

Citizens Electoral Council of Australia

National Office: 595 Sydney Rd Coburg Vic 3058
Postal Address: PO Box 376 Coburg Vic 3058
Phone: 03 9354 0544 **Fax:** 03 9354 0166
Home Page: <http://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.

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

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

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 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

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."

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 Australia 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.

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 euros 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 BRICS⁶ 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 documentation below 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.

- Bail-in: derivatives come first
- Champions of bail-in: Goldman Sachs, the Bank of England and the BIS
- What about my deposit guarantee?
- Behind bail-in: eugenics and genocide
- The Royal policy of eugenics
- Where does Queen Elizabeth stand on bail-in?
- Glass-Steagall, national credit, and a new world economic order

Bail-in: derivatives come first

The financial instruments known as "derivatives" lay at the heart of the 2008 Global Financial Crisis (GFC). The TBTF banks had concocted hundreds of trillions of dollars in these speculative gambling bets on everything imaginable: changes in interest rates and the value of currencies; farm and other basic commodity prices; dodgy mortgages;

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.

stock market indices; and even the weather. The nominal value of derivatives has no tangible backing; they are contracts that promise future pay-outs to their purchasers, depending on what happens with what is being bet upon—either changes in the price of a commodity or financial instrument, or some other process. They are acquired by investors for amounts far smaller than the nominal value, in a matter somewhat analogous to, but much worse than, buying stock on margin. Quite apart from the staggering amount of outright fraud involved in derivatives today, such financial gambling bets were strictly *illegal* during most of the post-war period, because they would prey upon and disrupt the flow of credit to the real physical economy.⁷ The speculative bubble of derivatives was estimated at nearly US\$1.2 quadrillion (a thousand trillions), against a world GDP of only US\$60 trillion, when it triggered the 2007-08 crisis. The TBTF banks of London and Wall Street threatened to fall like a row of dominoes, with the City of London—the centre of the world’s derivatives trade—admitted to being in far worse shape than even Wall Street.

Because the TBTF banks lend almost solely to each other, and not to the real economy, if the derivatives bets of even one of them go sour, the whole global system will blow.⁸ The closing of such a bank even for a few days could set off a chain reaction. Therefore the Bank of England and its flunkies at the Bank for International Settlements concocted the bail-in scam. “Open Bank Resolution”, the name given to the scheme in New Zealand,⁹ is descriptive: the bank remains open for business during the process. Instead of a normal bankruptcy proceeding, in which a hopelessly bankrupt bank is wound up and closed, and its creditors are paid from whatever is left of its assets (“closed bank resolution”, so to speak), bail-in laws and decrees provide for failing TBTF banks to be reorganised over a weekend, in order to keep them open for business on Monday.

Under traditional bankruptcy law in Australia, the UK, the USA and elsewhere, depositors had first claim on any remaining assets of a bank that folded. Under bail-in,

7. The CEC’s “[Glass-Steagall Now!](#)” web page details how derivatives work, and the history of their formerly illegal status in the USA, Australia, and most other countries.

8. Ross Gittins, “Banks are using us to hedge their bets”, *Sydney Morning Herald*, 2 Feb. 2016, reported that the well-known Oxford economist John Kay, addressing a meeting organised by the Grattan Institute on 1 Feb. during his tour of Australia, emphasised that only 3 per cent of the loans made by TBTF banks go to the real economy. Summarising Kay’s presentation, economics editor Gittins wrote: “We need a financial sector to service the needs of the ‘real economy’ of households and businesses producing and consuming goods and services. But none of this justifies the huge growth in the financial sector we’ve seen. Most of that growth has come in the form of massively increased trading between the banks themselves in ‘financial claims’, such as shares and bonds and foreign currencies and ‘derivatives’ (claims on claims, and even—if you’ve seen *The Big Short* [film]—claims on claims on claims). If you add together all the financial assets (‘claims’) owned by all the banks and other financial outfits, they exceed by many times the value of the physical assets—such as houses and business buildings and equipment—which are the ultimate basis for all those claims.”

John Kay, “Don’t always believe a balance sheet”, *Financial Times*, 16 Feb. 2016, amplified the point with some data on derivatives: “Two banks, JP Morgan and Deutsche Bank, account for about 20 per cent of total global derivatives exposure. Each has more than \$50tn [trillion] potentially at risk. The current market capitalisation of JP Morgan is about \$200 billion (roughly its book value). ... From one perspective, Deutsche Bank is leveraged 2,000 times. Imagine promising to buy a house for \$2,000 with assets of \$1.”

9. The Reserve Bank of New Zealand’s [Open Bank Resolution](#) is a ruthless bail-in scheme that blatantly targets all bank deposits, which in New Zealand have no government guarantee.

however, because bondholders and depositors are classified as “unsecured creditors”, the bail-in authorities will simply write off whatever percentage of the bank’s bonds and deposits they deem necessary and/or convert them into illiquid or even near-worthless equity in the salvaged bank. This process, called “recapitalisation”, has already happened in EU countries where bail-in has been applied. But there is an additional, crucial feature embedded in the now global bail-in model: derivatives are prioritised above any other claims, specifically including deposits. This provision, known as the “super-priority of derivatives”, explicitly exempts them from being bailed in.¹⁰

The decision to accord super-priority to derivatives is no surprise, because the two individuals credited with inventing the notion of bail-in, after the 2008 GFC, are Paul Calello and Wilson Ervin, top derivatives salesmen for Credit Suisse First Boston, a bank already notorious for derivatives fraud. Calello had been involved in winding up the US-based hedge fund LTCM, whose failure almost brought down the world financial system in September 1998. Both Calello and Ervin were present at the infamous weekend meeting at the New York Federal Reserve in September 2008, where that year’s bail-out was plotted. Speaking on behalf of the failing system, Calello and Ervin floated the new bail-in scheme in an editorial in the 28 January 2010 issue of the City of London’s flagship magazine, the *Economist*. Thereafter, according to Ervin’s own account in a 12 March 2015 interview with the *International Financial Law Review*, titled “The Birth of Bail-in”, the model was championed by three individuals in particular:

- **Mark Carney**, the former Bank of Canada governor who took over as chairman of the BIS’s Financial Stability Board (FSB) in January 2011, and on 1 July 2013 also became governor of the Bank of England;
- **Paul Tucker**, the Bank of England’s deputy governor for financial stability; and
- **Jim Wigand**, director of the Office of Complex Financial Institutions of the US Federal Deposit Insurance Corporation (FDIC).

