Citizens Electoral Council of Australia

Postal Address: PO Box 376, Coburg Vic 3058
Phone: 1800 636 432 Fax: 03 9354 0166
Home Page: www.cecaust.com.au **Email:** cec@cecaust.com.au
Authorised by R. Barwick, 595 Sydney Road, Coburg, Victoria 3058. Printed by Citizens Media Group Pty Ltd., 595 Sydney Road, Coburg, Victoria 3058.

Independent Political Party

22 March 2016

'Bail-in': They plan to steal your personal bank deposits and pensions!

The world is now hurtling towards a far worse financial collapse than even the crash of 2008. Plunging markets in bonds, bank stocks, and commodities throughout the trans-Atlantic sector of the world economy (and those attached to it, including Australia and New Zealand), have brought countless authoritative warnings of the next, looming megacrash, while the actions of the transnational financial authorities demonstrate fast-growing desperation on their part. Foremost among those actions is "bail-in", the asset-confiscation model that got its test run in Cyprus in 2013.

The confiscation of depositors' funds through "bail-in", for which the Bank for International Settlements (BIS) and its Financial Stability Board (FSB) had sought legislative approval in all major nations,[1] is now being imposed come hell or high water, notably in Australia by dictatorial decree!

In 2008, the international financial oligarchy, centred on the British Crown, the City of London, and Wall Street, directed terrified governments to spend tens of trillions in public funds to "bail out" so-called Too Big To Fail (TBTF) banks, whose quadrillions of dollars in speculation had caused the crisis in the first place. In the years since, those banks have *not* stopped their unbridled speculation, nor their drug money-laundering, terror-financing, tax evasion and other criminality; the tens of billions of dollars in fines incurred for such activity are simply written off as a cost of doing business.

And now, bailouts are not enough. While hiding behind sophistry like declarations of a desire to avoid 2008-style taxpayer bailouts, they plan, as the present crisis hits full-force, to simply *seize the private bank deposits of ordinary citizens like yourself*—"bail-in", as opposed to "bail-out".

The rationale for bail-in goes like this. When a bank fails because its assets (such as mortgage loans) are not enough to cover its liabilities, rather than its being declared bankrupt or bailed out with taxpayer money, the bank will be kept open for business by the intervention of a government-appointed bail-in authority, which takes over the bank and acts to reduce its liabilities. The authority will write down (cancel) some of the value of the bank's debt. Creditors, such as holders of the bank's bonds, may have those bonds converted into equity (shares) in the bank. Not only bondholders, but also depositors are classified as "unsecured creditors". Thus, to reduce the bank's liabilities the bail-in authority can vaporise the savings of its customers and assets of its bondholders, compensating them with worthless shares in the "resolved" institution. [2]

The bail-in of banks in Cyprus in March 2013 devastated the small nation, sparking anguished protests; the Cyprus experiment became the "template" for the EU's BRRD bail-in regime that took effect on 1 Jan. 2016.

On 1 January 2016 new bail-in regulations with the force of law took effect throughout the European Union. The EU's Bank Recovery and Resolution Directive (BRRD) allows TBTF banks to seize personal bank deposits. The UK, whose Bank of England (BoE) was the BRRD's principal author, had put the new law fully into effect already on 1 January 2015.[3]

Attempts to pass bail-in legislation in Australia, during 2013-2015, were defeated by the Citizens Electoral Council's mass mobilisation. But now, bail-in has been

1. "'Bail-In'—the British Crown's Plot for Global Genocide", *The New Citizen*, Aug./Sept./Oct./ 2013.

2. "Bail-in" regulations, designed by the Bank of England and the Bank for International Settlements, define a wide range of confiscatory actions. In order to build buffers against losses from their huge speculative activities, banks are required to sell "bail-in bonds", which carry the provision that they will be written down and/or converted to shares in a crisis, effectively becoming worthless. These are typically sold to large and presumably "knowledgeable" investors such as insurance and pension/superannuation funds, but sometimes, as in as Italy and Australia, they are sold directly to unsuspecting individual savers and investors as inherently safe. One way or the other, whether through simple stealing of individual bank accounts or large-scale looting of superannuation funds, the architects of bail-in emphasise that individuals will be forced to pay. At a 5 Nov. 2014 forum in Washington DC on the 2010 *Wall Street Reform and Consumer Protection ("Dodd-Frank") Act*, which enshrined bail-in in the USA, former Bank of England Deputy Governor Sir Paul Tucker, one of the architects of bail-in, declared that for a permanent bail-in system to work, the burden of keeping the banks from failing must fall on *households*, through their superannuation and insurance funds which hold bail-in securities and liabilities. "You absolutely can't allow banks and shadow banks to hold it", Tucker insisted. "So that leaves you with insurance companies, pension [superannuation] funds, mutual funds, etc. And when I've said that in other groups, people have said, 'My goodness, it's households!' … Well, there are only households … *Do you want all the risk to fall back on Wall Street firms?*" (Emphasis added.)

