



# Australian Citizens Party

Craig Isherwood, National Secretary

PO Box 376, COBURG, VIC 3058

**Phone:** 1800 636 432 **Email:** info@citizensparty.org.au **Web:** citizensparty.org.au

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## MEDIA RELEASE

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### **Australia's bank inquiry sends shockwaves through global financial system**

Australia's banking royal commission could be the shot heard round the world in the global battle for nations to take back control of their financial systems from predatory speculators. There are signs the inquiry is starting to cause concern among the elite bankers of the City of London and Wall Street. Since the 2008 crash the banking cartel, despite being publicly reviled, has been able to maintain its corrupt political influence and block any meaningful government action to reform the financial system, especially the push to restore a Glass-Steagall separation of traditional banking from speculation. With Australia's banks, which were previously held up as exemplars of sound management and regulation, now being exposed as criminal enterprises, there is obvious fear in London and Wall Street that it might inspire similar scrutiny and a similar political backlash that would fuel renewed calls for Glass-Steagall to end their too-big-to-fail extortion of the economy and political system.

On 2 May Rupert Murdoch's London *Times* expressed this fear in "UK lenders should scent danger from Australian banking's dirty secrets". Murdoch has spent four decades as a propagandist for the neoliberal policies of deregulation and privatisation that transformed the banks into criminal financial predators. Judging by his media reports, he and the financial oligarchs he speaks for are now nervous the jig could be up.

*Times* reporter Katherine Griffiths wrote of the shocking findings of the royal commission so far: "The affair has sent shockwaves as far as Britain, where Australia has been hailed for coming through the financial crisis relatively unscathed and where its bankers and regulators were seen as holding the secret to doing business profitably but sensibly." She noted, however, that with the end of the mining boom, which had papered over Australia's financial problems during the 2008 global financial crisis, "Its banks are having a tougher time *and they have lost some of the dominant hold they used to have over politicians*, opening the door to the Royal Commission." (Emphasis added.)

Griffiths then claimed, falsely, that the UK has already had investigations of the banks which led to reforms, presumably meaning the 2011 inquiry by Sir John Vickers and his subsequent recommendation to ring-fence retail banking operations from other financial services. Ring-fencing, which is a faux separation that allows the separated divisions to remain under the same roof, was a desperate ploy to head off the pressure to adopt a full Glass-Steagall banking separation that would completely cut off the speculators in the City of London from the British public's deposits. The huge support for Glass-Steagall in the UK was evident in the 445 members of the Parliament who voted for an amendment to the 2013 ring-fencing bill that would have turned it into a full-scale separation, and only narrowly lost.

Having dodged the Glass-Steagall bullet in 2013, London is nervous that Australia's royal commission is fuelling a renewed push to break up the banks, which might spread globally. Griffiths wrote, "In Australia, it is possible that the commission will take things one step further, by demanding a break-up of the country's big banks in an attempt to enforce better behaviour and improve competition. *That would be something for the UK's large lenders to worry about, because even though the reputation of Australia's financial system has been tarnished, it is a precedent that could capture the imagination of banking critics the world over.*" (Emphasis added.)

The possibility of a break-up of the banks is very real. The revelations from the royal commission have sparked a chorus of calls for the banks to be broken up, from both politicians and high-level banking regulation experts, including the former competition regulator Allan Fels and the former central bank governor Bernie Fraser. And not content to just talk about breaking up the banks, North Queensland Member of Parliament Bob Katter, who led the push for the royal commission, is now moving to do it, by introducing into Parliament an Australian Glass-Steagall bill drafted by the Citizens Electoral Council, which has spearheaded the fight for Glass-Steagall in Australia. The Banking System Reform (Separation of Banks) Bill 2018 is modelled on the USA's successful *Glass-Steagall Act* of 1933, which was in force for 66 years until its fateful repeal in 1999, and the 21st Century Glass-Steagall Act that has been introduced into the Congress to restore banking separation.

Other nations are also monitoring the Australian inquiry. The 29 April *Washington Post* reported that the shocking revelations from the royal commission include "deception, practices driven by greed and possible fraud", but noted nervously that even this is "not on the scale of banking scandals

experienced in the United States over the past decade". And in a revealing article not unrelated to the royal commission, which has exposed an epidemic of mortgage fraud, the 1 May *Wall Street Journal* posed the question: " Is Australia's Housing Boom (Finally) Coming to an End?" Meanwhile in New Zealand, whose major banks are all owned by Australia's, the union for finance sector employees has called for a similar royal commission into banking. According to Scoop News on 2 May, Stephen Parry, the National Finance Sector Organiser for First Union, demanded, "A similar enquiry in New Zealand is necessary for the public to be assured that our Banks are not engaging in the same behaviour as their Australian parents."

### **What you can do:**

Bob Katter MP will introduce the Australian Glass-Steagall legislation into parliament at the earliest opportunity, but he needs another MP to second it. Organise your MP to back this vital initiative. Here is how:

1. [Sign the CEC's new change.org petition](#): *To the Commonwealth Parliament: Pass Australian Glass-Steagall Bill to break up the banks!* Every signature generates an email to leading MPs informing them of the public's support for Glass-Steagall.
2. Get a copy of this bill to your Federal Member of Parliament plus any Senator/s you can. Urge them to not only read it themselves, but press them to second Bob Katter's call for Glass-Steagall. The very best way is to make an appointment and go and see the MP in person—MPs really want to know what their constituents think and this will make a big impression on them. If that's not possible, email or mail the document with a personal cover note asking them to support the bill in Parliament, and to let you know whether they will.
3. [Share copies with others](#): State MPs, any media you can contact, councils, unions, church leaders, community groups, etc. and get any concerned people you know to visit their MP as well; and on Facebook etc., or with your email address book, urging everyone you know to get involved.