Champions of bail-in: Goldman Sachs, the Bank of England and the BIS

The career backgrounds of Mark Carney and Paul Tucker, foremost champions of bail-in, are a window into the world financial oligarchy.

For 13 years, Carney held top posts at the world’s largest and most notorious investment bank, Goldman Sachs, a major player in the subprime mortgage scam which led to the 2008 crash.

Goldman Sachs is arguably the world’s most powerful investment bank. Especially since the major financial deregulation measures of the 1980s (London’s “Big Bang” stock market reforms and the US Fed’s exemption of categories of over-the-counter derivatives trading from regulation), Goldman Sachs has acquired a reputation for

10. In the United States, derivatives obligations were given super-priority status already in 2005 under the *Bankruptcy Abuse Prevention and Consumer Protection Act*; this status was continued under the 2010 *Dodd-Frank Act*, which excludes them from being bailed in. The EU’s BRRD exempts derivatives from bail-in unless they have first been “closed out”, and requires national regulators to exempt certain liabilities so as to “avoid giving rise to widespread contagion”. In effect, this exempts all derivatives. A City of London banking source told the CEC, “The rules on this [closing out of derivatives] are highly complex and there are fears in the financial markets that their operation could be severely disruptive if ever a bail-in situation arose.”

exploiting political connections to fan speculative booms, extract maximum profits, and then get out of a given bubble before its inevitable bust, often at the expense of its own clients. This pattern was visible in the “tech” boom of the late 1990s, the sub-prime mortgage bubble of the 2000s, and the commodities bubble that is now imploding. Goldman has even positioned itself to become the biggest player in the next speculative bubble—carbon trading. The firm has earned its description by Wall Street observer Matt Taibbi (*Rolling Stone*, 5 April 2010) as “a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money”. Time and again, Goldman Sachs executives become very rich, and are then encouraged to take up regulatory and other government positions, from which they can ensure the game is rigged to benefit Goldman Sachs and its fellow financial predators.

Highlights of the long list of such Goldman Sachs alumni include Bank of England Governor and FSB chairman **Mark Carney**; former FSB chairman and current ECB president **Mario Draghi**; **Robert Rubin**, who as US Treasury Secretary worked for the repeal of Glass-Steagall; US Treasury Secretary **Hank Paulson**, who bailed out Wall Street in 2008; George W. Bush’s White House chief of staff during the 2008 crisis **Joshua Bolton**; Clinton administration Treasury official **Gary Gensler**, who wrote the 2000 *Commodity Futures Modernisation Act*, excluding derivatives from regulation, and is now a leading adviser to Hillary Clinton’s presidential campaign; and Australian Prime Minister **Malcolm Turnbull**, who made his fortune in the Goldman-manipulated tech bubble in the late 1990s.

Among his other posts at Goldman Sachs, Carney worked as its London-based co-head of sovereign risk for Europe, Africa, and the Middle East. That meant heavy involvement with derivatives, which were ostensibly invented to “manage risk”. As Canada’s *Globe and Mail* reported on 25 January 2008 in a profile of Carney, at the time just appointed as governor of the Bank of Canada, “some central bank watchers fear that the naming of Mr Carney as governor symbolises the supremacy of financial markets over the interests of employment and general economic health when it comes to central banking. And there’s no doubt that Mr Carney believes that markets should largely be left unhindered to determine the direction of the economy.” He was, noted the paper, an outspoken critic of nations attempting to “champion industrial policies”.

The Bank of England’s Paul Tucker was a heavyweight as well. A protégé of Robin Leigh-Pemberton, BoE governor in 1983-93, for whom he worked as principal private secretary, Tucker was the BoE’s deputy governor for financial stability in 2009-13, in 2012-13 simultaneously serving as head of the BIS Committee on Payment and Settlement Systems (subsequently renamed the Committee on Payments and Market Infrastructures). Tucker had been deemed a shoo-in to take over as governor of the BoE in 2013, but a scandal over his intimate relations with certain bankers involved in rigging the LIBOR rate, whereas he was responsible for monitoring such things, opened the position for his BIS mate Carney.¹¹

11. LIBOR, the London Interbank Offered Rate, is the world’s benchmark interest rate. It is set daily in London, based on an average of rates quoted by a group of 16 banks, and is used to denominate well over a quadrillion dollars’ worth of financial contracts globally. Even a tiny fraction of a per cent change in LIBOR enabled banks to “skim” large amounts of money from these transactions. Chancellor of the Exchequer George Osborne refused to appoint a full judicial inquiry into the LIBOR-rigging

That Carney would head the BoE and the BIS's Financial Stability Board, established by the G20 nations in 2009 to prepare measures to avoid another 2008 crash or worse, is lawful, given that it was the Bank of England that established the Bank for International Settlements in 1930 to be a "central bank of world central banks". Reflecting BoE Governor Montagu Norman's support for Hitler and his Nazi party were the two Germans who sat on the board of the BIS: Baron Kurt von Schröder, an elite private banker who was one of the largest funders of Hitler's rise to power, and Hjalmar Schacht, soon to be Hitler's finance minister.¹² The BIS also provided financial support for the Nazis, including holding the gold which they looted from throughout Europe.¹³ Because of its tight ties with the Nazis, the BIS was supposed to be disbanded as part of the Bretton Woods process in 1944, but after the death of President Franklin Roosevelt in April 1945 the BoE-centred financial oligarchy managed to keep it in place.