3. EU member countries were allowed to delay implementation of the full bail-in provisions of the BRRD from 1 Jan. 2015 to 1 Jan. 2016. But a UK Treasury notice of 12 Dec. 2014, reflecting awareness that the global financial crash could resume sooner rather than later, emphasised, "The BRRD will strengthen the EU financial system and make it less vulnerable to shocks and contagion. As such, the government strongly supports it and is committed to fully transposing the Directive by 1 Jan. 2015. The government does not intend to take advantage of the option of delaying the application of the bail-in provisions until 2016."

simply *declared*, fascist-style, to be in effect as of early this year.[4] Although none of the 30 megabanks classified by the BIS as Global Systemically Important Financial Institutions (GSIFI) is Australian, each of Australia's Big Four banks ranks among the top 50 banks worldwide. Therefore *Australia's financial system as a whole* is ranked by the IMF as "systemically important", meaning that a banking crash in Australia could bring down the entire Anglo-American system.

Bail-in devastated the nation of Cyprus in 2013, an experiment which the president of the Eurogroup of European finance ministers, Jeroen Dijsselbloem, proclaimed to be the "template" for the entire EU. Since then it has been applied to a lesser, but still disastrous, effect in Portugal, Spain and Italy.[5]

In reality, bail-in cannot save the TBTF banks: the amount of depositors' funds available to be seized is so small by comparison to the amount of speculative debt held by the banks, that governments will be forced once again to cough up untold trillions in "bail-out", on top of "bail-in". In addition, the fact that bail-in is now on the books has so terrified investors about being "bailed in" in the future, that they have stopped buying bonds; the collapse of bond markets was a major factor in the drastic 10 March decision of the European Central Bank (ECB) to pump money into the big banks through zero and negative interest rates and an increase of "quantitative easing" (QE)—the ECB's own bond purchases—by one-third, to €80 billion per month, a rate of money-pumping greater than the US Federal Reserve System's QE at the height of its post-2008 interventions.

But bail-in is not merely, or even mainly, a "financial" trick. Its design is *political*. The real agenda behind bail-in is the intention of the Crown/City of London/Wall Street cabal to enact fascist police-state regimes and reduce the population throughout the Western world, even as they gun for a military showdown with Russia and China, to loot and subdue the BRICS[6] nations before their own trans-Atlantic system collapses.

Decisive action to eliminate these genocidal policies of bail-out and bail-in is needed *now*, before the present crisis hits full-force. The following documentation will arm you with what you need to know, in order to force your government to rein in these murderous TBTF banks and launch full-scale national credit-creation for an agro-industrial recovery. President Franklin Delano Roosevelt accomplished that in the United States in the 1930s, using principles that are universally applicable.


THE NEW CITIZEN
Official Publication of the Political Party Citizens Electoral Council of Australia
CONTACT US
1800 636 432
Glass-Steagall, or the British Crown's Mass Murder:
Do You Intend To Die For The Banks?
ΑΑΚΗ ΤΡΑΠΕΖΑ
24h ATM

The CEC's April/May/June 2013 *New Citizen*, issued immediately following the March bail-in of the banks in Cyprus, which warned that the murderous bail-in policy would be implemented in Australia and worldwide.

Glass-Steagall, national credit, and a new world economic order

In the first 100 days of his Presidency, Franklin Roosevelt in 1933 enacted a series of measures to turn the US economy around and end the Great Depression, foremost among which was the Glass-Steagall Act. It mandated a total separation of all commercial banking from the speculative investment banking that had caused the crash. This law put the Wall Street predators on a leash, enabling Roosevelt to mobilise enormous quantities of public credit, through the Reconstruction Finance Corporation (RFC), for investment in the USA's physical economic recovery.[7]

