

SUBMISSION ON POLICY ISSUES RAISED IN ROUND 5

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Submission for: Another Person

Name of other person, business or organisation: Civil Liberties, Consumer Rights, No-Tolls political party

Do you agree to your submission being published: Yes

Do you agree to your full name being published: Yes

Your submission:

I represent a party membership of over 5,000 citizens of Australia and we request the Royal Commission to recommend a Glass-Steagall separation of banking activities. A cancer of financial speculation grows malignantly in the body of the global financial system which threatens the business of everyday life. Glass-Steagall is a law which cuts this cancer off from its ability to harm ordinary people. (In 1933, Carter Glass and Henry Steagall introduced in the United States Congress a bill which legally separated commercial banking involving deposit taking and traditional lending to businesses and households, from investment banking involving securities trading and financial speculation.) This law prevented the occurrence of financial cancers for decades, until it was mistakenly repealed in 1999 to advance the financial sector. The existence of the cancer was exposed in the global financial crisis (GFC), when Lehman Brothers collapsed in 2008. The global economy was then saved temporarily from being consumed by the cancer when the voracious tumour was placated by trillions of dollars issued by monetary authorities to rescue the banks. In the past decade, the emergency palliative has only caused further growth of the cancer which has now reached a size greater than one quadrillion dollars' worth of derivatives. The limited treatment intended by regulators to shrink the cancer, by clearing and exposing it to the light of open exchanges such as clearing houses, has evidently failed, as large parts of the cancer remain unexposed. Emergency surgery is required because little is known, still, about the nature of the cancer. The doctors of financial regulation have admitted error in assuming that the cancer was benign. For years they failed to investigate its nature. It is now far too late to find out, as its rapid growth is life-threatening. Glass-Steagall surgery will bring the critical benefit that once the cancer has been excised, it can no longer harm ordinary people in their business of everyday life. Another important benefit is that any nourishment intended by the authorities to support the global economy will no longer be diverted to feeding the cancer of financial speculation by the banks. Consequently, instead of having growing asset bubbles from financial speculation, we will have stronger growing economies which will benefit many more people. For financial safety and a healthy economy, we need Glass-Steagall in Australia now.