

# 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](http://www.cecaust.com.au) Email: [cec@cecaust.com.au](mailto: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

16<sup>th</sup> of December 2013

## Reserve Bank chief endorses 'bail-in', expects it in Hockey's financial system inquiry

Reserve Bank of Australia Governor Glenn Stevens endorsed the "bail-in" policy of propping up TBTF (too-big-to-fail) banks, in an interview published in the 13 December *Australian Financial Review*.

Stevens raised bail-in, when questioned on whether Joe Hockey's announced financial system inquiry should address the problem of TBTF banks.

The RBA governor said, "I think on 'too big to fail', as you know, there are—there are international efforts to try to at least go some way to lessening this problem by making sure that the really systemic entities globally, and even domestically, hold more capital, so that lowers the probability of failure."

(Australia's own TBTF banks—the Big Four—have no hope of meeting the new international standards for minimum capital, which is why his RBA is creating a \$380 billion bail-out fund called the Committed Liquidity Facility to be proxy capital for the banks.)

He continued, "The international push is also going towards so-called 'bailing-in', so that sources, effectively equity finance, become available in a particular set of circumstances that—the hope there is that that prevents the public purse having to be used to recap institutions *that can't be allowed to fail*. So that's all good. I presume that the inquiry will take account of all those things." [Emphasis added.]

(Stevens' technical-speak is disingenuous: bail-in is a threat to much more than "equity finance"; as demonstrated when bail-in was applied to Cyprus in March 2013, it involves seizing the savings deposits of ordinary people, among the other so-called "unsecured creditors".)

Stevens then expressed uncertainty that even the extreme measure of bailing-in will be sufficient to fully solve the systemic threat from TBTF banks.

### What Stevens didn't say

Stevens is a member of the Financial Stability Board (FSB) based at the "central bank of central banks", the Bank for International Settlements, in Switzerland. The FSB is responsible to the G20 for putting in place bail-in powers in every G20 member nation, by the time of the November 2014 G20 Summit in Brisbane. His endorsement of bail-in gives the lie to the political denials of bail-in from Treasurer Joe Hockey.

Stevens did not mention that there is a far better way to deal with TBTF banks: Glass-Steagall—split them up into smaller institutions, so that they are no longer TBTF. This should be the subject of Hockey's financial system inquiry. Australia's Big Four banking conglomerates should be split up, so that banks that hold deposits are separated from investment banks that speculate and gamble in derivatives. The two types of banking should not have anything to do with each other—no cross-ownership, no shared management, and no cross-penetration of funds. The separation will protect deposits from risky financial activity. Investment banks will have to wear their own losses—no bail-outs or bail-ins.

The Citizens Electoral Council has published template legislation for Glass-Steagall in its new pamphlet, *Australia Needs Glass-Steagall*. The CEC is leading a nationwide campaign to force the federal Parliament to legislate for a Glass-Steagall banking separation, instead of bail-in, as soon as possible in 2014, before the next phase of the global financial crisis hits. To support the campaign, join the CEC.

### ORDER FREE NC

For a free copy of the pamphlet **Glass-Steagall for Australia** and the CEC's *New Citizen* which contains the definitive proof that bail-in is coming to Australia.

Vol 7 No 10 Aug/Sep/Oct 2013 **New Citizen** "Bail-in"—the British Crown's Plot for Global Genocide, call toll-free 1800 636 432, or send this coupon to:

CEC, PO Box 376, Coburg, Victoria, 3058

and please leave ALL your details.



Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

JOIN OUR EMAIL LIST AT [www.cecaust.com.au](http://www.cecaust.com.au)

# 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](http://www.cecaust.com.au) Email: [cec@cecaust.com.au](mailto: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

10<sup>th</sup> of December 2013

## 'Glass-Steagall' amendment narrowly defeated in U.K. Parliament; What are Australian MPs doing?

A long debate on Glass-Steagall in the U.K.'s House of Lords November 26-27 saw David Cameron's government battling on behalf of City of London banks, to avoid the prospect that a full Glass-Steagall bank separation could be set up as the near-term successor to Britain's so-called "ring-fencing" bank policy.