Near the end of World War II, the Allied nations met in the town of Bretton Woods, New Hampshire, to construct a stable international monetary system to facilitate economic recovery from the war and the rise of sovereign nation-states, freed from the shackles of what FDR had called the "economic royalists" of Wall Street, and from the system of British and other colonialisms built upon looting subject populations. A cornerstone of the "Bretton Woods system" was the establishment of fixed exchange rates, to allow for stable international trade in a setting of reliable economic growth, while the International Monetary Fund and World Bank would assist nations in achieving prosperity and national sovereignty. But from almost the day the Bretton Woods agreements were signed in 1944, London and Wall Street set out to subvert them, by taking over the World Bank and IMF and forcing "conditionalities" (looting) down the throats of subject nations and crusading to end fixed exchange rates, so as to open up all currencies to unlimited speculation. That did happen on 15 August 1971, when, under pressure from Wall Street and London, US President Richard Nixon allowed the US dollar—the main world currency—to float against others. Today, derivatives (gambling bets) based on interest rate changes and rates of foreign exchange are the cornerstones of the quadrillion or more dollars in speculation internationally.

At the direction of London and Wall Street, further deregulatory measures followed the end of Bretton Woods, ushering in a series of financial shocks and crises of which

4. Christopher Joye, "Ensuring the major banks are not too big to fail", *Australian Financial Review*, 20 Dec. 2015, summarises the Australian bank regulator APRA's assertion that even without special bail-in legislation it already has bail-in powers under existing Australian law. Following the Cyprus bank bail-in of March 2013, a little-noticed Financial Stability Board report stated that bail-in legislation was "in train in Australia". The Citizens Electoral Council launched a nationwide mobilisation to expose and stop this legislation, culminating in a December 2013 full-page advertisement in the national daily newspaper *The Australian*, and including publication of the CEC pamphlet *Glass-Steagall Now!* Thousands of Australians wrote to politicians, demanding that any plans to legislate bail-in be dumped. By exposing this hitherto secret intention, the CEC made it politically impossible for the Australian parliament to legislate bail-in, and derailed plans to finalise a global bail-in regime at the Brisbane G20 in Nov. 2014. Having failed to achieve the necessary legislation by democratic means, APRA is acting as the local arm of the supranational, dictatorial BIS that it is, by asserting that it has bail-in powers already.

5. "Only Glass-Steagall bank separation can stop deadly bail-in", *Australian Alert Service*, 13 Jan. 2016, p. 3.

6. "British push for end of 'BRICS fantasy'" and "US war faction pushes Asia into chaos", *Australian Alert Service*, 16 Mar. 2016, report the latest attacks on BRICS. Cooperation among Brazil, Russia, India, China and South Africa, the BRICS group, is the seed crystal of a new world monetary and economic system. The trans-Atlantic financial powers centred in the City of London and Wall Street view the rise of BRICS and its promotion of national sovereignty and industrial progress as a threat to their global dominance, and are determined to break up the alliance.

7. Richard Freeman, "How Roosevelt's RFC Revived Economic Growth, 1933-45", *EIR*, 17 Mar. 2006.

the present one is only the most recent. These included the US Savings and Loans collapses of the 1970s, the 1986 Big Bang in the City of London, the 1987 Wall Street crash, and the junk bond crises tied to the rash of leveraged buy-outs in the 1980s. But the dam really broke when US President Bill Clinton signed the repeal of Glass-Steagall in 1999, which is what allowed the explosive growth of derivatives speculation and the creation of the TBTF banks.

What must be done now is to 1) re-enact Glass-Steagall banking separation in all countries;[8] 2) cancel all derivatives, as worthless gambling debts; 3) enact enabling legislation for national credit-creation, because if trillions can be created by the BoE, the US Fed, et al. to bail out the TBTF banks, then clearly trillions can be created to revive the actual physical economy; and 4) join the BRICS nations to create a new, just world economic order.

US President Franklin Roosevelt signing the *Glass-Steagall Act* into law in 1933.

8. *Glass-Steagall Now!*, CEC pamphlet, 2014, compiles calls for Glass-Steagall legislation from around the world, as well as the status of such legislation in many countries as of January 2014. Support has grown since then. The magazine excerpts the original 1933 *Glass-Steagall Act*, which opens: "An Act to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes…" It includes the full text of *The 21st Century Glass-Steagall Act* now pending before the US Congress, as well as a summary of the CEC's national banking legislation, "The Commonwealth National Credit Bank Bill".

What about my deposit guarantee?

"But surely they can't grab *all* my money?!", you might protest. "What about my deposit guarantee?" The Financial Claims Scheme (FCS) in Australia is supposed to guarantee deposits up to $250,000, while the Financial Services Compensation Scheme (FSCS) in the UK guarantees deposits up to £75,000 (lowered from £85,000 in 2015). In reality, both schemes are worthless, as are similar ones in the United States and throughout the EU.

