Citizens Electoral Council of Australia

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The war on cash leaves no place to hide from 'bail-in'

In his 2018 budget Scott Morrison announced a ban on cash transactions over $10,000, originally to come into force in July 2019, but now January 2020.

With this measure, Australia has joined what outspoken former Liberal Party economics advisor John Adams, who is forecasting an impending economic Armageddon, calls the "war on cash"—nations deliberately moving to a cashless society.

Going cashless is commonly promoted as an efficiency measure driven by technology, but it coincides with the global push for "bail-in"—the policy of averting bank failures by seizing the savings and investment funds of depositors and other classes of creditors.

Bail-in is one of a number of sinister developments in the international financial system, including negative interest rates, which drive people to keep their money in cash.

If it's not in the bank, it can't be bailed in.

And you can't be charged for having it there, which is how negative interest rates work.

Morrison snuck a bail-in law through Parliament in February last year, the *Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018*, with only a handful of MPs and Senators present when it passed and no recorded vote.

It authorises the "conversion or write-off", a.k.a. bail-in, of so-called hybrid securities which are better known as bail-in bonds, which have been sold to hundreds of thousands of unsuspecting mum and dad investors and self-funded retirees. They are at risk of losing, collectively, more than $40 billion.

But the law included a massive loophole that the Citizens Electoral Council's legal experts, as well as John Adams, Digital Finance Analytics Principal Martin North, and former APRA Principal Researcher Dr Wilson Sy, identified could be used to conduct a back door bail-in of deposits by stealth.

When Pauline Hanson's One Nation senators notified the government they intended to close this loophole with an amendment that explicitly excluded deposits from any bail-in, the government and Labor Party opposition rushed the bill through the Senate when the One Nation senators weren't present in the chamber.

Now, as the CEC revealed 4 March, the International Monetary Fund is saying that the 2018 law isn't enough, and is demanding the government enact a full statutory bail-in regime that explicitly *includes* deposits. Moreover, the IMF is demanding that the government scrap all democratic safeguards over the bank regulator APRA, by which the Treasurer can give APRA directions and the Parliament can disallow an APRA policy. The IMF wants these safeguards scrapped, so that in the event that APRA orders a bail in of bank deposits in a future crisis, the government will not be able to block the order to protect the public.

This bail-in policy is guaranteed to destroy the public's confidence that their banks will keep their money safe, and will drive people to take their money out and hoard it in physical cash or other forms.

So what are we seeing around the world coinciding with the rollout of a global bail-in regime? A massive and draconian crackdown on the freedom to use cash.

This is most obvious across the European Union, where the EU bail-in system called the Bank Recovery and Resolution Directive (BRRD) came into force in January 2016.

According to a 25 February 2019 post by John Adams on his website entitled "The New Global Push for Negative Nominal Interest Rates":

- France has legally prohibited cash transactions above €1,000;
- Spain has legally prohibited cash transactions above €2,500;
- Italy has legally prohibited cash transactions above €3,000;
- the European Central Bank ended the production and issuance of its €500 note at the end of 2018.

Also, the government of India eliminated 86 per cent of all physical cash throughout the Indian economy in 2016 by banning popular denominations of the currency. This created a political uproar in India, and fuelled suspicion of India's bail-in law which was introduced the following year, the same time as Australia's. The backlash was so great that the Indian government was forced to withdraw its bail-in law—the first time that has happened.

Sweden is 95 per cent cashless, and Vietnam has a plan to become 90 per cent cashless by 2020.

Another common justification for the war on cash is the need to crack down on the black economy, which is the Morrison government's excuse. But this isn't genuine. There are adequate measures in place to track cash-based criminality, which CBA and other banks have ignored, and the same Morrison government shamelessly protects those banks from real scrutiny and real consequences.

The fact remains that limits on cash trap people in banks where they can't escape bail-in.

Join the CEC's fight to defeat bail-in and force Parliament to pass the Separation of Banks bill that Senator Pauline Hanson introduced on 12 February, for a Glass-Steagall separation of banking from speculation, which will fully protect deposits from financial dangers and bail-in, and restore confidence in the banking system.

What you can do—fight for the Separation of Banks bill to stop bail-in

- Make a submission to the current Senate Economics Legislation Committee inquiry in support of the Separation of Banks bill. The submissions deadline is 12 April, but do it straight away. Click here for instructions on making a submission.
- Call the chair and deputy chair of the Senate Economics Legislation Committee to demand they hold public hearings on the Separation of Banks bill, so that the inquiry is transparent and they can get a proper understanding of the need for bank separation from real experts who are not beholden to the banks.

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