Though based in Basel, Switzerland, the BIS has extraterritorial status and is therefore responsible to no nation. It serves as the "neutral" conduit through which the BoE orchestrates fascist international regulatory policies today. For example, the British were instrumental in the creation of the Financial Stability Board as ostensibly a G20 body (formalised at the 2009 G20 summit in Pittsburgh), but de facto an arm of the BIS. The FSB's first chairman, who had headed its pilot project, the Financial Stability Forum, since 2006, was then-Governor of the Bank of Italy Mario Draghi, fresh from three years working in London as managing director of Goldman Sachs International. Today, as head of the European Central Bank, Draghi is helping to oversee bail-in throughout the EU, even while opening the sluice gates for huge new "quantitative easing" bailouts of Europe's TBTF banks.

scandal, opting for a parliamentary inquiry instead. More recently, Osborne has also been accused of intervening to stop a Financial Conduct Authority probe of the City of London's banking "culture", an investigation the banks complained was "banker-bashing". The UK Serious Fraud Office is currently investigating allegations of market manipulation by the BoE during the credit crunch of 2007-08.

12. Carroll Quigley, *Tragedy and Hope: A History of the World in Our Time* (New York: Macmillan, 1966), gives an overview of the establishment of the BIS. Writing about the cartel of central bankers with Montagu Norman at its head, Quigley wrote: "In the 1920s they were determined to use the financial power of Britain and of the United States to force all the major countries of the world to go on the gold standard and to operate it through central banks free from all political control, with all questions of international finance to be settled by agreements by such central banks without interference from governments. ... In addition to these pragmatic goals, the powers of financial capitalism had another far-reaching aim, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent private meetings and conferences. The apex of the system was to be the Bank for International Settlements in Basle, Switzerland, a private bank owned and controlled by the world's central banks which were themselves private corporations. Each central bank, in the hands of men like Montagu Norman of the Bank of England, Benjamin Strong of the New York Federal Reserve Bank, Charles Rist of the Bank of France, and Hjalmar Schacht of the Reichsbank, sought to dominate its government by its ability to control Treasury loans, to manipulate foreign exchanges, to influence the level of economic activity in the country, and to influence cooperative politicians by subsequent economic rewards in the business world."

13. "Defeat the Synarchy—Fight for a National Bank", *The New Citizen*, April 2004, details the Australian side of this banker-fascist alliance in the 1930s, when financiers created the mass-based fascist Old and New Guard armies to stop Labor from reasserting its tradition of national banking to revive the economy and alleviate mass suffering.

Mark Astaire, vice chairman for investment banking of Barclays Bank (the very bank with which Tucker's intimate relationship got him in trouble over LIBOR), summed up the decisive role of the UK financial oligarchy in the supranational regulatory mafia, in testimony to the UK House of Commons Treasury Select Committee early this year. *The Telegraph* of 6 January 2016 reported: "He added that Britain generally has a strong negotiating position on financial regulations, which are created by global organisations such as the G20, Financial Stability Board and Basel [the BIS] *before being passed down to nations.*" (Emphasis added.)

Tucker's replacement as the BoE deputy governor for financial stability, Sir Jon Cunliffe, likewise boasted of the pivotal role of the BoE in the global "financial stability" process, that is, bail-in, in his 17 March 2014 speech at Chatham House, stating, "I am very pleased to say that the Bank of England has played a key role—and in many areas a leadership role—in moving this program forward."

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 any 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!¹⁴ 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.

14. The funding principles of the Australian and UK deposit insurance schemes differ. Australia's FCS is funded "ex post", a Latin phrase meaning that funds are obtained from the Treasury to pay insurance claims *after* a bank fails. The FCS has a standing appropriation of \$20 billion for a failed bank, meaning that the Treasury is pre-authorised to inject up to this amount. In the UK, FSCS is funded "ex ante", meaning beforehand, by a levy on banks proportionate to the size of their deposits. In both cases, the size of the insurance pool or potential insurance funding is orders of magnitude less than the deposits insured.

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.”

Behind bail-in: eugenics and genocide

A glimpse into the actual policy behind bail-in is afforded by examining the UK’s Centre for Policy Studies (CPS), whose City of London backers conceived the bail-in policy to begin with. In a January 2016 study titled *The Abolition of Deposit Insurance: A modest proposal for banking reform*, the CPS calls for the cancellation of deposit insurance altogether, as was done in New Zealand in 2011, and in Austria in 2015 under the approving eye of the EU. Since its founding in 1974, the CPS has specialised in floating seemingly outrageous “free market” proposals, which soon become law.

As the CEC has abundantly documented, the entire global think-tank apparatus of which the CPS is a key part, and which designed the present deadly policies of privatisation, deregulation, and austerity in a hundred different guises, was spawned from the Crown/City of London front organisation known as the Mont Pelerin Society (MPS). The foremost MPS offshoot, the Institute of Economic Affairs (IEA), was established in 1955 with the backing of Harley Drayton, personal financier for the British Crown.¹⁵ From its inception, the IEA was viciously opposed to the policies of post-war British PM Clement Attlee, which favoured the general welfare.

The IEA, in turn, spun off the CPS and the legions of similar “free market” think tanks that have dictated government policy throughout the Anglo-American world since the Thatcher regime came to power in the UK in 1979, including emphatically in Australia and New Zealand. These organisations have never been anything but fronts for the Crown and its allies in the powerful, super-secretive City of London Corporation, which provides much of their copious funding.¹⁶ The intellectual author

15. Gabrielle Peut, “Cameron’s Trade Union bill is Mont Pelerin Society fascism”, *Australian Alert Service*, 25 Feb. 2016.

