

# Citizens Electoral Council of Australia

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Independent Political Party

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## Federal MPs covering for planned theft of *all* bank deposits

According to an April 15 report of the Financial Stability Board (FSB) of the Swiss-based Bank for International Settlements (BIS), there is Cyprus-style legislation presently “in train” in Australia (i.e. drafted and ready to be introduced) which will allow the seizure of all bank deposits of all Australian citizens, not merely “inactive” accounts. And forget about the government’s “guarantee” of protecting deposits up to \$250,000: as in similar legislation already passed in the United States (the Dodd-Frank Bill), all bank accounts could be seized as necessary in order to ensure the overarching goal of “maintaining financial stability”. I.e. guaranteeing the continued existence of the “too big to fail” banks whose unbridled speculation has caused this crisis in the first place.

How could this possibly be happening, you ask? It is because our Federal MPs are either wittingly part of the plot, as are Shadow Treasurer Joe Hockey and former Treasurer Wayne Swan, or, at best, have demonstrated in the past three weeks’ discussions with representatives of the Citizens Electoral Council, that they are just plain woefully, almost intentionally ignorant of both this planned new legislation, and of the next phase of the GFC which all insiders expect to happen within months, at most.

An example of this ignorance—intentional or otherwise—is the Liberal Member for Canning Don Randall, whose reply to a constituent concerned about a “bail-in” law, is typical of the false assurance most MPs are presently peddling.

Randall wrote:

“As a consequence of our very robust system of financial regulation, Australia [has] a history of few bank failures, even fewer financial crises, and its banking sector emerged from the global financial crisis relatively well.”

Randall is dead wrong; here’s the real story: The Hawke/Keating government tore down Australia’s system of robust financial regulation in 1983-84 [[http://cecaust.com.au/main.asp?sub=Glass-Steagall&id=Why\\_Aus\\_needs\\_GS\\_separation.html](http://cecaust.com.au/main.asp?sub=Glass-Steagall&id=Why_Aus_needs_GS_separation.html)], following a blueprint (the Campbell Report) prepared by financiers who kick-started cowboy speculators such as Christopher Skase, and schemed up the financial card tricks pioneered by Macquarie Bank. Within a few years, the government had to step in behind the scenes to prop up the National Australia Bank, Westpac and ANZ already in the late 1980s. Then, only emergency government guarantees stopped the banks from collapsing at the height of the GFC in October 2008, as Kevin Rudd and Ross Garnaut, among others, have publicly admitted.

Randall continued: “I would note, first of all, that the Bank for International Settlements has no direct legislative or regulatory power in Australia.”

What?! The Bank of England-dominated BIS is the world “central bank of central banks”, so it oversees both the Reserve Bank of Australia and the Australian Prudential Regulation Authority (APRA), our national bank regulator;

Australia is an official member of the BIS’ Financial Stability Board, which is dictating bail-in worldwide, and two Australians, including RBA Governor Glenn Stevens, are prominent members of the steering committee of the FSB. Stevens has argued repeatedly for Australia to adopt “bail-in” of all deposits.

Randall again: “Our system, underpinned by the ‘four pillars’ of Commonwealth Bank, Westpac, NAB and ANZ, is unlike any of those that saw the large-scale collapse of financial institutions or the use of ‘bail-ins’ to keep troubled banks afloat.”

Oh, really? The so-called four pillars are ticking time bombs, packed full of explosive betting debts called derivatives (the lion’s share of the \$20 trillion owed by all Australian banks), which are precisely the same toxic financial instruments that blew up Lehman Brothers, AIG, and all the other banks that collapsed in the GFC in 2008. In fact, because of their continued speculative activities, Australia’s Big Four are now *in worse shape* than they were in 2008. Furthermore, Australia’s banking system is strikingly similar to Spain’s, in that the banks of both nations are heavily exposed to property speculation. In fact, the first form of bail-in was implemented in Spain’s Bankia bank in 2012 [[http://cecaust.com.au/main.asp?sub=articles&id=2013\\_06\\_04\\_bankia.html](http://cecaust.com.au/main.asp?sub=articles&id=2013_06_04_bankia.html)] when its depositors were turned into shareholders, but by the time they could sell their shares, they had collapsed in value by 80%.

Assuming Randall and his colleagues believe the claims they have made to placate their constituents, the consequences of their ignorance are terrifying. Those in the BIS, RBA, APRA and Treasury who are preparing bail-in legislation are no doubt counting on this ignorance to sneak their law through, in the same way it was sneaked through the U.S. Congress in the 800-page Dodd-Frank Act in 2010. [<http://larouchepac.com/dodd-frank/>]

