

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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Australia beware: Clock ticking to June/July financial explosion; Global options are fascist austerity or Glass-Steagall

Citizens Electoral Council leader Craig Isherwood today accused the Reserve Bank of trying to cover up the seriousness of the financial crisis facing Australia, and declared that Australia is well and truly in the fall-out zone of the global debt time bomb which is sitting in Europe, ticking down to a late June/early July explosion.

The CEC National Secretary detailed the state of play in the financial crisis hitting Europe:

On 1st July, European banks have to repay the 442 billion euros they borrowed from the European Central Bank's (ECB) exceptional financing facility, opened up for them one year ago. European Banks have been putting money aside to pay back what they borrowed, but nowhere near enough. Spanish banks such as Sabadell and Banesto have only 35 per cent of what's required, and Germany's Commerzbank only 32 per cent. According to Morgan Stanley, European banks have found 250 billion thus far, and still need another 150.

The mechanics of the euro system are grinding to a halt. The sovereign debt crisis is pushing liquidity to places considered "safe". Every night, banks of the eurozone deposit ever more funds at the ECB, even though the yield they get is only a miniscule 0.25 per cent, because they do not trust the solvency of any of the other private banks enough to lend to them. On Monday morning, 384 billion euros were on deposit at the ECB—an astonishing figure, since this was only a few billion euros per day before the 2008 financial crisis. The current volume is even far higher than the volume deposited the week after the Lehman default. At the same time, interbank lending is frozen. Saving banks are refusing to lend to commercial banks. Since May, writes *Le Figaro*, lending from European banks has simply stopped.

Spain, the epicenter of the crisis, has a combined public and private debt of 1.5 trillion euros, 600 billion of which is due this year. The European Union, International Monetary Fund, and U.S. Treasury are frantically working to patch together the biggest bailout in history—US\$300 billion—by today's (18th June) EU summit in Brussels. They hope to avoid Spain having to tap into the US\$1.1 trillion rescue fund set up by the EU following the Greek crisis last month; if Spain does, it is widely seen as the end of the euro system. One finance expert quoted in the 16th June London *Telegraph* said, "My view is that it would be suicidal for Madrid to use the rescue fund. The moment they pick up the phone and start talking about this, it is the end of any remaining hope for the single currency."

Responding to the RBA's claim on Tuesday that Australia's banks will survive the rapidly-escalating eurozone crisis just as they survived the 2008 crisis triggered by the Lehman Brothers' collapse, Mr Isherwood said, "That's rubbish! If Rudd didn't go guarantor for the banks when they begged him to in 2008, they all would have collapsed, and that's the same scenario the banks face today.

"Remember, Australia has over \$1.2 trillion in foreign debt,

two-thirds of which is owed by our banks. Like in 2008, the collapse in interbank lending threatens to cut our banks off from the short-term funds they need to roll over their debts. At a certain point federal guarantees won't be enough to stop their collapse, but will only succeed in bankrupting the government."

The rise of fascism

Intelligent students of history will know that 1930s fascism, otherwise known as corporatism, was demanded by bankers to enforce brutal budget austerity on the nations of Europe during the Depression, to force them to prioritise repaying their bank debts; in 1971, Lyndon LaRouche predicted that the "globalisation" policies imposed following the take-down of the regulated Bretton Woods system would lead to the rise of fascism again.

That is exactly what is emerging in Europe now, as the globalisation system collapses: On 11th June, European Commission President José Manuel Barroso threatened a meeting of European trade unions, that if the individual nations of Europe did not submit to the EU's demands of fascist austerity, and slash public spending to comply with the formula calculated by the bankers as necessary to support the euro, the bankers would resort to fascism again.

According to John Monks, the head of the European Trade Union Confederation, Barroso told them that Spain, Portugal, Greece, and other nations had to go all the way: "Look, if they do not carry out these austerity packages, these countries could virtually disappear in the way that we know them as democracies. They've got no choice; this is it." Monks added that Barroso's "apocalyptic vision" meant that "we're heading back to the 1930s, with the Great Depression and we ended up with militarist dictatorship."

Lyndon LaRouche responded, "This is crap. There is a choice. All you have to do is get rid of the phoney debt. Cancel it altogether! Then you go back to a standard, regulated banking system, as established under Franklin Roosevelt and his 1933 Glass-Steagall legislation. Just cancel the phoney debt, or put it in a place where it can die peacefully. Get rid of financial derivatives. We don't have to pay the debts we don't owe."

