

## Save People and Nations, Not Megabanks

## Defeat Crown's Killer 'Bail-in'

26 April—This *New Citizen* exposes the brutal new City of London- and Wall Street-dictated policy of "bail-in", now in force throughout Western economies: the confiscation of personal bank accounts and superannuation, to bail out megabanks like Australia's "Big Four". Bail-in is but a harbinger of still more evil policies. If we defeat it, then we have an excellent chance of defeating those as well.

Consider this. If you were a leader of the Crown/City of London-centred Anglo-American financial oligarchy and knew that your hallowed system was plunging towards the worst crash in history, which would unleash "anti-Establishment" upheavals far beyond those now seen in the U.S. Presidential election campaign, the surge of support for Jeremy Corbyn in the UK, or the rising minor party vote in Australia—would you sit on your hands until the enraged masses drove you from power?

No. You would unleash the tried-and-true methods of population control, that the British Empire has wielded around the world for centuries, but this time on your home populations, including in Australia. And, before your own physical power collapsed, you would demand that Russia and China submit to being looted to prop up your system, even at the risk that hostile confrontation with these powers will trigger a thermonuclear World War III.

For instance, Britain's MI5,

MI6 and other security officials have repeatedly warned that the UK will inevitably be hit with mass terror attacks, dwarfing those in Paris and Brussels. Australia's local branch of MI5, ASIO, has foreshadowed similar threats. That alarm is used to justify police-state measures, the better to control a restive population. But how do they know such attacks are "inevitable"? *Because the British intelligence apparatus, with its masters in the Crown and the City of London, has fostered such capabilities, a reality acknowledged in complaints by dozens of governments that Britain is "Londonistan".* Known UK terrorists, such as 7/7 subway attacks inciter Abu Hamza, have been admitted MI5 agents; notorious recent ISIS recruits also have MI5 connections. Sydney siege gunman Man Haron Monis's many years of involvement with ASIO is a similar case in point.

But looking only at small fry like Abu Hamza and Monis is a dead end. Author Mark Hollingsworth was right, in his 2005 book *Saudi Babylon: Torture, Corruption, and Cover-up inside the House of Saud*, to point higher up. He wrote, "Prince Charles's relationships with prominent House of Saud members have created serious problems and obstacles to UK agencies investigating claims of Saudi financing of international terrorism, according to Special Branch sources."

In our 25 Nov. 2015 Media Release "Prince Charles and

Saudi-backed terrorism: Demand answers!" ([cecaust.com.au/mediareleases](http://cecaust.com.au/mediareleases)), the Citizens Electoral Council (CEC) called for Australia's future king to be summoned for questioning about: the financiers and propagandists of terrorism who sit on the board of his Oxford Centre for Islamic Studies; his own personal friendship with Saudi princes Bandar bin Sultan and Turki bin Faisal, both implicated in the 11 Sept. 2001 terror attacks in the USA; and the estimated \$100-billion terror-financing slush fund generated by the Anglo-Saudi al-Yamamah arms deal, initiated by Margaret Thatcher and Prince Bandar in 1985 and negotiated by Charles personally in later years. When CEC activists publicised these links during Charles's 14 Nov. 2015 visit to Albany, Western Australia, the police ordered them out of town under pain of arrest!

Meanwhile the threat of nuclear war grows, as the nations that the late former PM Malcolm Fraser called Australia's "dangerous allies"—the UK and USA—push for confrontation with Russia and China, even though those countries, as leaders of the BRICS group (Brazil, Russia, India, China, South Africa), embody the current best potential for economic recovery and peace. NATO drives relentlessly towards the borders of Russia, violating promises made to Russian leaders in 1990, while preparing new generations



In March 2013, anguished Cypriots protested the plan to seize their deposits. Cyprus is the template for the bail-in policy that is now in force across the Western world. Photo: AP/Petros Giannakouris

of nuclear weapons and making changes in doctrine to provide for their first use. The Royal Institute of International Affairs, of which the Queen is patron, plugs in a March 2016 report for the inevitability of a military showdown with Russia. Barack Obama's "Asia Pivot" has drawn Australia into a dangerous military escalation against China, through basing U.S. Marines in Darwin, hosting U.S. fleets, and now pushing for a confrontation in the South China Sea.

**2016 Election Agenda:  
Break Up the Banks!**

To defeat the Anglo-American financial oligarchy driving

these threats, including bail-in, we must destroy the financial power of the City of London and Wall Street, and their Australian arm, the Big Four banks and Macquarie. A Royal Commission into the banks is *insufficient*. We must *break up Too Big To Fail banks*, through a strict Glass-Steagall separation (page 4) of commercial banking, which includes deposits, from risky investment banking, stockbroking and insurance.

We must also return to national banking, in which Australia's original Commonwealth Bank was once a world-leader: a government bank to create and direct masses of public credit into

nation-building projects, including water, power and transportation infrastructure, and expanded agriculture and manufacturing.

