



Australian Citizens Party

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MEDIA RELEASE

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Bail-in conspirators claim they won't steal your deposits, only your super

Ahead of the G20 Leaders' Summit in Brisbane this weekend, the banker in charge of the bail-in agenda has announced the finalised plan to prop up Too Big To Fail (TBTF) banks, for agreement at the summit.

Bank of England Governor Mark Carney, who doubles as the chair of the Financial Stability Board (FSB) which the G20 in 2009 charged with implementing bail-in, made a big show of declaring that the plan will not involve seizing deposits; BUT... what he announced will involve stealing the money of ordinary citizens that is tied up in superannuation funds and insurance funds instead.

That said, nobody should accept the assurance that the plan doesn't involve confiscating deposits, Cyprus-style, until they see in black and white the legislation that governments will be required to enact.

So, what's the plan?

First, a quick recap: bail-in is the scheme to, supposedly, ensure governments do not bail out TBTF banks, by making those banks "bail-in" their own unsecured creditors. It wasn't very well known before March 2013, when the European Commission ordered deposits to be confiscated in Cyprus to prop up that country's failing banks, that the category of unsecured creditors includes depositors. This weekend's G20 Summit was set as the deadline for the G20 member nations to finalise and agree to the details of the plan.

Note, the bail-in plan does not involve dealing with the risk of TBTF banks *by making them smaller*, through a Glass-Steagall separation that splits all risky investment banking from all everyday retail or commercial banking. It also does not involve forcing the TBTF banks to stop gambling in extremely risky and toxic derivatives, the outstanding obligations of which are now estimated to have mounted up to *\$2 quadrillion* (\$2,000 trillion) globally, and \$24 trillion in Australia alone! No, such gambling debts will be preserved—it's people who will suffer.

BBC News reported Carney's announcement on 10 November ahead of the G20:

"Instead of having the public, governments, [and] the taxpayer rescue banks when things go wrong; the creditors of banks, the big institutions that hold the banks' debt—*not the depositors*—will become the new shareholders of banks if banks make mistakes." [Emphasis added.]

For Carney to emphasise like this that depositors will not be involved, it is evident that the global campaign against bail-in, led in Australia by the Citizens Electoral Council, has Carney and the FSB spooked. However, when thieves can't get in the front door, you can be damned sure they will try the back door, and that is what the FSB is doing.

The FSB announced it will require all TBTF banks to hold capital reserves worth up to 20-25% of their assets. Capital is a bank's buffer against losses, so that its owners wear losses from bad deals and not its customers.

The Bank for International Settlements, where the FSB is based, had already mandated banks boost their capital reserves to 8%. So the FSB intends for the banks to increase this capital buffer up to 20-25% by issuing "contingent capital", or so-called "bail-inable", bonds. These are bonds that will be sold to investors offering a higher interest rate than normal bonds, but with the risk that when the banks get into trouble, these bonds will become worthless, because the banks will default on paying them.

So who would buy such bonds? Your superannuation fund manager, that's who! The architects of this scam are remarkably frank about the fact that they want to ensure that superannuation and insurance funds buy these hand grenade bonds—*with your money*—so that the banks aren't left holding on to each other's live grenades. It is transparently obvious that such funds are being targeted because they are managed by people who are investing *other people's money*. Nobody in their right mind investing their own retirement savings would buy such bonds, but fund managers have a track record of eagerly seeking higher margins and bigger bonuses by making risky investments with your money.

At a [5 November forum in Washington DC, former Bank of England deputy governor Paul Tucker](#), who was heavily involved in devising bail-in, bluntly stated that the whole purpose of bail-in was to lump all of the risk of the banks' gambling on to ordinary households. He was admitting that requiring any other entities, such as banks and shadow banks to buy these bonds will spread a wildfire of risk in the financial system.

Tucker declared that the risk will only be contained by households alone bearing the losses: "First of all, and I hope we'll see this in Brisbane... You absolutely can't allow banks and shadow banks to hold it. 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?"

The FSB's demand that the TBTF banks hold 16-20% of the value of their assets in these bail-inable bonds will require the banks globally to issue minimally \$1-2 trillion dollars in these hand grenade bonds. This is an enormous sum, which will see super funds aggressively targeted by bond salesmen. Australia has \$1.8 trillion locked up in super accounts, so you can bet this will be the bond salesmen's first port of all.

CEC leader Craig Isherwood stated today, "Carney's plan proves that bail-in of whatever form is a criminal fraud to force the people to pay for the sins of the banks. This can't be tolerated. Call your super fund and insurance company and demand they don't buy these hand grenade bonds. Call your MP, call Joe Hockey, and demand they stop sacrificing the welfare of their constituents to the banks, by rejecting this bail-in scam and [going with Glass-Steagall instead](#). And fight like you've never fought before against this whole agenda by [joining the CEC](#)."