16. The 1,000-year-old City of London Corporation is a powerful, wealthy, highly secretive coordinating body for London’s financial district and its TBTF banks. Occupying a little over a square mile, it has its own governing body, its own laws, and its own police force, and is entirely independent of what most people think of as the city of London, namely the Greater London Authority of some 8.6 million people governed by Mayor of London Boris Johnson and the London Assembly. The City of London Corporation is accountable to no one but the Crown, with which it maintains close, almost entirely covert relations. For centuries, their shared power has been based on mutual benefit from the

most degraded and damaging imperial adventures, rather than from the productive endeavours that built modern society. In the recent era this has meant imposing brutal austerity while unleashing speculation, with catastrophic effects.

Relatively few human beings live within City's square mile. The majority of its "voters" are representatives of the major banks and other corporations domiciled therein. By its own account, it is a major funder of an array of think tanks which have sprouted since the founding of the IEA in 1955, and which, unlike the major political parties, are not required by law to report their sources of funding.

Nicholas Shaxson, *Treasure Islands: Tax Havens and the Men Who Stole the World* (London: Random House, 2011) provides a useful account of the City of London Corporation: "At the time of writing in 2010 [the City of London Corporation's] most recent public memoranda included one arguing stridently against efforts to rein in hedge funds, and another largely seeking to absolve the over-the-counter derivatives of helping cause the [2008] financial crisis, and arguing against restricting them." Shaxson described the enormous financial resources at its disposal: "The City of London Corporation also has a pot of money at its disposal named City Cash, which it says is 'a private fund built up over the last eight centuries,' earning income from 'property supplemented by investment earnings.' City Cash funds many things, including monuments and ceremonies, stakes in the property developments outside the City boundaries, free-market think tanks, and permanently staffed lobbying offices from Brussels to Bombay to Beijing. The City will not provide a detailed list of its assets and holdings: some, but not all, are available on the public record. It admits to owning some of the most valuable part of London's West End bordering the world-famous Regent and Oxford Streets. The City's Cash is exempted from British Freedom of Information requests, so we cannot find out what it owns."

The same holds true for the more than one hundred secret societies, known as livery companies, that are component parts of the Corporation. Each of these self-styled "Worshipful Companies" has its own, likewise not accountable, trust funds. These companies are historically interwoven with the old imperial trading groups such as the East India and Royal African companies, with the biggest global banks, and with the Crown's secret services. They have had a hand in crimes such as slavery and the global narcotics trade.

The City of London Corporation has extraordinary influence over legislation in the Parliament. According to Shaxson, "Today the City has an official named the Remembrancer, the world's oldest institutional lobbyist, who is the only non-parliamentary person working in the parliamentary chamber. Currently a man named Paul Double, the Remembrancer is charged 'with maintaining and enhancing the City's status and ensuring that its established rights are safeguarded,' and he monitors, and lobbies on, anything in parliament that might touch on the City's rights." The Remembrancer reviews legislation in the drafting stage. The office was created in 1571. "In its early years it was closely allied to the Monarch and the Court, and this is reflected in some of its functions today which include liaison between the City and the Royal Households."

A main preoccupation at present is to ensure that Britain remains in the European Union, which is largely a City creation. For decades the City of London has intrigued and paid lavishly for dissolving the sovereignty of Europe's nations, in order to open them up to "offshore" looting. A central purpose now is to ensure the continued expansion of uncontrolled hyper-speculative investments such as derivatives, including throughout the EU. Mark Boleat, chairman of the City Corporation's Policy and Resources Committee, stated in a 15 Sept. 2015 speech titled "London's role in implementing European capital markets union", "The short-term priorities for the EU in this area are already generally accepted. The first one is to revive the securitisation markets in Europe. Securitisation is critical to the success of non-bank alternative finance [also known as shadow banks –ed.], mainly by freeing up the bank's balance sheets. The efforts of the ECB, the Bank of England and others to revive securitisation markets are very welcome."

Its public relations front, TheCityUK, describes itself as a "Government/private council", reflecting the corporatist policy at the heart of all UK governments since Thatcher. The background of Rachel Lomax, a director of TheCityUK and head of its International Regulatory Strategy Group, is indicative. She is presently a senior director of the world's largest bank, HSBC, a pillar of the Crown/City of London dope empire since the 19th century. Prior jobs included deputy governor for monetary stability at the Bank of England and vice president and chief of staff to the president of the World Bank. Lomax was principal private secretary to Thatcher's Chancellor of the Exchequer Nigel Lawson, at the time of the Big Bang financial deregulation in 1986. She left her BoE post in 2008 for HSBC, just prior to the

of this global apparatus was Friedrich von Hayek, sometime advisor to Chilean fascist Gen. Augusto Pinochet, and a chief propagandist for the pro-feudalist, pro-empire and anti-nation state “Austrian School” of economics. The day von Hayek was made a Companion of Honour by the Queen for his work, one of only 60 people worldwide accorded that status, he proclaimed to be “the proudest day of my life”.

Behind the free-market veneer of the ideology promoted by these think tanks lies an even uglier reality: eugenics. The IEA’s long-time leader Sir Ralph Harris was a fellow of the British Eugenics Society, and his two protégés who were in charge of the CPS, Sir Keith Joseph and Alfred Sherman, were fanatical eugenicists as well. Harris even observed in a PBS interview that Sherman, top policy designer for CPS, constantly wanted to “bring in issues like immigration or eugenics.”¹⁷

In all his policy proposals, Sir Keith Joseph was actually speaking on behalf of the City of London Corporation, for which his father had been Lord Mayor, and which he himself had served as an alderman. In the 1970s, Sir Keith had been slated to be the next head of the Conservative Party—and therefore Britain’s prime minister—upon the success of the IEA/CPS “free market” coup in the Tories in 1975, in which CPS official Margaret Thatcher was a leading figure. But Joseph delivered such an overtly pro-eugenics speech in Birmingham on 19 October 1974, that the resulting uproar forced him to step aside in favour of Thatcher.¹⁸ She, for her part, famously said of Sir Keith, “I could not have become leader of the opposition, or achieved what I did as prime minister, without Keith.” The eugenics scandal notwithstanding, the Queen in 1986 made Joseph a Companion of Honour, just like his idol von Hayek.

