

Citizens Electoral Council of Australia

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Independent Political Party

26th of February 2014

In reply to Clive Palmer:

Not 'Quantitative Easing', but National Banking!

“Clive Palmer is mistaken to call for Australia to emulate the United States’ quantitative easing (QE) stimulation program, because it is a scam that has fattened up the Wall Street and London banks but has starved the U.S. economy of credit,” Citizens Electoral Council leader Craig Isherwood said today.

“However,” Isherwood continued, “Palmer is right to warn against ‘European-style austerity’ and call for the government to get the economy moving. The very best way to do that is establish a national bank that can direct credit into nation-building infrastructure projects and into productive industries.”

In an early February letter to all MPs, and again on ABC TV’s 24 February Q&A program, Palmer United Party leader Clive Palmer praised the U.S. Federal Reserve’s \$75 billion per month quantitative easing, which he credited to Barack Obama, for stimulating the U.S. economy.

“Palmer is completely mistaken about the benefits of QE,” Isherwood said. “That’s not his fault necessarily, because the U.S. authorities are lying their heads off.

“Here’s the truth about QE: the \$3 trillion that the Fed has pumped into the too-big-to-fail (TBTF) banks since 2008 has all been kept by the banks, and not lent into the economy. The \$2.2 trillion increase in deposits in the Big Six TBTF banks since 2008 can be tracked back entirely to the Fed’s QE money printing, which is recorded in the Fed’s own data on ‘excess reserves’.

“Those six banks are now 40 per cent larger than in 2008, but the QE money has not gone into the real U.S. economy. None has gone into infrastructure, none has gone into investments in manufacturing and farming, and none has been loaned out. In the same five years that ‘excess reserves’ of the big six banks have increased by over \$2 trillion, lending by those banks has fallen by \$700 billion!

“So where has the QE money gone?” Isherwood continued. “Into speculation: in financial derivatives, securities, swaps, repo loans to other banks, and financial companies and funds. For instance, over \$900 billion of JPMorgan’s \$2.2 trillion in assets as of 2012 was invested in derivatives and other gambling instruments associated with the ‘London whale’ derivatives bet on which it lost billions.

“Meanwhile,” he declared, “the real U.S. economy is on its knees!”

Isherwood cited U.S. physical economist Lyndon LaRouche’s Executive Intelligence Review http://www.larouchepub.com/other/2013/4050wall_st_crime_centry.html magazine, on the true state of the U.S. economy:

* Unemployment isn’t falling, as is claimed. The participation rate is plunging because so many people are giving up looking for work.

* The labour cost component of GDP, i.e. income for America’s working families, has fallen in ten years from 66 per

cent to 57 per cent. Real wages of manufacturing workers have fallen by 3 per cent under Obama.

* Last year, the number of Americans officially living in poverty passed 50 million. 40 per cent of all working Americans are officially in “low wage employment”. 48 million Americans copped a 5 per cent cut in their food stamps last October, and another cut in January.

* All across America workers are seeing big cuts to their pensions and/or health care plans, or losing them altogether.

* Senior citizens’ access to health care has declined for three consecutive years.

* The U.S. Conference of Mayors reported on 11 December that in 2013, 20 per cent of the need for emergency food assistance to American families went unmet.

Only solution is Glass-Steagall, national banking

Isherwood said, “There are only two actions that can revive the economy. First, an immediate Glass-Steagall separation of retail banks from the casino of investment banking. There are presently four bills before the U.S. Congress to restore the strict banking separation mandated by the Glass-Steagall Act 1933, which lasted 66 years until Wall Street arranged its repeal in 1999. When banking is separated this way, the retail banks can’t divert precious credit off into speculative gambling, so they have to lend it into the real economy.

“Second, and even more important, is a national bank, like Australia once had with the original Commonwealth Bank from 1911 to 1959, which served Australia so well during both world wars. The CEC has drafted legislation for a Commonwealth National Credit Bank which would direct credit into physical production in manufacturing, in agriculture, and in infrastructure.