The Cameron government and its supporters fought efforts by Labour and Conservative Lords to amend legislation so that if the faux-separation option of "electrified ring-fencing" is found to not work, i.e. if a review finds that it isn't stopping speculation with bank deposits or "too-big-to-fail" banking, then the British banks should move to a "full Glass-Steagall separation", in which commercial banks with deposits will be split off entirely from the risky investment banking sector.

Supporters of Andrew Tyrie, the pro-Glass-Steagall chairman of the House of Commons Treasury Committee, argued for a full Glass-Steagall separation; they included Lord Barnett, Lord Eatwell, Baroness Cohen of Pimlico, Lord Nigel Lawson, Lord Hamilton of Epsom, and the Archbishop of Canterbury.

Lord Hamilton demanded a full separation, because, he said, "I know that many people in the City today are, as we speak, working on ways to get round the ring-fence and to make sure that money held in clearing [commercial] banks can be used in investment banks."

A U.K. Treasury official admitted the singular significance of Glass-Steagall. Defeating the Glass-Steagall amendment by only nine votes, 226-217, the government demanded that such a Glass-Steagall separation could not be embedded as a "reserve power" in the Financial Services Bill being enacted, but would require completely new legislation. "Glass-Steagall is not a supplement to ring-fencing, it is a separate alternative which would replace it; *it is a game-changer*," insisted Treasury Commercial Secretary Lord Deighton in the debate. [emphasis added] To defeat the amendment, the government gave

some ground by agreeing to a review of ring-fencing in three years.

CEC Leader Craig Isherwood welcomed the support for Glass-Steagall in the U.K. and asked: "Who is going to stand up in our Parliament and start moving for Glass-Steagall to be enacted in Australia?"

"Our banks are not fundamentally sound. The CEC has asked the question whether the banks' profits are actually real, given they hold \$23 trillion in derivatives obligations. The Treasury and APRA are working on bail-in legislation, to seize the deposits of the Australian people, under orders from the Bank for International Settlements and the G20's Financial Stability Board. They intend to steal the deposits of ordinary people, to prop up the derivatives gambling of banks that are 'too-big-to-fail'. Glass-Steagall is the answer: it protects deposits and cancels the derivatives holdings.

"Over 450 Australian community leaders endorsed a call to the Australian Parliament to enact Glass-Steagall, published in *The Australian* on 3 December<sup>2</sup>. It's time for the Parliament to act. The Australian people need to ask their representatives in the House and Senate 'what are you doing about this? You should initiate a bill for Glass-Steagall for Australia'.

"The CEC has the template for Glass-Steagall legislation in our new pamphlet, *Australia needs Glass-Steagall*. I urge all Australians to contact us, get the necessary background material to arm yourself with, and call your House and Senate representatives for a meeting."

### Footnotes:

- 1) [http://cecaust.com.au/main.asp?id=free\\_GS-NB-pmpts.html](http://cecaust.com.au/main.asp?id=free_GS-NB-pmpts.html)
- 2) [http://cecaust.com.au/releases/2013\\_11\\_13\\_Bank\\_Profits.html](http://cecaust.com.au/releases/2013_11_13_Bank_Profits.html)
- 3) <http://cecaust.com.au/main.asp?id=bail-in-ad.html>

### Call your federal representatives from the Federal Parliament.:

- [http://www.aph.gov.au/Senators\\_and\\_Members/Parliamentarian\\_Search\\_Results?q=](http://www.aph.gov.au/Senators_and_Members/Parliamentarian_Search_Results?q=)

### Call state MPs from your state or territory's Parliament:

- VIC: <http://www.parliament.vic.gov.au/members>
- NSW: <http://www.parliament.nsw.gov.au/prod/parlment/members.nsf/V3Home>
- QLD: <http://www.parliament.qld.gov.au/members/current/list>
- TAS: <http://www.parliament.tas.gov.au/>
- ACT: <http://www.parliament.act.gov.au/members/find-your-members>
- SA: <http://www.parliament.sa.gov.au/Members/Pages/List%20of%20All%20Members.aspx>
- WA: <http://www.parliament.wa.gov.au/parliament/memblist.nsf/WAllMembers>
- NT: <http://notes.nt.gov.au/lant/members/Members1.nsf/Members/By%20Name?OpenView>