Lord Harris observed about Thatcher, “We weren’t Thatcherites, she was an IEA-ite”. The policy of “austerity”, by which the Crown and the City of London ripped up the post-war settlement of a regulated economy devoted to the common good, to which both Labour and the Conservatives had subscribed from the time of Attlee’s “Old Labour” government in 1945 until the IEA/CPS coup in the Tories in 1975, is at root a policy of eugenics, of mass murder, as the bail-in regime makes clear. With the advent of Tony Blair and New Labour, the City of London took over the Labour Party as well, a reality summarised in a 10 May 1999 *New Statesman* article about Sir Keith Joseph.¹⁹

collapse of Lehman Brothers. Her replacement as deputy governor was Sir Paul Tucker of bail-in policy fame.

17. [Interview of Lord Ralph Harris](#), US Public Broadcasting Service “Commanding Heights” program, 17 July 2000

18. Though Joseph’s speech was largely written by his fellow eugenics advocate Alfred Sherman, the most outrageous phrases were inserted by Sir Keith himself. These included the statement that “our human stock is threatened”—the title under which the transcript remains posted at www.margaretthatcher.org to this day. Joseph continued: “... a high and rising proportion of children are being born to mothers least fitted to bring children into the world and bring them up. ... Some are of low intelligence, most of low educational attainment. ... They are producing problem children, the future unmarried mothers, delinquents, denizens of our borstals, sub-normal educational establishments, prisons, hostels for drifters. ... A high proportion of these births are a tragedy for the mother, the child and for us.”

19. Charles Leadbeater, “New Labour’s secret godfather”, *The New Statesman*, 10 May 1999. Speaking of Joseph, the article began, “He was Margaret Thatcher’s Mad Monk, the high priest of the free market, the first true believer who converted the future prime minister to radical right-wing ideas. ... It is uncanny how many of the themes of the new Labour government were prefigured in his speeches and pamphlets (which are still available from the Centre for Policy Studies). ... What new Labour ingested

Quite lawfully, given its City of London backing, the CPS provided many crucial figures of the Thatcher regime. They—some of the very same individuals—also form the backbone of the David Cameron government’s apparatus, which has, among other horrors, rammed through bail-in and designed the viciously anti-union Trade Union Bill 2015-16, passed by the House of Commons. Besides its draconian restrictions on union activity, this legislation aims to strip the Labour Party of much of its funding, which comes from the unions.

So many members of the City of London’s CPS mafia, representing the highest levels of the blood aristocracy and financial oligarchy in the UK, hold key posts in or otherwise influence the Cameron government, that the think tank’s “studies”—like the one on abolishing all deposit insurance—are certainly slated to become policy. Here are some past and present leading lights of the board and advisory council of the Centre for Policy Studies.

- CPS Chairman **Lord Maurice Saatchi**, campaign director for Thatcher in 1979 and Cameron in 2010, presently advises Australian PM and former Goldman Sachs executive Malcolm Turnbull.
- CPS Deputy Chairman **Tessa Keswick**, who assumed that post in 2004 after having been executive director of the CPS since 1995, is the daughter of a top Scottish aristocrat, Simon Fraser, 15th Lord Lovat, and the wife of Henry Keswick, one of Britain’s richest men and chairman of Jardine Matheson Holdings, historically a kingpin of the British Far East opium trade. When Keswick was brought in under the sponsorship of then-CPS chair Lord Griffiths of Fforestfach, who had headed Thatcher’s Policy Unit, she was intended as “the intellectual heir to Sir Keith Joseph”, as *The Independent* put it on 10 September 1995. Keswick’s backers, the paper said, “want the CPS, Baroness Thatcher’s ideological offspring, to regain its leading and guiding role in the development of Conservative political thinking.”
- **Lord George Bridges** of Headley was formerly chairman of the Conservative Party Research Department, and the party’s campaign director in 2006-07. From 2010 to 2013, he headed Quiller Consultants, PR firm for the City of London Corporation. Since 2015 he has been Parliamentary Secretary for the Cabinet Office, who according to his official job description (www.gov.uk) “supports the Chancellor of the Duchy of Lancaster in ensuring that the government delivers its policy agenda.” His first cousin Mark Thomas Bridges is Private Solicitor to Queen Elizabeth, to her Duchy of Lancaster, and to the Queen’s daughter Anne, the Princess Royal.
- **Oliver Letwin**, secretary of the Cabinet Office for Prime Minister David Cameron, is frequently called Cameron’s “chief policy advisor”. He is also the current Chancellor of the Duchy of Lancaster.²⁰ Letwin’s mother was Shirley Letwin, a former student of von Hayek at the University of Chicago who helped establish the CPS when “Keith Joseph, Milton Friedman and other right-wing

from Joseph above all ... was the recognition that the postwar consensus, and everything that went with it, was gone for ever.”

20. The Duchy of Lancaster is a major private estate of the Queen, which is formally administered by government officials such as the ones cited here.

thinkers and politicians came to dinner at the Letwin residence in London.”²¹ A member of Thatcher’s Policy Unit in 1983-86, her son Oliver has advocated the CPS for decades within the Conservative Party (presently as chairman of the Conservative Research Department), and now in Cameron’s government. He co-authored the 1988 CPS paper “Britain’s Biggest Enterprise—ideas for radical reform of the NHS [National Health Service]” with John Redwood (see below), and the same year wrote *Privatising the World: A Study of International Privatisation in Theory and Practice* (London: Cassell, 1988).

