



Morrison is banning cash so Australians can't escape bail-in, negative interest rates

The fight against “bail-in” is on! The Morrison government has released for consultation a new law that bans cash transactions over \$10,000. The pretext for this law is to crack down on money laundering and tax evasion in the “black economy”. This is a shameless lie! The formal recommendation to ban cash comes from “big four” global accounting firm KPMG, which is an accomplice of the world's biggest money launderers and tax evaders. The real purpose for the cash ban is to trap Australians in the banking system, so they cannot escape negative interest rates or having their bank deposits “bailed in”.

Scott Morrison first announced this measure in the 2018 budget, originally to come into force this month, but now scheduled for January 2020. It was recommended in the October 2017 Black Economy Taskforce Report by Michael Andrew AO (who died last month), a former chief of global accounting giant KPMG. The report revealed that the strategy is to: “*Move people and businesses out of cash and into the banking system, which makes economic activity more visible, auditable and efficient.*” (Emphasis added.) It gives the game away by noting that it may benefit “financial stability and the effectiveness of monetary policy”—code for policies like bail-in and negative interest rates. To achieve this it recommended: “Moving to a near cash free economy. A \$10,000 economy-wide cash limit should be introduced.” But \$10,000 is just the beginning: in June 2018, just after Morrison announced it, KPMG was already lobbying Treasury to lower the limit to \$5,000 or even \$2,000.

Deception and stealth

When Morrison released the exposure draft of his bail-in law in 2017, he did so on a Friday afternoon when there would be no media attention. Only a sharp-eyed CEC staffer spotted it and recognised it as bail-in, enabling the CEC to mobilise a massive nationwide campaign against it which continues to this day. The government is being equally sneaky with this law. Treasurer Josh Frydenberg quietly released the exposure draft of the legislation, called the Currency (Restrictions on the Use of Cash) Bill 2019, last Friday afternoon, 26 July, and has allowed only two weeks for public comment.

The exposure draft of the bill has two notable features:

1. It bans *ALL* cash transactions over \$10,000, enforced with a penalty of two years jail;
2. Division 2 is blank, containing only the words “To be inserted”.

What is the government hiding by releasing an incomplete draft, on a Friday afternoon, and allowing only two weeks for public consultation?

The deception doesn't end there. In its explanation of the law, the government has sought to make it palatable by emphasising that there will be exemptions to the cash ban, including depositing and withdrawing cash in banks, and, curiously, *most* consumer-to-consumer transactions, such as for a second-hand car. However, *the exemptions are not in the legislation*. They are in a separate regulatory instrument to be issued by the Minister after the legislation is passed. This means that they are not permanent, but that in the future, the Minister will be able to scrap the exemptions without requiring new legislation. This is the “salami tactic”: first pass the law in a form that is politically palatable, and then slice off key changes. In a bail-in scenario, for instance, under the current regulation people fearing bail-in may withdraw all of their money from the bank, but the Minister will be able to issue a new regulation that suddenly stops people from withdrawing more than \$10,000.

Not about money laundering

This law is emphatically *not* about controlling money laundering and the black economy. The vast majority of money laundering and tax evasion is done by banks and corporations, not individuals. And who helps banks and corporations do it? The big four global accounting firms, including KPMG, whose boss Michael Andrew recommended this cash ban! The big four literally write the tax laws that enable corporations to evade tax, and dominate the offshore tax havens like the Cayman Islands that exist for tax evasion and money laundering. When Michael Andrew was the global boss of KPMG—the only Australian ever to lead the worldwide operations of a big four firm—two of KPMG's biggest clients, British banks HSBC and Standard Chartered, were caught in 2012 by US authorities in massive money laundering operations. In other words, KPMG assisted its clients to launder

money, but is using money laundering as the excuse to take away the rights of Australians to use cash!

The real reason: bail-in and negative interest rates

Money laundering and tax evasion are nothing new, that they would suddenly require this “solution”. What is new is the plunge in the public’s confidence in the banks, especially since the global financial crisis. But instead of properly reforming the banks to restore the public’s confidence, through policies such as Glass-Steagall, which separates normal banking from the financial gambling that causes crises, authorities around the world have resorted to insane and in fact criminal measures that further destroy confidence in the banks.

The two most egregious measures are the criminal bail-in policy and the insane move to negative interest rates; bail-in steals deposits to prop up failing banks, while negative interest rates force customers to pay to keep their money in the bank. Both are coming to Australia. Morrison snuck his bail-in law through the Senate in February 2018

with only eight senators present in the chamber and no recorded vote. The Reserve Bank of Australia has aggressively slashed interest rates to 1 per cent, and in the banking crisis that is brewing right now they will feel compelled to follow countries like Japan and Switzerland down past zero and into negative territory, as the International Monetary Fund is recommending.

Both bail-in and negative interest rates destroy confidence in the security of bank deposits, which motivates people to take their money out of the bank and hold it in cash. This is the experience in Japan and Europe. So like some European countries, Australia is banning cash to force people to use the banking system so they cannot escape these policies, under threat of two years jail.

Fascism is the use of state power to benefit private corporations; by definition, this is a fascist assault on the freedom of Australians to use cash and not private banks. The CEC is calling on all concerned Australians to demand the government scrap this law and reform the banking system instead!

What you can do

The government has allowed only two weeks for submissions, in order to avoid scrutiny. Don’t let them get away with it! We have until 12 August to swamp Treasury with letters and emails, demanding they drop this law. Write an email or letter today to the Treasury: state your objection to any law that removes your right to use cash, and demand the government restore confidence in the banking system by properly reforming the system, not by trapping people in the system so they can’t escape policies like bail-in.

Email: blackeconomy@treasury.gov.au with the subject line: Submission: Exposure Draft—Currency (Restrictions on the Use of Cash) Bill 2019

Address written submissions to:
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