“The national bank could issue low interest loans to the family farmers who right now are being driven off the land by the high interest rates they are struggling to pay on their collective \$70 billion burden. It could lend at low interest for capital upgrades to boost the productivity of the crucial manufacturers who are getting smashed by free trade. The bank could issue long-term credit to finance major public infrastructure projects, such as great water diversion schemes, high-speed railways and nuclear power—a far better way to finance infrastructure than the Macquarie Bank scam of Public-Private Partnerships which burden the public with high tolls and charges.”

Isherwood said the CEC is mobilising to get legislation for a Glass-Steagall separation of Australia’s banks, and its legislation for the Commonwealth National Credit Bank, introduced into parliament. He called for all Australians who support the policies of Glass-Steagall and national banking to join the fight by becoming members of the CEC.

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Independent Political Party

21st of February 2014

Isherwood calls for emergency nationalisation to save crucial aluminium industry

Citizens Electoral Council leader Craig Isherwood today charged that the latest aluminium smelter to close in Australia, at Point Henry near Geelong, is another victim of multinational banks fraudulently gaming and manipulating the currency and commodity markets, under the cover of the deregulated and globalised financial system.

Isherwood called on the government to intervene to save one of the most crucial industries in Australia, through an emergency nationalisation.

“The future of these plants and their employees must not be left to the boards of foreign multinational corporations,” he said. “This industry is so crucial to our industrial economy that we mustn’t let it be lost.

“Abbott and Hockey must snap out of their ideological free trade stupidity, recognise that rigged global financial markets are smashing up crucial parts of Australia’s economy, and nationalise on an emergency basis the smelters that have been closed in the last few years, and any future ones slated for closure.”

Isherwood noted the Australian dollar was partly to blame, but also blamed the gaming of the commodity markets, including the aluminium industry, by the London Metal Exchange (LME) and the London/Wall Street banks. Last year, Goldman Sachs was caught out manipulating the stockpile of aluminium in U.S. warehouses it had bought, delaying orders by weeks and months, to both charge more for storage—a percentage of which charge went to the LME—and to push up the retail price (the LME spot price for producers continued to fall). Goldman Sachs and the other giant banks which have been exposed for this type of commodity market gaming—JPMorgan has been caught gaming the copper market, and electricity prices—were unleashed when the U.S. *Glass-Steagall Act* was repealed in 1999; previously, commercial banks were forbidden from trading in commodities.

“So much for Hockey’s free market,” Isherwood scorned. “It is, and always has been, a fraud. It is equally criminal that both major parties are responsible for expos-

ing the Australian economy to such financial looting, from when Hawke, Keating, Howard and Hewson conspired to deregulate the financial system beginning with the float of the dollar in 1983.”

Isherwood explained why aluminium smelting was so crucial to Australia’s economy, by pointing out that without aluminium smelting, Australia would be left exporting only the raw material bauxite, which would rob the economy of immense wealth. He cited the Gorton-McEwen government’s 23 January 1970 Cabinet paper on the establishment of the Australian Industry Development Corporation (AIDC), which was intended to invest in value-adding industries. The paper calculated the value difference in exporting bauxite vs. processed aluminium, in 1970 dollars:

- exporting 1 million tonnes of bauxite, the raw material, earned \$5 million;
- processed one step into alumina earned \$27 million;
- processed again into aluminium earned \$125 million;
- and processed finally into aluminium products earned \$600 million!

“These figures show that public support for the aluminium industry, or temporary public ownership, is not a subsidy—the value-adding this industry does subsidises the entire economy,” he said. “It makes a massive contribution to our standard of living. As do all manufacturing industries, including car manufacturing, food processing, refineries, etc.

“The Australian government is being criminally negligent if it lets such crucial industries fall victim to manipulated markets.”

Isherwood concluded, “As well as emergency nationalisations, the government should join the growing global push to restore the Glass-Steagall principle of separating retail banking from speculative investment banking. That way, when crooks in investment banks are caught out gaming the system, they won’t be too-big-to-fail and too-big-to-jail, as they are now. They will be able to be put out of business, without any risk to the real economy.”



GET A FREE PACK

For a free copy of the CEC’s brand new pamphlet, *Glass-Steagall NOW!*, which includes a detailed exposé of the criminal fraud inherent in the derivatives trade that all of Australia’s major banks are heavily involved in, call toll-free **1800 636 432**, or send this coupon to: **CEC, PO Box 376, Coburg, Victoria, 3058.**

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