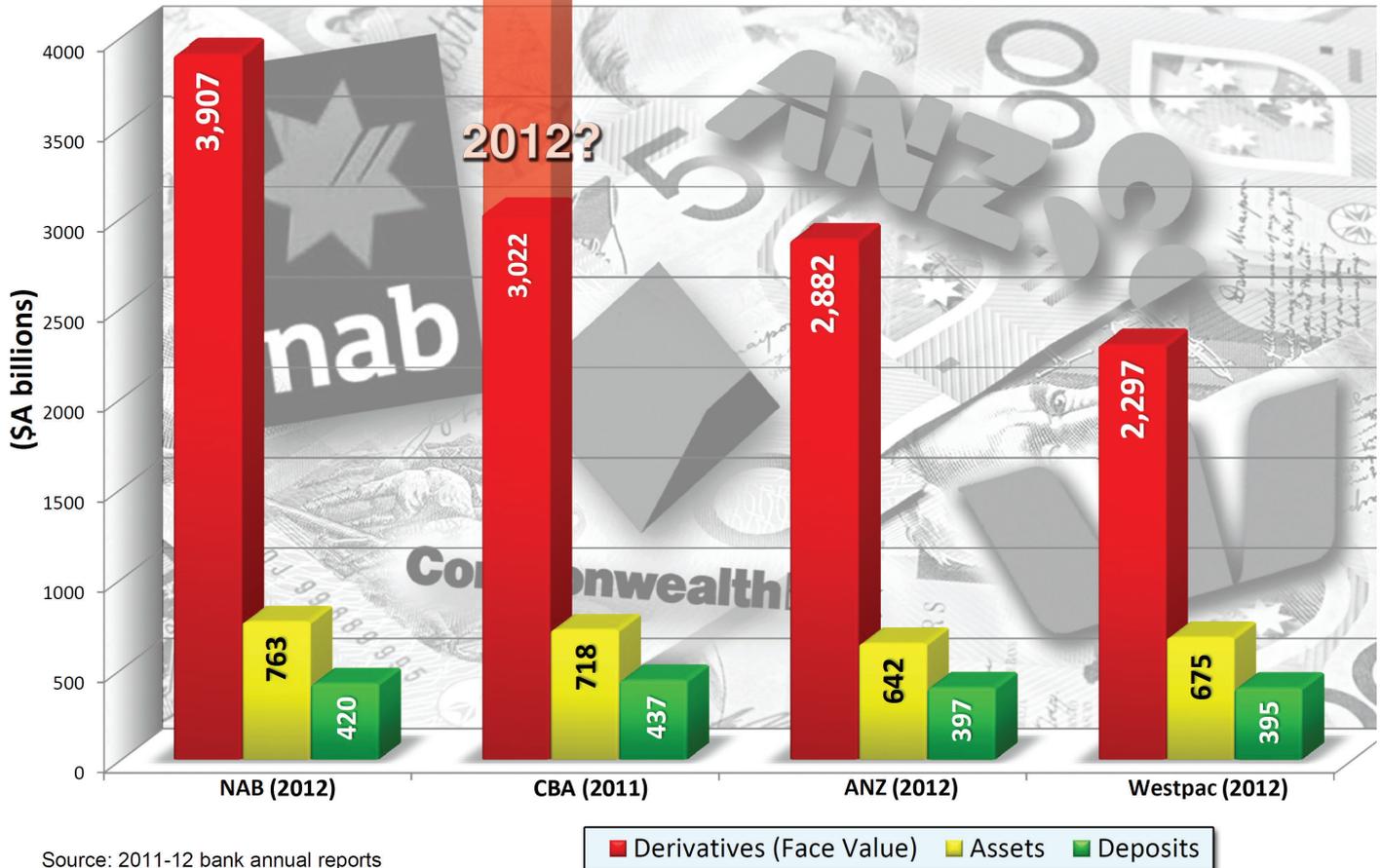
The only way to stop this plan, is for all Australians to join forces with the CEC and the international movement led by U.S. physical economist Lyndon LaRouche, to expose and stop “bail-in”, and instead push through a Glass-Steagall separation of essential banking from dangerous speculation.

Take copies of this and the CEC’s other recent releases on bail-in [<http://cecaust.com.au/bail-in/>], as well as the April/May/June 2013 *New Citizen* newspaper entitled “Do You Intend to Die for the Banks?” [[http://cecaust.com.au/main.asp?sub=pubs&id=NC\\_07\\_09.html](http://cecaust.com.au/main.asp?sub=pubs&id=NC_07_09.html)], and confront your MP or candidate for Parliament in person. Demand they account for what is being planned in Parliament, and get your friends and family to do the same.

Don’t accept their ignorance, because it will literally kill you and your loved ones. Before the CEC blew the whistle on this bail-in “legislation in train” three weeks ago, they may have had an excuse. Now they don’t. And neither do you for not acting.

Join the CEC.

## Derivatives versus Assets & Deposits (2011-12)



Australia's Big Four banks are terminally exposed to trillions of dollars of toxic derivatives, the very gambling bets that blew out the global financial system in 2008. CBA's exposure has increased so rapidly that it decided to hide its actual position in its 2012 annual report. These derivatives obligations so completely dwarf their assets and deposits, when one of these banks fails, *all* deposits will be confiscated to plug the hole.

## The only solution is Glass-Steagall:

Citizens Electoral Council Petition to Federal Parliament  
 Tabled 3 June 2013

### Australia Urgently Needs a *Glass-Steagall* Separation of Banks

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

This petition of the Citizens Electoral Council of Australia draws to the attention of the House the threat facing Australia's banking system from the deepening global financial crisis, which puts at serious risk the bank deposits of the Australian people, and essential banking services for the real economy.

Australia is now vulnerable because our banking system is concentrated in just four banks, which between them hold the overwhelming majority of deposits and provide the majority of banking services, but which have dangerously exposed themselves to shocks in the global financial system, including through nearly \$20 trillion in derivatives speculation.

We therefore ask the House to take immediate action to protect deposits and essential commercial banking services, by enacting strict banking separation as did U.S. President Franklin Roosevelt's *Glass-Steagall Act 1933*. *Glass-Steagall* split deposit-taking, standard commercial banks from Wall Street's speculative investment banks, creating entirely separate entities under different roofs, thus successfully protecting the U.S. banking system until *Glass-Steagall's* repeal in 1999. We ask the House to apply the *Glass-Steagall* principle to Australia through legislation to divide each of the four major banks into two parts: 1) normal commercial banks as per *Glass-Steagall* standards, and 2) institutions involved in investment banking and other forms of speculation. Banks that speculate will then do so with their own money and at their own peril, with no government protection whatsoever.