

Warning Australia could set off global crash!



The *Australian Alert Service* is the weekly publication of the Citizens Electoral Council of Australia.

It will keep you updated of strategic events both in Australia, and worldwide, as well as the organising activities of the CEC.

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A stunning headline on Rupert Murdoch's news.com.au on 19 March blared, "Australia could be 'first domino to fall' in next GFC". Based on the analysis of economist John Adams, banking expert Martin North, and Irish financial expert Eddie Hobbs, the article echoed what the Citizens Electoral Council has warned for years: because Australia's banking system is big enough to have a global impact, the brewing crisis in Australia's banks from plunging house prices could trigger defaults on their combined \$38 trillion in derivatives bets, many of which are with foreign counterparties, which could set off a Lehman Brothers-style chain-reaction global meltdown (p. 3).

When the Murdoch media is starting to report this, you know panic is growing.

This is the context in which the international authorities, including the IMF and Bank for International Settlements, would get on the phone and demand a bail-in of deposits to prop up the banks so they don't default on their derivatives bets. The living standards of Australians would be crushed, to temporarily save the rotten global financial system.

It is important to look at the 15 March terrorist attack in Christchurch, New Zealand, against this backdrop. The evil attack has been greeted by rage, confusion and ignorance. But evil is begat by an evil system, which is what the financial system has become. While Australian politicians of all stripes have engaged in knee-jerk reactions, a city councillor in Christchurch has given a more thoughtful response.

Rav Manji is a former City of London banker who moved to New Zealand in 2002 to raise his family. According to the 18 March Australian Financial Review, he blamed "the era of financial deregulation", and the financial policies that have been implemented since the 2008 crash that was caused by deregulation, for helping to radicalise terrorists, including white supremacists, around the world.

"What do you invest in?", Manji asked the AFR. "The response to 2008 was around QE [quantitative easing printed money], fine, but if that money had gone into public infrastructure, facilities, you know schools, hospitals rather than back into the banks just to pump up asset prices we could have been looking at a different situation."

Manji said global economic management has played a role in fuelling terrorism.

"We've had 30 years of post-financial deregulation—you can call it neoliberalism, but it's actually financial deregulation—which has driven global markets and global changes, globalisation. It comes off the wheels because it's hit its natural course.

"We know there's a pile of debt sitting out there that needs to be dealt with at some point and they keep kicking the can down the road. I mean ECB, the nonsense in Europe, in China, Japan's already been through it. But this is actually a time to say: 'what next?'

"We have some economic isolation issues and you see it in the United States and Europe where certain communities have been left behind because they haven't benefited from globalisation."

Manji's comments rise above those of politicians in New Zealand and Australia, who are stuck in feedback loops of platitudes and recriminations. The CEC is focused on the fight to change this economic context, by changing the banking system which is the main force that has distorted the economy. The 2008 crash proved financial deregulation a failure.

It should have been the catalyst for a massive reorganisation of the financial system, to banish the predatory speculation in insane derivatives that has taken over the system, and force banks to stick to the role of providing credit to meet the needs of the businesses, farms and families of the real

economy. In other words, governments should have restored the Glass-Steagall separation of banking from speculation, reorganised the insolvent banks to unwind and cancel their derivatives, and established national banks to direct credit into infrastructure and decaying industries.

Whilst that wasn't done, we must—and can—do it now.

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- Yes, Australia could trigger next global financial crisis!
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- Top regulator drubs bail-in
- Property bust requires urgent moratorium on home and farm foreclosures
- Hands hover over house price panic button as crisis looms
- RBA ignores real threat it has created to obsess over climate change policy
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