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Independent Political Party

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‘Does anyone seriously think that we are not sitting on the brink of disaster?’ — Bob Katter MP introduces Glass-Steagall solution in Australian Parliament

The federal Member for Kennedy Bob Katter on 25 June introduced a private member's bill into the Australian Parliament to protect the economy and bank customers from dangerous financial speculation and predatory banking.

The Banking System Reform (Separation of Banks) Bill 2018 is based on the USA's successful *Glass-Steagall Act*. It will separate Australia's commercial banks, which hold deposits, from risky investment banking, as well as other financial services that Australia's banks have acquired in recent decades, including insurance, superannuation, wealth management, and stock broking.

The ongoing Financial Services Royal Commission, which Bob Katter led the political fight to establish, has laid bare the predatory banking practices that the bill will end. The revelations from the royal commission have been so dramatic that it has attracted global attention, and kindled fear in the City of London that Australia's inquiry could lead to a renewed push to break up Britain's too-big-to-fail banks.

Katter excoriated Australian banking in a passionate speech introducing his bill. "The situation in Australia is ugly and it is evil", he said, "and this legislation is needed to overcome those problems and what effectively it says is—'Mr Banks you are no longer out there in the market, in the arena buying and selling. Your job is to loan to people that buy and sell, develop and invest. You don't do that, you judge them.'"

Aside from the conflicts of interests in banking, Katter's chief concern in moving Glass-Steagall is for the looming financial crisis



Bob Katter introduces Australian Glass-Steagall legislation into Parliament. Photo: Screenshot

arising from the banks' speculation in real estate and derivatives. He identified the reckless speculation threatening the financial system today was also the cause of the 1929 crash, which led to the passage of the *Glass-Steagall Act* in 1933.

"What we're talking about here is derivatives: when you don't buy a loaf of bread; you buy a contract to buy a loaf of bread", he said. "That is what we call a derivative.

"Glass-Steagall came in and it overcame the vast bulk of those problems so that the American economy ran fairly effectively, making it three, four, five times the size of any other economy on earth, until Mr Bill Clinton, 'Mr Free Markets' himself. ... In 1999, he abolished the *Glass-Steagall Act*. Within two years, the dot-com collapse occurred, taking down trillions of dollars of savings, superannuation and retirement moneys of Americans and the rest of the world, and in 2008, as we're all familiar with, came the GFC.

"Clearly, that timeline indicates the necessity for Glass-Steagall legislation in this place."

