

# 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 C. Isherwood, 595 Sydney Road, Coburg, Victoria 3058.  
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Federally Registered Political Party

30<sup>th</sup> of April 2010

## Goldman Sucks fraud rife through whole system—Australia too

This morning CEC Leader Craig Isherwood charged that there is not one major bank in the world that does not use the practices for which Goldman Sachs has just been charged with fraud.

On 16<sup>th</sup> April the U.S. Securities and Exchange Commission (SEC) lifted the veil from a tiny corner of the massive fraud at Goldman Sachs, by charging the company with an \$11 billion securities fraud against its own customers in 2007. The Australian Securities and Investments Commission is considering joining the growing list of authorities, including those of Britain and Germany, which are opening their own investigations.

Goldman flogged mortgage-backed securities to among its biggest customers; securities that were picked by a third party, hedge fund bandit John Paulson, who was betting that those securities would fail. The suckers lost billions of the \$10.9 billion they invested, and the money they lost was passed through to Paulson, after Goldman took its cut. The use of credit default swaps (CDS) to provide insurance for such phony transactions—the same tools which earned banks like Goldman, billions of bailout dollars in 2008—is also being investigated by the SEC.

“This fraud is not an aberration,” charged Mr Isherwood. “This is a systemic practice in the world of derivatives. The entire system is toxic, and must be reorganised!”

“The banks—including Australia’s—who ordered the world’s governments to deregulate the financial system over the past two decades, created derivatives to leverage all the cash flows they could parasitically siphon off of real economic activity, into exotic, toxic paper that added up to quadrillions—all to prop up their collapsing system. In some cases this type of gambling was based on methods developed in the games of poker and blackjack!”

“The same insanity still prevails in Australia’s housing bubble: housing has been deliberately hyperinflated up to totally unaffordable levels, crushing homeowners and renters under soaring costs, but the Australian media call it ‘a recovery in housing.’”

In the U.S. the next stage of the real estate crash is about to hit, between a massive volume of adjustable-rate mortgages about to reset, zooming home foreclosures, and a crisis in commercial real estate delinquencies. On 13<sup>th</sup> April Morgan Stanley reported the largest private equity loss ever in commercial real estate, with a write-off of \$5.4 billion of its \$8.8 billion real estate funds business.

Six million U.S. households are more than 60 days delinquent in their mortgages and 4 million of them are more than 120 days delinquent, and will almost certainly lose their homes. 11-12 million households owe more mortgage debt than their house is worth. The numbers of homeless are growing, while census figures show that 10.9 per cent of American homes were completely vacant, year-round, at the end of 2009. Experts are awaiting another crash in home prices, and therefore, another crisis in mortgage securities values.

“The essential thing to recognise,” Mr Isherwood stated, “is that the same systemic problems we faced in 2007, triggered by the ‘sub-prime collapse’ still remain, which is quite lawful, because our government did nothing to address the underlying problem. They threw money at it. Now, despite the wishful thinking of the last two and a half years or so, those problems are coming right back at us, even harder.”

“Economics is not about money or statistics; it is about whether you have a home to live in, a good job, food on the table, and a future ahead of you. By that measure there ain’t no economic recovery here, or anywhere on the planet. It’s time we adopt Lyndon LaRouche’s science of physical economy, which must begin with a full Pecora-style investigation into fraudulent systemic banking practices and a global ‘Glass-Steagall’ re-regulation. Join me in forcing our government to admit, and then solve, our problem.”

To find out more about the case of Goldman Sachs, see <http://www.larouhepac.com/lpactv?nid=14233>



A protester makes clear the sentiment of most Americans during the “Wall Street and the Financial Crisis: The Role of Investment Banks” hearings, which took place on Capitol Hill in Washington on April 27.



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For a free copy of LaRouche’s 13<sup>th</sup> March webcast exposing the Inter-Alpha Group, on DVD, call toll-free 1800 636 432 or send this coupon to: CEC, PO Box 376, Coburg, Victoria, 3058 and leave ALL your details.



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# ETS goes down with Goldman Sucks

Did Kevin Rudd and Penny Wong decide to deep-freeze their emissions trading scheme (ETS), because Goldman Sucks was caught out and charged with fraud?

Remember, Goldman Sucks is the financial power behind carbon trading worldwide:

Goldman owns 10 per cent of Al Gore's Chicago carbon exchange;

Al Gore's partners in his Generation Investment Management hedge fund in London are all former Goldman Sachs executives—David Blood, Mark Ferguson and Peter Harris;

Malcolm Turnbull, the man who almost delivered the ETS, by cutting a deal with Rudd without his party's support, is Goldman Sachs' main man in Australia.

