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Independent Political Party

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CEC Chairman blasts British Crown conspiracy to shut down the Murray-Darling Basin

Citizens Electoral Council National Chairman Ann Lawler delivered a hard-hitting indictment to Tony Windsor's committee hearings in Dubbo this week, that the Murray-Darling Basin Authority (MDBA) is conspiring with Australia's banks to shut down our nation's food bowl, all at the behest of the British Crown.

"The CEC is the only political party in the country", Mrs Lawler testified, "which is fighting against this genocidal take-down of the Murray-Darling Basin food bowl, along with our nation's industrial economy. The science of 'wetlands and birdlife' is not only absolute quackery, it's criminal by intent. For over 20 years the CEC has extensively researched, publicised and organised against the British Crown's deliberate take-down of those things which make us an independent nation, using their tools of free trade, the monetarist looting of our productive industries and infrastructure, and, lately, environmentalism.

"Look at the MDBA itself, and the *Water Act 2007*. Both were organised or drafted according to the specific dictates of the Ramsar Convention on Wetlands, a subsidiary of Prince Philip's WWF.

"Our in-depth documentation of this take-down, leaves no doubt that the Basin has been set up for destruction, by the MDBA, by the City of London's stooges in Australia's banks, and by gullible, gutless or corrupt politicians, of all persuasions, who have sold their souls to the murderous market ideology of the British Empire; the same British Empire which controls 70 per cent of the world's finance through its Inter-Alpha Group of Banks, that today, is being bailed out with trillions of taxpayer dollars.

"For a sensuous understanding of how they are going about it, read the report by Adrian Rizza, commissioned by the MDBA, early last year.

"The Crown's MDBA is inducing the banks and financial institutions to call in their loans to the Basin and, at the same time, is using the Government water buyback scheme as a bailout for their banks. Compensation won't be spent in the local communities; it goes to the banks to reduce debt.

"The banks informed Rizza that they are already forcing water buybacks and foreclosing under their 'material adverse event' (MAE) covenants written into their loans, thereby devaluing the whole region. But the MDBA had dispatched Rizza for months of discussions with the banks to make sure they understood the depth of the MDBA's intent. The result? The banks have now stated that the release of the devastating Basin Guide *is itself the biggest MAE*, as Rizza emphasised in his report."

And, Mrs Lawler added yesterday, "Not only will this shatter the Basin, its hard-working families and its extraordinary agricultural production, but all this is happening when, even according to official figures, almost one billion people around the world are chronically hungry, while another billion or so are undernourished, due to lack of adequate food. Even World Bank president Robert Zoellick stated on 15th February that the recent skyrocketing of food prices had already pushed an additional 44 million people into extreme poverty, which is closely associated with hunger. Given this reality, and that the Basin feeds not only many millions of Australians but some 50 million other human beings, what kind of inhuman monster would shut it down? Only someone like Prince Philip, who has repeatedly expressed his wish that the world population plunge from its present 6.9 billion down to 1-2 billion, or less.

"And this British gang which is now running Coles is part of this. There is no 'price war' between Coles and Woolies. It is a Crown-run price war *against our farmers*, to drive them out of business one way or another. And since all of Australia's 'major' political parties are just lackeys for the Crown, perhaps it is time for an 'Egypt' here in Australia."

Isherwood: Apply Angelides lesson to save Aussie economy from banking meltdown

The lesson from America's Angelides Commission (Financial Crisis Inquiry Commission, see www.fcic.gov), that the global financial crisis *was avoidable*, must be applied to Australia's banking system *now*, to avert a total collapse of Australia's economy, declared Citizens Electoral Council leader Craig Isherwood today.

"Australia's banking system is on the verge of a meltdown," he warned. "To feed its addiction to the speculative property bubble, it is looting the real economy by starving productive sectors of credit, to funnel billions into hyperinflated mortgages.

"The property bubble will burst, because the banks can only continue to feed it with loans by bankrupting the people in the productive economy whose work earns the income that repays those loans.

"*When* it bursts, it will annihilate the nation's entire banking system," he said.