- **Andrew Knight**, chairman of J. Rothschild Capital Management, is also a director and former chairman of Rupert Murdoch’s News Corporation.
- **Richard Sharp**, a 23-year veteran of Goldman Sachs, is a derivatives specialist worth £100 million. Despite a scandal over a conflict of interest, he was appointed in 2013 a member of the Bank of England’s Financial Policy Committee, its most senior regulatory committee. Prior to this appointment he chaired the Huntsworth lobbying and PR firm, whose subsidiary Quiller Consultants had handled promotional work for the City of London Corporation.
- **Michael Fallon**, MP, is Secretary of State for Defence.
- **Lord Flight**, who worked in the City of London first at N M Rothschild & Sons and then at HSBC, was the Conservative Party’s deputy chairman and special envoy to the City of London in 2004-05.
- **Lord Griffiths of Fforestfach**, currently vice-chairman of Goldman Sachs International, was a director of the Bank of England for two years in the 1980s, went on to head Thatcher’s Policy Unit in 1985-90, and chaired the CPS in 1991-2001.
- **Lord Powell of Bayswater**, private secretary to Margaret Thatcher and to her successor as Tory leader and PM, John Major. Under Thatcher he played a decisive role in setting up the largest arms deal in history, the infamous al-Yamamah deal used to fund the rise of al-Qaeda and ISIS.²²
- **John Redwood**, MP, pioneered the Tory privatisation policy “in the 1970s, from around the Centre for Policy Studies dinner table”, according to the CPS

21. Andy Beckett, “More Mr Niceguy”, *The Guardian*, 6 Oct. 2003. Both Letwin’s parents were Mont Pelerin Society members. Shirley’s weekly salon was frequented by MPS founders Friedrich von Hayek and Milton Friedman. The young Letwin became an advisor to his parents’ friend and CPS co-founder Sir Keith Joseph. From 1983 to 1986, Letwin was a member of Thatcher’s all-important No. 10 Policy Unit, which had as a priority the mass privatisation of the UK’s publicly-owned facilities and companies. He was understudy to No. 10 Policy Unit head John Redwood, and, “In due course, he followed Redwood to the merchant bank N M Rothschild & Sons, succeeding him as head of the International Privatisation Unit” (Peter Borne, “Let Win Intellectual”, *The Spectator*, 24 Nov. 2001). The Policy Unit’s “informal” advisor on privatisation was N M Rothschild head Sir Michael Richardson, who had begun his career as a protégé of Crown financier Harley Drayton; Rothschild’s—where Thatcher lunched on the day in 1975 when she was elected Conservative Party leader—made a fortune on the policies Richardson, Redwood and Letwin championed.

Following the inner-city riots in Tottenham and Handsworth in 1985, three of Thatcher’s Cabinet ministers argued for assistance schemes for black unemployed youth. In the spirit of his eugenicist mentor Keith Joseph, Letwin in a confidential memo successfully opposed that proposal on grounds that such assistance would only wind up in the “disco and drug trade”. When the memo was released from the National Archives in December 2015, the uproar forced him to apologise “unreservedly”.

22. “Al-Yamamah: Funding Terrorism”, *EIR*, 16 Aug. 2013.

website. Employed by N M Rothschild & Sons from 1977 until the present, he headed Thatcher's No. 10 Policy Unit in 1983-85, following which he chaired Rothschild's International Privatisation Unit.

- **Graham Brady**, MP, chairman of the Conservative Party's powerful 1922 Committee.

The Royal policy of eugenics

The Queen attended Margaret Thatcher's funeral in 2013, the only occasion since her coronation in 1952 upon which she has attended the funeral of a non-Royal or non-relative, excepting the funeral of Winston Churchill. Whatever minor personal spats Elizabeth may have had with Thatcher, the Iron Lady's brutal policies were Royal ones as well, in particular *eugenics*, which has been the guiding policy of the Crown ever since Edward VII knighted Sir Francis Galton, founder of the "science of eugenics", in 1909.

The Royal family's personal physicians served as top officials of the British Eugenics Society, the activities of which predated by some decades those of Hitler and his Nazis, for whom they otherwise had clear sympathy, not merely through the notorious Edward VIII, but through Elizabeth's own father King George VI as well, not to mention Prince Philip's own intimate family relations with top Nazi officials.²³

After the Second World War, when the revelation of Nazi concentration camp policies had "discredited" the overt advocacy of eugenics, the policy was repackaged under different labels, such as "world overpopulation". Writing in 1945 as chairman of UNESCO, co-founder—with Prince Philip—of the World Wildlife Fund and President of the British Eugenics Society Sir Julian Huxley lamented that Hitler's eugenics-centred policy of mass genocide had momentarily discredited eugenics in its own name. The policy must continue, he argued, albeit under other guises: "Thus even though it is quite true that any radical eugenic policy will be for many years politically and psychologically impossible, it will be important for UNESCO to see that ... the public mind is informed of the issues at stake so that much that is now unthinkable may at least become thinkable." In her Christmas Broadcast of 1964, the Queen herself declared "overpopulation" to be the world's single greatest problem, while Prince Philip has expressed his desire to be reincarnated "as a deadly virus in order to contribute something to solve overpopulation", as he put it to the German Press Agency in 1988.²⁴ Can anyone really believe that this man who has personally slaughtered untold members of endangered species, actually intended to "save the world's wildlife"?²⁵

23. "The British Royal Nazis: It wasn't just Edward VIII, or even Prince Philip!", CEC Media Release, 4 Aug. 2015.

