

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

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Submission for: My Self

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We know that the passage of the Glass Steigall Act in the United States in the 1930s led to an unprecedented 50 years of banking stability that ended with the repeal of the Act in 1980. Numerous eminent economists point to the Repeal of Glass Steigall as a contributing factor to the General Financial Crisis of 2008. Each of Australia's big four banks doubled their derivatives exposure since the 2008 GFC to the tune of trillions of dollars. There is a huge mismatch between the asset base of these banks and their derivatives exposure. The passage earlier this year of "bail in" laws places a high risk premium on investments and life savings of ordinary citizens. A Glass Steigall type law is needed to separate ordinary Banking from high risk speculative banking so as to protect ordinary citizens. Australia speaks often about the importance of a transparent rules-based order to regulate international business, trade and the relationship among states. It's about time that a transparent and rules-based order is introduced into our banking system for the good of all citizens and for the good of national commercial life. Pass Glass Steigall legislation now.