

Citizens Electoral Council of Australia



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Bubble trouble:

Australian housing most unaffordable in the world!

Because the Government chose to prop up Australia's banks, and not implement the Citizens Electoral Council's *Homeowners and Bank Protection Bill 2008*, Australia has the worst housing unaffordability crisis in the world, CEC leader Craig Isherwood said today.

Mr Isherwood was responding to the 6th Annual Demographia International Housing Affordability Survey, which ranked Australia as the most unaffordable housing market in the world, with median house prices 6.8 times annual median household income, ahead of New Zealand, 5.7 times, and the United Kingdom, 5.1 times.

Last month, visiting American fund manager Jeremy Grantham bluntly assessed Australia's property "bubble" as a "time bomb". Grantham forecast a 42+ per cent collapse in Australian property—our market is "twice the size" that it should be, he stated.

"The property bubble is teetering over Australia's economy, and is threatening to come down on it with the ferocity of an avalanche," Mr Isherwood said.

"The people of Australia are already the victims, because what has been mischaracterised as a 'boom' has all along been nothing more than an unaffordability crisis, crushing families and first homebuyers under severe mortgage stress.

"When the bubble does collapse, it's the banks and financial

system which will be wiped out, as the overinflated mortgage assets vaporise, which comprise the majority of the business of all of Australia's banks."

Mr Isherwood accused the Government of deliberately setting up the Australian people, by making the population pay through the nose for property prices artificially inflated by schemes such as the First Home Owner Grant scheme and the housing shortage lie, in order to prop up bankrupt banks.

"The CEC put forward Lyndon LaRouche's firewall solution to the financial crisis in 2007, the *Homeowners and Bank Protection Bill 2008*, which attracted widespread support among Australian elected officials, but the government put the banks ahead of the welfare of the people," he charged.

"To cover the government's butt when it had to intervene in 2008 to prop up the banks, Julia Gillard lied, 'No-one twelve months ago was talking about a global financial crisis.'

"Wrong! The CEC was, and still is, and is the only political party in Australia with the solutions to the crisis."

Mr Isherwood concluded, "Australia will only survive this crisis, if the people demand that whatever the government, it puts the welfare of the people first, and not the banks.

"That's the CEC's fight—join us."

5th of July 2010

Dracula's bank

Macquarie Bank only "exists" in the realm of the "undead", the mythological domain of Count Dracula and vampires. That's because six months after the CEC issued a press release on 4th April, 2008, entitled "Macquarie Bank a gone bunny?", Macquarie was gone, destroyed by the global financial meltdown following Lehman Brothers' collapse.

You didn't know that, because based on what you see, Macquarie is still going. But what you see is a corpse, sustained only by feeds of blood provided by the federal Treasury. According to freedom of information (FOI) documents obtained by *The Age* newspaper and reported on 17th May and 5th July, just hours after Lehman Brothers collapsed on 15th September, Macquarie Bank fired off the first of many panicked emails to the Federal Treasury in Canberra, begging for protection. The email was sent by Trevor Burns, one of Macquarie's many executives who are former political operatives—Burns was the chief of staff to Howard government minister-turned Macquarie exec Warwick Smith.

The next day, 17th September, a flurry of emails flew back and forth between Macquarie and ASIC, the Australian Securities and Investments Commission, which is located in the same building, 1 Martin Place, as Macquarie. Within days, by 19th September, ASIC banned the short-selling in financial stocks that was blamed for crashing Macquarie's share price. Macquarie's share price, which had fallen to \$15.75 after almost breaking \$100 a year earlier, surged 9 per cent that day. However, Macquarie was able to continue its normal trading activities—activities which included short-selling the stocks of other, but non-financial, companies!

By 12th October, the federal government guaranteed bank deposits and offshore borrowings by Australian banks, including Macquarie. But this was five days after the then Financial Services

Minister, Senator Nick Sherry, was the guest at a private dinner at Macquarie's HQ in Martin Place, hosted by CEO Nicholas Moore, and attended by between "10 and 14 senior Macquarie executives", according to FOI documents reported today in *The Age*; a ten-year veteran of Sen. Sherry's personal staff, Jody Fassina, is another former political operative turned Macquarie apparatchik.

Capitalising on the guarantee, Macquarie set up a unit headed by "trusted" Packer family banker Ben Brazil, which became one of the biggest users of the guarantee, raising nearly \$20 billion under the federal government's AAA credit rating, which it would not have been able to do, and would have been at a much higher interest rate, under its own A credit rating. Even then, Macquarie rorted this mechanism, by on-lending the funds it raised cheaply to foreign companies, reportedly enraging the otherwise impotent Federal Treasurer Wayne Swan.

All of this emergency action around Macquarie contradicts Macquarie spokesman Greg Ward's claim that Macquarie was never in danger in 2008. *The Age* recounted: "In early 2009, Deutsche Bank analyst Ross Brown quipped to Mr Ward at Macquarie's earnings result: 'If it wasn't for government guarantees we might not be sitting here having this conversation.'" (Rumour has it, that conversation took place in a dungeon crypt, away from sunlight, garlic and crucifixes.)