24. "The British Crown Created Green Fascism", *The New Citizen*, Oct./Nov./Dec. 2011, is a CEC special report including a detailed history of the relations of Huxley and his fellow eugenics fanatic Privy Council Secretary Max Nicholson, with the Crown.

25. *The True Story behind the Fall of the House of Windsor*, *EIR Special Report*, 1997, documents the murderous nature of Prince Philip and his WWF, including through such crimes as their sponsorship of the mass slaughter of game in Africa, the use of private mercenary armies to incite "divide-and-conquer" wars within and among African nations, and locking up huge swathes of the continent's raw materials in supranationally administered "game parks". The report also chronicles the vast "corporate SS" that funds the WWF (now headed by Prince Charles in the UK), including leading banks,

Whether they are sold through calls for ever greater “austerity” and “free market reforms”, or under the rubric of ultra-radical “green” policies, the result of reconfigured eugenics policies is the same—destruction of the agro-industrial base upon which the survival of the world’s population depends. Elimination of the “lower classes”, whether at home or throughout the Empire, has been British oligarchical policy, from at least the time when PM William Pitt the Younger commissioned Parson Thomas Malthus to write a tract to justify eliminating the already grossly inadequate “Poor Laws”, with predictably murderous results.²⁶

Where does Queen Elizabeth stand on bail-in?

It is important to ask this question, because, contrary to the nonsense peddled by self-deluded suckers that “the Queen is above politics and acts only on the advice of her ministers”, in fact the Crown and its Privy Council sit at the centre of all UK and Commonwealth politics, and Her Majesty intervenes whenever and wherever she feels she has to, a reality of which Australians have had bitter experience. When Prime Minister Gough Whitlam and his “Old Labor” party came to power in 1972, it was with the openly stated intention to “buy back the farm”, to regain control over Australia and its vast resources from the London-centred mining cartel typified by Rio Tinto (in which the Queen herself was the largest single private shareholder), in order to develop the continent through great projects in manufacturing, agriculture and infrastructure. Terrified at the prospect of an actually sovereign Australia, Queen Elizabeth acted from behind the mask of her Governor-General Sir John Kerr, and in conjunction with Prince Charles *personally directed every step of the process leading to the sacking of Whitlam in 1975.*²⁷

corporations and wealthy individuals—a virtual “Who’s Who” of the global financial oligarchy centred on the British Crown.

26. In his *Essay on the Principle of Population* (1798, with subsequent expanded editions), Malthus defined an imperial economic system that required mass population reduction: “All the children born beyond what would be required to keep up the population to this level, must necessarily perish, unless room be made for them by the deaths of grown persons. ... therefore, we should facilitate, instead of foolishly and vainly endeavouring to impede, the operations of nature in producing this mortality; and if we dread the too frequent visitation of the horrid form of famine, we should sedulously encourage the other forms of destruction, which we compel nature to use. ... But above all, we should reprobate specific remedies for ravaging diseases, and those benevolent, but much mistaken men, who have thought they were doing a service to mankind by projecting schemes for the total extirpation of particular disorders.”

The British East India Company (BEIC), which was the core of the British Empire, founded Haileybury College in 1805 to train its officials, and installed Malthus there as the world’s first lecturer in political economy. For several decades he indoctrinated the BEIC’s imperial administrators in the policies and rationale for mass genocide, which are still the essence of British imperial policy today. Implemented most notably in Ireland and India, they resulted in the deaths of tens of millions of people. Malthus’s ideas are cited today by Prince Philip and his toadies as the “scientific” rationale for the Royal family’s agenda of reducing the world’s population to less than one billion people, including through the global green movement. Hitler credited Malthus as the source of his own mass murderous policies of “race science”.

Ann Lawler (CEC national chairman), “[The Humbuggery of Charles Darwin](#)”, *The New Citizen*, Oct./Nov. 2011, contains an exposition and refutation of the theories of Malthus, including as they were popularised by the quack scientist-cum-eugenicist Charles Darwin.

27. “[40th anniversary of the ‘Dismissal’: Prince Charles helped his mum overrule democracy and sack Whitlam](#)”, CEC Media Release, 11 Nov. 2015. It is also not unknown in the UK itself, to speak

A more recent example of the Crown's intervention into politics came on the eve of Scotland's independence referendum of September 2014. As reported by Lord Ashcroft in his recent book *Call Me Dave* (London: Biteback Publishing, 2015), the Queen was "deeply troubled" by the prospect of Scottish independence. "Inside Whitehall", Ashcroft wrote, "there were discussions on whether she could somehow speak out against Scottish independence while remaining within the constitutional boundaries of neutrality. Under a cloak of secrecy, the Cabinet secretary, Sir Jeremy Heywood, and the Queen's private secretary, Sir Christopher Geidt, held talks to work out how she might express her concerns in a suitably coded way. The result was a remark overheard after a Sunday service in Crathie Kirk, the small church that the Royals attend when staying at Balmoral. 'I hope people will think very carefully about the future', the Queen was reported to have said—to the delight of the No camp. The carefully chosen words were no accident. Her supposedly off-the-cuff remark was a deliberate intervention—and it left no one in any doubt about which side she was on."

Elizabeth and Charles have also repeatedly intervened in legislation on a variety of matters, as reported in a 15 January 2013 article in the *Guardian* about the Freedom of Information request filed by legal scholar John Kirkhope. "There has been an implication that these prerogative powers are quaint and sweet, but actually there is real influence and real power, albeit unaccountable", is how Kirkhope summed up the revelations wrung from the Royals.²⁸

openly about the Crown's political interventions: in the months before his sudden resignation the year after Whitlam was sacked in Australia, British PM Harold Wilson charged that the Crown and Lord Mountbatten were out to overthrow him.

