

How the CEC disrupted the global bail-in regime

The fight against “bail-in” comes to a head next week when the Senate debates the Banking Amendment (Deposits) Bill 2020, drafted by the Citizens Party and introduced by One Nation Senator Malcolm Roberts. Whatever the outcome, either way we’ve won: if the bill passes, deposits cannot be bailed in; if it fails because Labor sides with the Coalition, we have forced them to expose their reassurances, that bail-in won’t happen, as lies, which we’ll make sure the entire country knows about. We have achieved this opportunity to end bail-in because the Citizens Party has stayed in the fight against bail-in for seven years, relentlessly exposing every aspect of this global agenda to make everyday people pay to prop up the sick and failing banking system, instead of reforming the system to serve the people. The following article, republished from the Citizens Party’s May 2018 pamphlet [End the bankers’ dictatorship: Time for banking separation and a national bank!](#), is a timely reminder of how this fight against bail-in has played out, and the global impact our efforts in Australia have had, just as whatever happens next week in Parliament will also have global consequences.



Then-Bank of England Governor Mark Carney (below demanded the 2014 Brisbane G20 endorse bail-in, but as even the host country Australia hadn’t passed a bail-in law, due to the Citizens Party’s fight, it didn’t happen. Photos: Wikipedia

In 2014 the Citizens Electoral Council [now Citizens Party] prevented the G20 nations from adopting the “bail-in” model for resolution of troubled banks. The previous year, 2013, had seen a rapid drive to induce nations to legislate changes to banking law to allow this to happen, following the implementation of a bail-in test case in Cyprus. At that time Eurogroup chief Jeroen Dijsselbloem declared Cyprus the template for the whole of Europe. Well in advance of the crisis, the European Commission (EC) had put together the Cyprus plan with banking and legal experts, foremost among them the London-based International Swaps and Derivatives Association (ISDA), whose board is made up of representatives of the TBTF banks. The ISDA had already provided the EC with an assessment of its bail-in proposal in 2011, which argued that derivatives be excluded from any bail-in, as indeed has been done in several cases. That EC proposal ultimately resulted in the Europe-wide Bank Recovery and Resolution Directive (BRRD) which became active in January 2016.

The November 2011 G20 Summit in Cannes, France, had garnered agreement to the Financial Stability Board’s (FSB) “Key Attributes of Effective Resolution Regimes for Financial Institutions”, which committed all jurisdictions to establishing a framework for “new international standards for resolution regimes”, with bail-in laws as the centrepiece. This included Australia.

In October 2013 Mark Carney, the former Bank of Canada head who by then was in charge of the Bank of England as well as the FSB, and had been an early proponent of bail-in, declared that a global bail-in regime must be finalised by the November 2014 G20 Leaders’ Summit in Brisbane. “The Bank of England is now working intensively with other authorities and the financial industry”, Carney said. “Our aim is to complete the job by the next G20 Summit in Brisbane.” In April 2014 Carney followed this up with a report on the urgency of empowering national authorities with laws to make bail-in “effective in a cross-border context”, i.e., globally. Thus the 2014 G20 became the battleground for bail-in legislation for all G20 jurisdictions.

But on 10 November 2014, just four days before the Brisbane G20 summit, Carney announced: “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.” The announcement was a tactical retreat, forced by the campaign the CEC had run across Australia, and into the UK, to expose the intention to confiscate deposits. The ostensibly watered-down bail-in would focus on special bonds designed to convert into bank capital in a crisis—so-called hybrid securities or bail-in bonds. The FSB demanded that TBTF banks hold 16-20 per cent of the value of their assets in these bail-in-able bonds; nonetheless the CEC and its allies had forced Carney et al. to repackage their scheme.



Even the watered-down bail-in language still failed to win the

Another proof of the success of the CEC's intervention in Australia is that most other G20 jurisdictions

The Evidence of a Bail-In Law Planned for Australia

After five years of budget-sapping "bail-out" packages for the international banks and unlimited money-printing by the U.S. Federal Reserve, Bank of England and European Central Bank under megatrillion-dollar "quantitative easing" programs, the global financial oligarchy has now hoisted the banner of "bail-in" for their terminally ill Global Systemically Important Financial Institutions (G-SIFIs). Banks in trouble from gambling with derivatives will no longer be "bailed out" at government and taxpayer expense, so the line goes, but "bailed in" by docking their own shareholders and creditors, including depositors. As shown by the Cyprus confiscation template and the involuntary conversion of ordinary depositors into shareholders in Spain, "bail-in" means

unlimited stealing from businesses and the population. Major international forums like the G20 have been stampeded into endorsing the "bail-in" model.

The Financial Stability Board of the financial oligarchy's Bank for International Settlements also deems it essential for every major nation to adopt individual enabling legislation for bail-ins. Australia is no exception, but the FSB's minions hope you won't find out about it beforehand. Even members of Parliament have difficulty obtaining information from government financial institutions about the status of this legislation. But the FSB confirms that it is "in train." The documents cited below illustrate the bankers' intense push for an Australian bail-in law during 2010-13.

1. FSB and IMF target Australia
Oct. 2011. An international Financial Stability Board "Common Data Template" scheme listed Australia's financial sector as "globally systemically important".

2. Treasury seeks legal advice for bail-in
2010-2011. As the government department responsible for drafting bail-in legislation, the Treasury contracted the Government Solicitor for legal advice.

3. Treasury calls for bail-in powers
Sept. 2012. Treasury discussion paper calls for the banking regulator APRA to be given extra powers to deal with a banking crisis—including bail-in powers.

4. IMF: Australia "exploring" bail-in
Nov. 2012. When the IMF inspected Australia's financial system, it was informed that bail-in was on the agenda.



The Aug./Sep./Oct. New Citizen laid out the evidence for bail-in.

passed bail-in laws far earlier. The US powers were introduced as part of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* in July 2010.

New Zealand's Open Bank Resolution policy was proposed in March 2011 and finalised in June 2013. It allows "a distressed bank to be kept open for business, while placing the cost of a bank failure primarily on the bank's shareholders and creditors", according to the Reserve Bank of New Zealand, which is explicit that creditors include depositors.

France passed bail-in laws in July 2013, and the aforementioned BRRD took effect across the EU on 1 January 2016. The UK put the powers into effect from 1 January 2015.

This story demonstrates that the fight against APRA's bailin powers has implications well beyond Australia, because the law is part of a larger push for a new form of global financial order that must be uniform across the world, to ensure that no one nation's actions can threaten the \$1.2 quadrillion global derivatives bubble. Rolling back the APRA bill in Australia— whose financial system as a whole is officially defined as "systemically important"—can derail that agenda, and even in countries where bail-in is firmly in place, or has already been used, it can still be reversed.