Craig Isherwood said, "The only hope for the world to survive this crisis is if we win the intense fight under way inside the U.S. Congress right now over re-enacting Glass-Steagall, to put the system through bankruptcy reorganisation.

"This affects every citizen of every nation—Australia more than most because of our enormous debt—so I urge Australians to support the CEC's fight to shift Australia to collaborate with the leaders in the U.S. and other nations who are prepared to implement a Glass-Steagall bankruptcy reorganisation."

LaRouche will deliver an international webcast on these issues on Sunday 27th June, 3am AEST, archived shortly thereafter.

To find out about the massive fight to reinstate Glass-Steagall regulations in the U.S., go to www.cecaust.com.au

Kick out the Anglo-Dutch raw materials cartel

“Small” Aussie investors in Rio Tinto and BHP Billiton are profiting from the wholesale looting of Australia.

As the CEC reported 24th May, exporting raw materials actually robs the nation of many times the wealth it generates, which was illustrated in Liberal Prime Minister John Gorton's 23rd January, 1970 Federal Cabinet submission, in the case of exporting one million tons of bauxite (\$ values have changed, ratios will be similar):

Raw material, export earnings: \$5 million
Processed one step into alumina, export earnings: \$27 million
Processed second step into aluminium, export earnings: \$120 million
Processed final step into aluminium products, export earnings: \$600 million!

Great Australian patriots such as the Liberal Party's John Gorton, Country Party leader John “Black Jack” McEwen, and Labor stalwarts Rex Connor and Jim Cairns knew raw materials exports looted Australia, and waged a fierce fight in the late 1960s and early 1970s to establish the Australian Industry Development Corporation (AIDC) as a national fund to invest in processing; Gorton was even called a socialist by people in his own Liberal Party. When Connor and Cairns fought to

Nationalise our resources

The only way to reverse this wanton destruction of Australia, and make our economy fully functional for the future, is to assert national control over all of Australia's resource wealth:

The CEC will establish a national resources company, owned by the government, to develop our strategic resources, especially uranium and thorium, and take over functioning mines that private companies would otherwise shut down, such as BHP's Ravensthorpe nickel mine.

Private mining companies would only operate under a strict national licensing régime, to regulate the mining operation and to ensure the resource is used in the national interest. For example, mining companies would not be allowed to use Australian resources to extort the domestic or global economy, the way the Rio Tinto/BHP Billiton duopoly currently use Australia's iron ore to hold the world's steel industry to ransom for higher and higher prices.

Financed by a national bank, credit will be directed into devel-

“buy back the farm”, the owner of Rio Tinto (then CRA), the Queen herself, sacked the Whitlam government, to crush any attempt to assert national control over Australia's resources, which would impinge on the Anglo-Dutch raw materials cartel's monopoly.

Since Hawke and Keating unleashed the globalisation destruction of Australia, our once-great industrial economy, which built the Snowy Mountains Scheme, launched satellites into space, was

capable of every type of manufacturing and boasted a world-class machine tool industry, has been literally reduced to rubble—mountains of it, towering beside the enormous holes that are the main feature of our globalised “quarry” economy.

The government's bastardisation of our social security system has herded workers

into compulsory superannuation, to become the millions of small investors in the very companies gouging Australia: banks, oil companies, resources companies etc.

Consider the mentality: Enraged at bank charges? Look on the bright side—you're an investor! Furious at paying through the nose for petrol produced from oil set at the world parity price ranging from US\$70-\$140 a barrel, which costs BHP just \$11 per barrel to pump? Relax—you've got shares in BHP.

opening onshore processing for *all* raw materials—steel factories, oil refineries, smelters, uranium enrichment etc. From there, Australian infrastructure and industry will have priority access to those materials, as Australia embarks on an unprecedented reindustrialisation program centred on a national high-speed railway network, a nuclear power grid, great water projects, especially to develop the Top End, and a space program.

Australia will share its resources with other nations under mutually-beneficial, long-term government-to-government contracts.

Citizens Electoral Council leader and candidate for Wills, Craig Isherwood today urged people to see through the charade of the current mining debate:

“Australia doesn't have a future unless we kick out the Anglo-Dutch raw materials cartel, and reclaim our resources. This is a fight for national sovereignty, and the common good. I urge all Australians to get behind it.”

Find out how to build out of an economic depression!



WHAT AUSTRALIA MUST DO to Survive the Depression

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Call 1800 636 432 to buy a book “*What Australia Must Do to Survive the Depression*” and get a free copy of “*Australia's Blueprint for Economic Development*” *New Citizen*, which includes information on 18 proposed water projects.

