murder. If the Murdoch and other corporate-controlled media outlets do not succeed in suppressing the debate, the candidates will soon see what the American people demand—Glass-Steagall.

Wall Street's hysteria can be seen in this 2 June clip from the Fox Business channel,<sup>1</sup> in response to former Maryland Governor Martin O'Malley's campaign for the Democratic Party's nomination for president, on a Glass-Steagall platform; the Fox News correspondent calls O'Malley Wall Street's “public enemy number one” for demanding Glass-Steagall.

The CEC is leading the fight for a total Glass-Steagall separation of Australia's own TBTF banks, before the next global financial meltdown obliterates the life savings of the Australian people who currently have no protection from the inevitable fallout of the Big Four banks' unbridled derivatives gambling. This is a global effort, and it has never been more urgent.

Join the fight!

1) Go online to watch the video:

[https://www.youtube.com/watch?v=RIIX-UYO\\_Rg](https://www.youtube.com/watch?v=RIIX-UYO_Rg)



### GET A FREE PACK

For a free copy of the CEC's 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.**

Please leave all the required details.



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# PETITION

## Australia must secure its future by aligning with the BRICS in a new, just world economic order

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

This petition of the Citizens Electoral Council draws to the attention of the House the opportunity for Australia, and all nations, to participate in the process that the BRICS nations of Brazil, Russia, India, China, and South Africa have initiated: to create a new financial architecture for the world based on equitable and inclusive multilateral credit institutions that prioritise investment in physical economic development, instead of speculation.

The present, inequitable IMF-World Bank system is collapsing under the burden of hundreds of trillions of dollars of unpayable global debts and derivatives obligations, including the Australian banking system's derivatives exposure of more than \$27 trillion. This is the legacy of decades of reckless financial speculation unleashed by IMF-enforced deregulation, and is the driver of the world's present strategic tensions

which have increased the threat of a thermonuclear world war.

Through such new financial institutions as the \$100 billion New Development Bank, the \$100 billion Asian Infrastructure Investment Bank (AIIB), the \$40 billion Silk Road Development Fund, the \$20 billion Maritime Silk Road Fund, and the planned Shanghai Cooperation Organization (SCO) bank, the BRICS nations will direct massive investment in much-needed physical infrastructure projects on which all nations can collaborate, forging a basis for lasting global peace and economic prosperity.

We the undersigned therefore petition the House to commit Australia both to full participation in the AIIB, and to full support for the BRICS-initiated process of creating a new financial architecture for the world as the basis of a just economic order.

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