Mr Isherwood detailed the banking system's terminal addiction to the property bubble:

- Well over half of the business of each of the Big Four banks is mortgages, which are overvalued at hyperinflated bubble levels; consequently, the banks, the regulators and the government are extending every effort to keep the bubble growing.
- The bank regulator, APRA (Australian Prudential regulation Authority), knows the banks are bankrupt, and so allows them to engage in blatant "Enron accounting" to meet minimum capital reserve requirements. A bank's capital reserves attest to its solvency, its ability to withstand losses. The regulatory minimum is 8 per cent, but APRA lets the banks treat mortgages as super low risk, and against $1.157 trillion in Australian mortgages, only hold $24 billion, or 2 per cent in capital reserve.
- Because the rest of the banks' lending requires much higher capital reserves, to lower their capital ratio the banks are withholding credit from other, more productive sectors of the economy, such as agriculture, to put into mortgages, the devastating impact of which is dramatically illustrated by the Murray Darling Basin Authority's Rizza Report.
- Furthermore, APRA lets the banks reduce their capital reserves against mortgages even further, if the collateral—the property—increases in value. In other words, the more the banks lend as mortgages to expand the property bubble, the more capital they free up to lend as mortgages to expand the property bubble even more.
- On 16th February, the Moody's ratings agency announced a shock review of Australia's supposedly "sound" Big Four banks, for a possible credit rating downgrade, due to their enormous foreign liabilities, which are 43 per cent of total bank liabilities. The banks incurred these foreign liabilities over the past decade, as they sourced more and more funds to pump into the property bubble. By the banks' own admission, these liabilities are unpayable, and except for the guarantees provided by the Rudd-Gillard government in October 2008, they would have already collapsed. In recent months, the banks have sought to reduce their foreign loans, but source foreign funds for deposits instead, by paying high deposit interest rates, to draw in even more money from overseas, in a "carry trade" (borrow cheap, lend dear) similar to Brazil's.

Mr Isherwood continued, "America's FCIC chairman Phil Angelides declared about the global financial crisis, 'The greatest tragedy would be to accept the refrain that no one could have seen this coming and thus nothing could have been done. If we accept this notion, it will happen again.' His commission's report then blamed the crisis on the very causes identified and fought against at the time by Lyndon LaRouche and the CEC: the 1999 repeal of the Glass-Steagall banking regulations, and the legalisation of derivatives in 2000."

"This time the authorities had better take notice," he concluded. "Before any more lies are told that Australia's banks are 'sound', and before those actually bankrupt banks are allowed to do any more damage to the Australian economy by starving productive sectors of credit to shovel in to the speculative bubble to which they are addicted, the government must act to reorganise Australia's banking system the way LaRouche and the CEC prescribe: enact Glass-Steagall-type regulations to protect the productive economy from speculative looting by banks; enact the CEC's *Homeowners and Bank Protection Bill 2008*, including its provision for a farm debt moratorium; and establish a government-owned-and-controlled national bank, like ALP legend King O'Malley's Hamiltonian Commonwealth Bank, to direct credit into productive industries and nation-building infrastructure projects."

Australian Banks' Risk-weighted Assets

As at the end of March 2010

	Exposure $ billion	Average risk-weight Per cent
Credit risk	2739	43
of which:		
Corporate	472	78
Residential mortgage	**1157**	**26**
Other retail	171	80
Bank	103	18
Sovereign	99	7
Off-balance sheet	560	36
Other	177	83

To APRA, the banks' 2% capital reserve against mortgages is not a breach of its minimum requirement of 8%. APRA risk-weights the safest mortgages at 35% (just that percentage deemed to carry any risk, 65% deemed risk-free), requiring 8% capital reserve only against the 35%.

Further, APRA doesn't require the Big Four banks to follow its guidelines, but instead allows them to do their own internal risk assessments. As a result, all mortgages issued by Australia's banks are actually risk-weighted at an average of 26%—far below APRA's 35%.

The $24 billion capital reserve is 8% of that 26% of the total $1.157 trillion in mortgages.

Source: RBA Bulletin; APRA.