



Australian Citizens Party

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Deepening mortgage, banking crisis demands Homeowners and Bank Protection Bill

The average household in Australia is straining under severe mortgage stress, with 37.4 percent of household income taken up in payments on the average household mortgage, according to the latest statistics from the Real Estate Institute of Australia.

The REIA's figures, from a December 2007 survey, follow a JP Morgan/Fujitsu Consulting Mortgage Industry report which forecast 300,000 mortgage foreclosures across Australia this year.

(These mortgage industry figures do not include the parallel crisis among renters, who are burdened with similar housing costs, which are rapidly skyrocketing as the deepening mortgage crisis fuels increased demand for a decreasing number of rental properties.)

As bad as the housing crisis is, the bigger crisis is in the banking system, which is teetering under the burden of its exposure to a massive, unpayable sea of debt.

Australia's banks are in the same desperate crisis as their U.S. counterparts: NAB, ANZ and the CBA have all recently been forced to raise rates independently of the Reserve Bank, CBA twice; the ANZ has had to make a provision of over \$200 million for expected losses from its exposure to the sub-prime mortgage crisis; the CBA's bad debts are now growing faster than its new loans, meaning it is suffering a net loss of assets; but Australia's banking regulator APRA is questioning the banks' declared exposure to such losses, and has recently written to all of the banks asking them to ensure their declared position is "realistic", i.e. *honest*.

The Rudd government's only response to this crisis, to propose government subsidies for private investors to build extra housing, is a disaster, because it does not address the crushing burden of existing debt that is costing families their homes and threatening to close the banks.

This is an unprecedented economic crisis, which U.S. physical economist Lyndon LaRouche has identified is plunging the entire world into a depression far worse than the 1930s; such a crisis demands a coordinated government response to defend the common good of the nation's citizens.

Only LaRouche's *Homeowners and Bank Protection Bill* represents such a response: a moratorium on *all* foreclosures of households and family farms and government protection to keep the banks trading, followed by a comprehensive reorganisation of the financial system, including a write down of debt levels and restructured mortgage payments to affordable levels that reflect the reduced values of the properties.

The Citizens Electoral Council is escalating its mobilisation to promote the *HBPB* to local, state and federal elected officials, churches, welfare agencies and industry groups.