Before their respective deaths in 2003 and 2008, the CEC had collaborated closely with Whitlam's Treasurer Jim Cairns and his Labour minister Clyde Cameron, and knew the whole story from the inside. On seemingly the opposite side of the political spectrum, the CEC also collaborated closely with former Liberal Prime Minister Malcolm Fraser for several years preceding his death in March 2015. These senior figures, whether "conservative" or "labor", reflected the nation-building aspirations of the "post-war settlement". Whitlam and his government were the last gasp of "Old Labor" in Australia, which had always been locked in the mortal struggle with the Crown/City-centred "Money Power", as long-time Labor MP Frank Anstey, mentor of PM John Curtin, described it in his 1921 book, *The Money Power*: "London is, so far, the web centre of international finance. In London are assembled the actual chiefs or the representatives of the great financial houses of the world." To Anstey, this Money Power was something more than "capitalism"; it was "the financial oligarchy". From his own experience as Britain's Chancellor of the Exchequer (later Prime Minister) beginning in 1852, William Gladstone explained the ruling principle long earlier: "The hinge of the whole situation was this: the government itself was not to be a substantive power in matters of finance, but was to leave the Money Power supreme and unquestioned." Their great accomplishments notwithstanding, Attlee and his Chancellor of the Exchequer Hugh Dalton likewise expressed their belief that it was impossible to defeat the Money Power. Dalton, who had even managed to nationalise the Bank of England, wrote in his memoirs, "The forces against me, in the City and elsewhere, were very powerful and determined ... I felt I could not count on a good chance of victory. I was not well armed. So I retreated." (Cited in Ann Pettifor, *The Coming First World Debt Crisis*, Palgrave Macmillan, 2006.)

28. The same article reported, "The extent of the Queen and Prince Charles's secretive power of veto over new laws has been exposed after Downing Street lost its battle to keep information about its application secret. Whitehall papers prepared by Cabinet Office lawyers show that overall at least 39 bills have been subject to the most senior royals' little-known power to consent to or block new laws. They also reveal the power has been used to torpedo proposed legislation relating to decisions about the country going to war. The internal Whitehall pamphlet was only released following a court order and shows ministers and civil servants are obliged to consult the Queen and Prince Charles in greater detail

Particularly sensitive to the Crown are any matters affecting the multibillion-pound holdings of the Queen and Prince Charles, the Duchies of Lancaster and Cornwall, respectively, which are major financial powers in their own right. The councils responsible for oversight of these duchies are packed with City magnates, making them an important interface between the Crown and the City.

A case in point was the 2008 bailout of the City's TBTF banks. In their 19 October 2008 classic account of how PM Gordon Brown arranged the matter, "Britain's £500bn banking bail-out: The inside story of a dramatic week", the *Telegraph's* Louise Armitstead and Philip Aldrick reported that the plan was hatched in the London offices of that old lynchpin of the Empire, Standard Chartered Bank, one weekend in October. The person chosen to run the bailout, pouring untold billions into the banks, was Credit Suisse's London head, James Leigh-Pemberton. The son of 1983-93 Bank of England Governor Sir Robin Leigh-Pemberton, James had been a personal protégé of the leading London financier of the post-war period, Sir Siegmund Warburg, inventor of the Eurodollar market and of hostile corporate takeovers, as well as an architect of the EU and the simultaneous rise of the City of London as a virtually lawless, "offshore" world banking power.²⁹ Many of those present had also been associated with S.G. Warburg, such as Brown's long-time aide and top financial adviser Baroness Shriti Vadera, but bail-out chief James Leigh-Pemberton wore another hat as well—that of Receiver-General for Prince Charles's Duchy of Cornwall. This post reflected the Leigh-Pembertons' intimate relation to the Crown, dating back to the mid-19th century when a family member served as the chief legal gun for the Duchy. Often referred to as "Prince Charles's financial adviser", James by his own account is one of the big movers behind the plan for an "ultimate convergence of the US and EU capital markets", which is now happening under the BoE/BIS fascist international regulatory apparatus, currently focussed on bail-in.

The Australian Prudential Regulation Authority, identified above for its dictatorial control over the bail-in process in Australia, is an unelected, secretive body established in 1998 as a de facto subsidiary of the Bank of England's Prudential Regulation Authority and the BIS. Its officials are appointed by the Crown through the governor-general of Australia. APRA boss Wayne Byres is the former chairman of the BIS's Basel Committee on Banking Supervision, which specified in the bland, technocratic jargon of its September 2012 "Core Principles for Effective Banking Supervision", that there must be "no government or industry interference that compromises the operational independence of the supervisor."

and over more areas of legislation than was previously understood. The new laws that were required to receive the seal of approval from the Queen or Prince Charles cover issues from higher education and paternity pay to identity cards and child maintenance. In one instance the Queen completely vetoed the Military Actions Against Iraq Bill in 1999, a private member's bill that sought to transfer the power to authorise military strikes against Iraq from the monarch to parliament. ... Charles has been asked to consent to 20 pieces of legislation and this power of veto has been described by constitutional lawyers as a royal 'nuclear deterrent' that may help explain why ministers appear to pay close attention to the views of senior royals."

29. The City of London played a decisive role in the creation and rise of the EU to its present imperial status, a reality reflected in the City of London Corporation's decision to pour money into the "yes" campaign for Britain to remain in European Union now.

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.³⁰

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 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;³¹ 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

30. Richard Freeman, “How Roosevelt’s RFC Revived Economic Growth, 1933-45”, *EIR*, 17 Mar. 2006.

31. *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”, of which the full text is [here](#).

revive the actual physical economy; and 4) join the BRICS nations to create a new, just world economic order.³²

What you can do:

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.

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.

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!

32. The proceedings of the March 2015 CEC International Conference “The World Land-Bridge: Peace on Earth, Good Will towards All Men”, set forth the BRICS process and the potential for other nations to cooperate with it.