

Citizens Electoral Council of Australia

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Independent Political Party

25th of July 2013

Detroit bankruptcy—the horror of ‘bail-in’

For a live example of the new “bail-in” policy that Australia’s banking authorities are preparing to legislate here, look at America’s once-great industrial city of Detroit, which declared bankruptcy on 18 July.

Visit this link <http://larouchepac.com/node/27455> to view a 31-minute LaRouchePAC video detailing the crisis in Detroit.

“Bail-in” essentially is the policy of stealing from the people to prop up banks, and the model is being applied to Detroit with a vengeance.

By declaring bankruptcy, the financial manager appointed to run the city’s finances is able to renege on the city’s obligations to its retired police, firemen and other workers who for their entire working lives paid into city pension funds.

The financial manager, Kevyn Orr, had earlier failed to convince the pension funds to accept major cuts; now, in bankruptcy, he is offering them pennies on the dollar.

But just two days before declaring bankruptcy, Orr struck a deal with the huge Wall Street and City of London banks whose derivatives gambling bets with the city had caused its bankruptcy, such as Bank of America, AIG and UBS, to pay out 75-80 cents on the dollar on the interest rate swap derivatives the banks had sold to the city!

Those swaps had been rigged against the city by City of London banks which were caught out last year manipulating the benchmark LIBOR—London Inter-Bank Offered Rate—interest rate.

The President of Detroit’s Board of Education, LaMar Lemmons, said of Kevyn Orr in a 21 July interview with LaRouchePAC, “He is in effect a dictator. In the city of Detroit, we have a fascist state... The bankers are being taken care of, the wealthy, the lawyers ... have attorneys that are billing the city \$1,000 an hour. They’re making millions of dollars off

the misery of the City of Detroit, and they are being paid, while they threaten the pensioners.”

Between its peak in the 1950s and 2010, Detroit’s population collapsed by more than one million people, from 1.8 million to 700,000, and the decline has continued since.

Lemmons reports that the number of students in Detroit’s public schools has fallen from 200,000 to 50,000 in the last four years, and 200 schools have been closed, decimating neighbourhoods. In the remaining schools, 40-60 kids are crammed into classrooms. Real unemployment in Detroit is 50%; the crime rate is sky-high, because the underfunded police department can’t respond to emergency calls; the street lights are out in much of the city; and there are more abandoned buildings and properties in Detroit than in any other city in the world. “The misery index for the city probably eclipses most places in the United States, and in some cases, on the planet Earth,” Lemmons said.

Now, with its pensioners being gutted, and other cuts that will be imposed under bankruptcy, Detroit is about to get even worse, all in keeping with the new bail-in model enshrined in law in the U.S. *Dodd-Frank Act 2010*, already applied in Cyprus, and also being prepared for Australia.

Citizens Electoral Council leader Craig Isherwood declared today, “Detroit is a crime against humanity, unfolding in front of our eyes. Under the bail-in policy, it is the new standard for what will be imposed worldwide, including in Australia.

“The fight against bail-in is much bigger than just a fight to save our bank accounts; it is a fight to save our lives—a fight for the principle that the economy serves people, not elite financial interests.

“Join the fight against bail-in, and for a Glass-Steagall banking separation that will protect the real economy from financial gangsters, by joining the CEC,” he said.

*** Call APRA on 1 300 558 849 to demand an end to this looting plan!**

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.

