



# Australian Citizens Party

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## MEDIA RELEASE

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### CEC's program to survive economic 'Armageddon'

The Citizens Electoral Council has today issued a new mass-distribution flyer on policy solutions to the oncoming global financial crisis, "The five-point program for Australia to survive the new global crash".

[Click here to read the flyer](#) (4-page PDF).

The five points in the CEC's policy program are:

1. Glass-Steagall banking separation;
2. A national bank;
3. Immediate moratorium on home and farm foreclosures;
4. Nation-building infrastructure and science-driver projects to revive the productive economy;
5. International cooperation for a new financial architecture and world economic development.

The CEC's policy program addresses the reality that a new financial crisis is inevitable. By any measure, the Australian and global financial systems are in worse condition today than at the time of the 2008 global financial crisis, especially in terms of what caused the last crisis—unpayable debt.

As US law professor and Glass-Steagall expert Arthur Wilmarth warned in a 26 September event at America's National Press Club in Washington, DC, "Global credit [a.k.a. debt] went from US\$84 trillion in 2000, to US\$173 trillion in 2008, to US\$250 trillion today, so we're on a treadmill to Armageddon again."

Contrary to the carefully cultivated myth, Australia's banks did not survive the last crisis because they were "sound". The Rudd government was forced to rescue Australia's banks, which privately begged for guarantees otherwise they would be "insolvent, sooner rather than later". Yet it wasn't until last month, a decade after the crisis, that members of parliament were shocked to find out St. George Bank would have collapsed in 2008 if Westpac hadn't taken it over.

This time there is a very real danger that a crisis in Australia could be the trigger for a global crash. In February London analysts at Absolute Strategy Research identified Australia's banks as a "global systemic threat" due to their inflated size. They are exposed to all the ingredients of the 2008 meltdown of Wall Street—a massive housing bubble fuelled by securitisation and speculation in derivatives. The US government's 2011 Financial Crisis Inquiry Report could have been written for Australia today: "*We conclude collapsing mortgage-lending standards and the mortgage securitisation pipeline lit and spread the flame of contagion and crisis.... The greatest tragedy would be to accept the refrain that no one could have foreseen this coming and thus nothing could be done. If we accept this notion, it will happen again.*" (Emphasis in original.)

The CEC's program addresses short-term and long-term problems in the financial system and the real economy:

- The Glass-Steagall structural separation of banks will protect the public from a crash, and cut the cancer of speculation out of the normal banking system.
- A national bank will regulate and stabilise the banking system, and create credit for the government to direct into productive infrastructure and industries that grow the real economy.
- A moratorium on home and farm foreclosures—"home" meaning the place of residence, not investment properties—is urgently needed now to avert a social catastrophe in the event that desperate banks, in the crisis that will be of their own making, decide to seize properties and force borrowers and their families out on to the street in order to shore up their own balance sheets.
- Nation-building infrastructure and science-driver projects are necessary to reindustrialise the economy, reviving industries and regional centres and creating new industries; the CEC proposes specific projects to meet water, power and transportation needs, and put Australia on the cutting edge of technological progress.
- International cooperation is crucial to address the global dimensions of the crisis, both to establish a new Bretton Woods-type agreement for productive and fair international trade protected from predatory financial speculation, and for nations to collaborate on mutually beneficial infrastructure development to increase productivity and living standards, as China offers with its Belt and Road Initiative.

[Click here for detailed references supporting the information in the 5-point program.](#)

[Click here to watch an interview with CEC Research Director Robert Barwick on the 5-point program.](#)

### **Get involved!**

Action on this program is urgent! The CEC has printed 50,000 copies of the 5-point program flyer—read it today and order multiple copies from the CEC to distribute in your area.

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