

The financial crisis driving the cash ban and bail-in has already started!



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Lead Editorial

26 February 2020

Vol. 22. No. 08

The global market meltdown currently under way is being blamed on coronavirus, but fear of a pandemic is just the trigger, not the cause.

The markets were already in crisis, only kept inflated by the half-trillion dollars that the US Federal Reserve has printed and pumped into the system since a crisis erupted deep inside the US banking system on 17 September 2019.

Another great financial crash has been inevitable since the 2008 crisis, when panicked governments and central banks bailed out the banks that caused it.

They effectively kicked the can down the road, by not forcing the banks to stop the reckless financial gambling that melted down the system.

Instead, they printed money and drove down interest rates towards zero and negative, legislated "bail-in" so in future crises deposits could be seized to rescue failing banks, and pushed for cash bans to trap depositors in banks so we can't escape negative interest rates and bail-in.

Did the crisis can stop rolling on 17 September?

Unique among Australian economic commentators, independent economist John Adams and banking expert Martin North have announced in a striking 20 February post on their Interests Of The People (IOTP) YouTube channel that ["Economic Armageddon Started on 17 September 2019"](#).

"The ship has hit the iceberg", Adams said. "Things seem to be okay, but what we're now saying is things are not okay—the financial system is on life support."

North added: "The band is still playing, things look pretty good, but water is beginning to creep in underneath. ... We're not declaring a particular end date, but what we're saying is the sequence of events has started."

The Citizens Party agrees with this view, and since 17 September has been reporting closely on developments online and in its weekly *Australian Alert Service* magazine.

Dubbed the "repopocalypse", 17 September is when the US Federal Reserve was forced to intervene in the overnight interbank lending market, after a sudden demand for liquidity drove up overnight interest rates from 2.42 per cent to 10 per cent, but the big Wall Street banks with cash refused to lend.

In order to restore the interest rate to normal levels, the New York Fed intervened in the "repo" (repurchase) market with what was supposed to be a short-term injection of US\$53 billion, claiming the cause of the problem was simply banks needing cash to settle end-of-quarter tax and other obligations.

That explanation was clearly a cover-up, as the Fed has been forced repeatedly to extend its intervention, first to the end of September, then to the middle of October, then to November, then to the end of December, and now to April.

"Every time they put a new deadline to say 'this is when we're going to stop and things will return to normal', they can't stop", Adams said.

The authorities are hiding the identities of the banks involved, panicked that identifying the banks that the other Wall Street banks refuse to lend to would set off a chain-reaction collapse reminiscent of 2008.

Precisely to avert such a meltdown, between 17 September and 14 February the Fed injected a total of US\$522 billion into the Wall Street banks!

With their heavy reliance on short-term foreign capital, Australia's banks are also in danger. "Had half a trillion dollars in New York not been printed in the last four or five months, the Big Four banks in Australia would have collapsed, and we would have been in a full-on depression", Adams declared.

Click here to watch ["Economic Armageddon Started on 17 September 2019"](#).

Fight for solutions

This reality is driving the banking establishment's cash ban and bail-in policies. It drives the Citizens Party's fight to defeat those policies and to fundamentally reorganise the financial system, with a national bank to regulate banking and invest in productive economic development, and a Glass-Steagall separation of banking from speculation, for which legislation is ready to go.

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