In "The Great American Bubble Machine" published in the July 2009 edition of *Rolling Stone* magazine, author Matt Taibbi characterised Goldman Sachs as "a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money. ..."

"The formula is relatively simple: Goldman positions itself in the middle of a speculative bubble, selling investments they know are crap. ... They've been pulling this same stunt over and over since the 1920s—and now they're preparing to do it again, creating what may be the biggest and most audacious bubble yet. ... the new game in town, the next bubble, is in carbon credits ... a groundbreaking new commodities bubble, disguised as an 'environmental plan,' called cap-and-trade. The new carbon-credit market is a virtual repeat of the commodities-market casino

that's been kind to Goldman, except it has one delicious new wrinkle: If the plan goes forward as expected, the rise in prices will be government-mandated. Goldman won't even have to rig the game. It will be rigged in advance."

The ETS was always a scam, an attempt to create a new global derivatives bubble on a trade in thin air, to replace the derivatives bubbles on real estate and stocks that are imploding.

However, due to the mass strike uprising in the U.S. especially, where white-hot rage is being directed at the Washington/Wall Street nexus by a fed-up population, the authorities have been forced to crack down on the fraud that characterises the entire derivatives-based financial system, and Goldman Sucks has been caught out.

If Goldman goes down, it will take its entire derivatives scam with it.

Today, Citizens Electoral Council leader Craig Isherwood observed, "If Rudd and Wong dropped the ETS because they were afraid of being drawn into another Goldman Sachs fraud, that's good.

"While they are at it, they should drop all the other financial system frauds which their policies are aiding and abetting—such as the privatisation of public assets and the private construction of infrastructure, which funnels money into banks like Rothschild and Macquarie, or the government manipulation of the property market, through tax breaks, grants and direct investment, which is driving up property prices to support the faked balance sheets of Australia's major banks."

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## Fighting Platform

**1. The establishment of a New Bretton Woods international monetary system.** The present free trade system of "globalisation" is destroying the nation's agriculture and industry. The CEC will work for a "New Bretton Woods" system, as proposed by the American physical economist, Lyndon LaRouche: A return to the best features of the original Bretton Woods system, including tariff protection, fixed exchange rates, and government support, through banking support and otherwise, for agriculture and industry.

**2. The establishment of a National Bank and State Banks** to provide loans at 2% or less to agriculture (family farms), industry and for infrastructure development.

**3. The repeal of all Federal and State anti-union legislation** passed over the last several years, beginning with the Federal 1996 *Workplace Relations Act*.

**4. The repeal of recent fascist laws**, such as the Federal [Shoot to Kill Bill] and Victoria's [Racial Discrimination Act].

**5. An immediate halt to the privatisation of Commonwealth and State assets and regulatory bodies**, and the reversal of those privatisations where necessary for the public good.

**6. An immediate moratorium on foreclosures of family farms**, given the cartel-rigged low prices for farm products and the lack of access to credit at reasonable rates.

**7. The immediate elimination of the disastrous National Competition Policy.**

**8. The elimination of the Goods and Service Tax**, which is a regressive tax which hits poor and working class Australians the hardest, and its replacement of a 0.1% (one tenth of one percent) tax on speculative financial turnover.

**9. The reassertion of National control over Australia's oil and gas and huge mineral resources**, by "buying back the farm", or through other necessary government action.

**10. A dramatic expansion of resources to all public health facilities**, so that all who need health care, will receive it promptly.

**11. A dramatic upgrading of Federal and State infrastructure**, in water projects, roads, railroads (emphasising high-speed trains), schools and hospitals, and other needed infrastructure to provide urgently needed facilities, new jobs and to serve as the "driver" for general economic recovery. These projects more than pay for themselves by the economic activity they generate. Such Federal or State infrastructure or development projects in the national interest shall be exempt from any law which would frustrate the project.

**12. A real war on drugs.** The present "harm minimisation" policy is a disaster, which merely expands drug usage. The war on drugs must be fought with all the weapons of war, including dramatically expanded physical and human resources to our police and other enforcement bodies. Most importantly, the drug cartels presently launder an estimated \$10 billion per year through Australia's banks, without whose cooperation the drug trade could not function; these banks, who have also financed the decriminalisation/legalisation lobby in this country, must be pursued ruthlessly.

**13. The establishment of generous immigration quotas**, for the same reason which the Labor Party welcomed the "new Australians" after World War II—to help build our nation. From the very beginning, Australia has been a nation of hope and opportunity for people of many nationalities and religious backgrounds. While the CEC is opposed to the pious fraud known as "multiculturalism", because it pits one group against another, we warmly welcome those coming here to make a better life for themselves and their families. They will help to build Australia (which will suffer a severe labour shortage as the rest of this platform is implemented), just as other generations of immigrants have done.

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