Against some $950 billion in insured deposits, Australia's FCS makes provision for paying out only $20 billion in insurance on deposits in any single troubled bank, even though each of the Big Four individually has around $200 billion in insured deposits. Even the Australian Prudential Regulation Authority (APRA) and the FSB have observed that this level is woefully inadequate for the eventuality of a failure of any of the Big Four banks. As recorded in the minutes of the Australian Council of Financial Regulators 19 June 2009 meeting, when discussing the deposit guarantee scheme "APRA noted … failure by one of the four largest institutions would be likely to exceed the scheme's resources." The FSB's own 21 September 2011 *Peer Review of Australia Report* stated, "The limit of $A20 billion per ADI [Authorised Deposit-taking Institution] would not be sufficient to cover the protected deposits of the four major banks…"

The FSCS of the UK is in even worse shape: with £2.3 trillion (£2,300 billion) in deposits supposedly under its protection, the scheme holds only £1.5 billion for fulfilling these guarantees! Other nations are no better off. When Italy bailed in four small banks in December 2015, the Italian government didn't have the money to honour its deposit guarantee and had to arrange for four large banks to put up the money instead. And those defaulting banks were mere "minnows", compared to the "whales" of London, Wall Street and the bigger EU banks.

Moreover, the relevant authorities have admitted that they will grab the resources of these deposit insurance schemes, if they deem that necessary to keep the TBTF banks afloat. The US FDIC and the Bank of England, for instance, issued a joint paper on 10 December 2012, which stated: "The UK has also given consideration to the recapitalisation process in a scenario in which a G-SIFI's [Global Systemically Important Financial Institution] liabilities do not include much debt issuance at the holding company or parent bank level [i.e., "bail-in bonds"] but instead comprise insured retail deposits held in the operating subsidiaries. Under such a scenario, *deposit guarantee schemes may be required to contribute to the recapitalisation of the firm*". (Emphasis added.)

Paul Tucker re-emphasised the point in a speech to the Institute of International Finance on 12 October 2013, just before quitting the Bank of England, stating that "if the losses are vast enough, then the haircuts imposed by the resolution authority can in principle permeate to any level of the creditor stack. In the case of insured deposits, that means Deposit Guarantee Schemes suffering losses."

CONFIDENTIAL

COUNCIL OF FINANCIAL REGULATORS
MINUTES OF THE TWENTY SEVENTH MEETING, 19 JUNE 2009

APRA noted that a pre-funded deposit insurance scheme in Australia would not be insurance in the true sense, as failure by one of the four largest institutions would be likely to exceed the scheme's resources.

FSB FINANCIAL STABILITY BOARD

Peer Review of Australia
Review Report
21 September 2011

The limit of AU$20 billion per ADI would not be sufficient to cover the protected deposits of any of the four major banks, even though their assets would ultimately be sold to fund any depositor reimbursements if the FCS was used in the resolution process. In any event, there could be circumstances in which these banks would be deemed too big to undergo payout and liquidation.

What *you* can do to defeat bail-in

1. Call your MP to demand that he or she act with full force to secure the passage of Glass-Steagall legislation to separate speculative investment banking from government-protected normal commercial banks serving the real economy, thus wiping out the TBTF banks and their plot for bail-in now, before the next crash. Under pressure from an aroused citizenry, that is entirely possible, given that more and more prominent figures—even leading bankers who championed the repeal of Glass-Steagall two decades ago—have realised what a disaster that has been and are calling for its reinstatement. A Glass-Steagall amendment to the UK's Financial Services (Banking Reform) Bill 2013 failed to pass the House of Commons that year by 49 votes, and missed passage in the House of Lords by only nine.

2. Demand that your MP act to establish the power of sovereign national credit-creation for the common good, as in the original Commonwealth Bank of Australia, the CEC's ready-to-enact draft legislation for an Australian National Bank, or UK Labour leader Jeremy Corbyn's call for "People's Quantitative Easing"—masses of new government credit to be directed into great infrastructure projects, manufacturing, agriculture, health care and other areas vital to the general welfare of the population.

3. Contact Buckingham Palace and demand to know where the Queen stands on bail-in.
Telephone: (+44) (0)20 7930 4832.
Let us know the responses!

The full version of this bail-in release is available at www.cecaust.com.au. Topics not covered here include:

- Bail-in: derivatives come first
- Champions of bail-in: Goldman Sachs, the Bank of England and the BIS
- Behind bail-in: eugenics and genocide
- The Royal policy of eugenics
- Where does Queen Elizabeth stand on bail-in?