The blatant and probably corrupt bailout of Macquarie Bank is powerful proof that Australia needs its own form of Glass-Steagall regulation, that fences gambling and speculating operations such as Macquarie, off from the essential functions of the banking system, and excludes them from any government protections for their parasitical activities.

America's breakdown gives lie to 'recovery'

The United States is on the verge of an immediate general breakdown, with most U.S. states in insoluble budget crises:

Budget cuts: California Governor Arnold Schwarzenegger has moved to slash wages for more than 200,000 of the state's 250,000 public servants down to minimum wage—\$7.25 per hour in one of the most expensive places in the U.S. to live—to pay for California's \$19 billion budget deficit. The National League of Cities (NLC) released a survey on 24th May, indicating that most cities and towns in the U.S. are facing worsening economic conditions that are forcing layoffs and reduced services. Seven in ten city officials responding to the survey, indicated that they were responding to the crisis by making personnel cuts, including layoffs, hiring freezes, and furloughs. In addition to cutting personnel, 68 per cent of cities said they were cutting capital projects and 22 per cent said they were cutting public safety budgets, "which is typically an option of last resort."

Emergency services: Many cities are slashing their budgets for emergency services, firefighting and police, freezing wages, or laying off dozens of firefighters and policemen. Many fire stations are being shut down. At least three cities, San Luis in Colorado, and Oakland and Maywood in Los Angeles, have disbanded their police forces altogether and are contracting out law enforcement to the sheriff's department which covers the broader city region, in an effort to save money. (See www.larouchepac.com to view a 20-minute interview with a former Mayor of Maywood on this subject.)

Education: While some states and regions of the U.S. have cut back to four day school weeks, virtually all school districts are facing multi-million dollar budget shortfalls, forcing staff furloughs, pay cuts, layoffs, and spending cuts. Los Angeles, for example, is set to lay off between 2,700 to 4,000 school district employees. Some smaller cities are being forced to lay off hundreds of employees; some schools are closing altogether; and others are increasing class sizes. Nationwide, between 100,000 and 200,000 teachers may be laid off due to the budget crisis during fiscal

year 2011, according to the National Education Association.

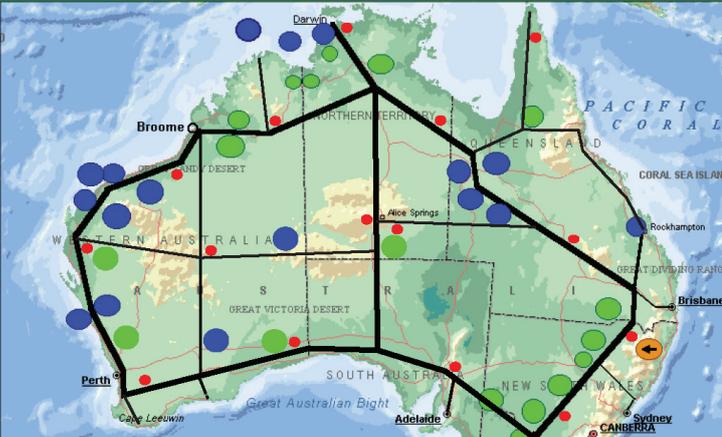
Health: Because the U.S. Senate is blocking \$25 billion in Medicaid (low-income healthcare) funding for fiscal year 2011, the Governor of Michigan believes that 1.5 million residents of her state, 15 per cent of the state's population, will end up with no healthcare; Pennsylvania may lose 20,000 government jobs as a result; the Governor of New York already vetoed \$519 million in education funding to partly fill the gap.

Unemployment crisis: 200,000 Americans are being cut off unemployment benefits every week. On 1st June 900,000 unemployed Americans had no benefits, and as of 1st July that figure increased to 1.2 million. On 31st July it will reach 2 million. On 24th June Congress voted down funding to extend jobless benefits.

Housing crisis: "Obamaville" tent cities of homeless are springing up across the country, without sanitation, refuse collection, medical facilities, clean water or adequate food, creating a veritable "Petri dish" for epidemic disease, even before the effect of the above shutdowns of emergency and public-health services occur. One tent city in Hawaii stretches five miles and covers 50 acres around Pearl City. A tent city in Colorado displays a sign declaring "Welcome to Obamaville, Colorado's Fastest Growing Community." As a spokesman for the California Contract Cities Association, Sam Olivito, summed it up, "There's a real danger of a social fabric breaking down ... all cities are trying to deal with the same thing."

Economically, the fate of the U.S. determines the fate of the world. The only way this crisis can be solved is by implementing the LaRouche Plan: A comprehensive bankruptcy reorganisation based on Glass-Steagall regulations, which protects all crucial financial activities, including savings deposits and public finances, from Wall Street speculation; the speculative obligations are cancelled or allowed to collapse, while the real economy is refinanced through national banking to revive essential services, infrastructure and industry.

To compare the CEC's record to that of the growing chorus of leaders, including PM Julia Gillard, who claim that nobody could have seen this crisis coming, order a book and find out how to build out of an economic depression!



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