Contrary to media lies, Australia is hard-hit by the global financial crisis, evidenced in part by the prospect of a seventh prime minister in nine years—the population has quickly punished a succession of political leaders because they have stuck to the failed policies that destroyed our agro-industrial economy. However, if the nation is to survive, we Australians must demand the above solutions. The CEC is providing those solutions in its 2016 election policies, listed on page 4.

## 'Bail-in': They Plan to Steal Your Personal Bank Deposits and Pensions!

Articles in this issue are based on a 22 March 2016 CEC Media Release, online at [cecaust.com.au/bail-in](http://cecaust.com.au/bail-in) with additional source identifications and links.

The world is 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 authoritative warnings of the next, looming megacrash, while the actions of 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, is now being imposed come hell or high water, notably in Australia by dictatorial decree!

In 2008, the international fi-



Bank of England Governor Mark Carney (l.) and former Bank of England Deputy Governor Paul Tucker, are the architects of "bail-in" to steal your deposits. Photo: AFP/Jason Alden

ancial 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.

And now, bailouts are not enough. While hiding behind 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.

Bail-in regulations, designed by the Bank of England (BoE) and the BIS, define various confiscatory actions. Banks are required to sell "bail-in bonds", for example, which are pre-planned to be written down and/or converted to shares during a future crisis, becoming worthless. These are supposed to be sold to "knowledgeable" investors like insurance and superannuation funds, but sometimes, as in Italy and Australia, they are sold directly to individuals. Whether through the theft of individual bank accounts or the looting of superannuation funds, the architects of bail-in intend

that individuals—already suffering from the brutal austerity pushed by these same financier circles—will be forced to pay. Former Bank of England Deputy Governor Sir Paul Tucker, one of the architects of bail-in, declared in 2014 that 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. In answer to concerns that tapping insurance companies, superannuation funds, mu-

tual funds, etc. means taking money from *households*, Tucker rejoined, "Well, there are only households ... Do you want all the risk to fall back on Wall Street firms?"

On 1 Jan. 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 BoE was the BRRD's principal author, had put the new law fully into effect

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# 'Bail-in': They plan to steal your personal bank deposits and pensions!

From page 1

already on 1 Jan. 2015.

Attempts during 2013-15 to pass bail-in legislation in Australia 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.<sup>1</sup> Although none of the 30 megabanks classified by the BIS as Global Systemically Important Financial Institutions (G-SIFI) is Australian, each of Australia's Big Four banks is 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.

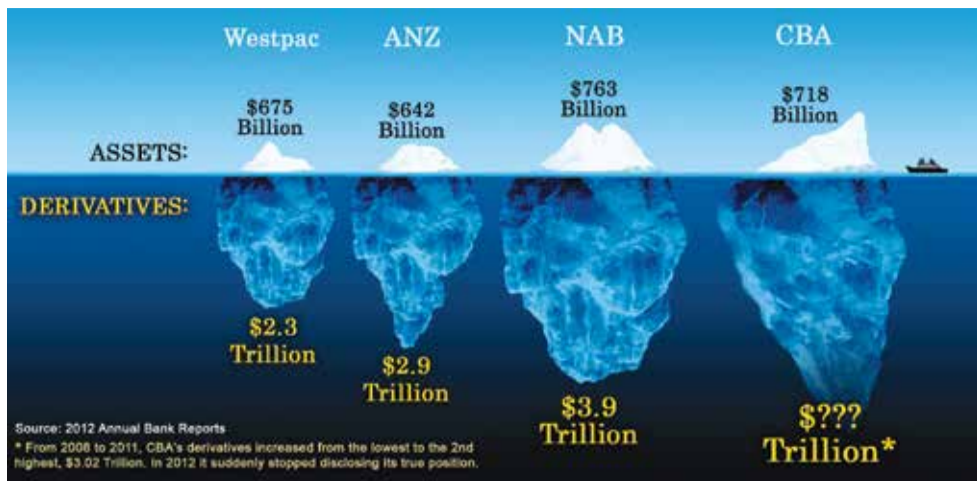
Bail-in devastated Cyprus in 2013, an experiment which the president of the Eurogroup of European finance ministers, Jeroen Dijsselbloem, proclaimed to be the "template" for the entire EU. Since then it has been applied to a lesser, but still disastrous, effect in Portugal, Spain and Italy.

In reality, bail-in cannot save the TBTF banks: the amount of depositors' funds available to be seized is so small in 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 increase "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 U.S. 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 BRICS nations before their own trans-Atlantic system collapses. The racist eugenics philosophy of the British Crown and its adjuncts (page 3) underlies such measures as bail-in.

Decisive action to eliminate the genocidal policies of bailout and bail-in is needed *now*, before the present crisis hits full-force. This newspaper presents what you need to know, in order to force your government to rein in

1. Christopher Joye, "Ensuring the major banks are not too big to fail", *Australian Financial Review*, 20 Dec. 2015.



What lurks beneath? In 2012, Australia's biggest bank, CBA, suddenly stopped disclosing its full exposure to derivatives. In the period of global financial crisis that started in 2008, the already-enormous exposure of CBA and its fellow Big Four banks skyrocketed, but was hidden away in the "off-balance sheet" section of their annual reports. CBA's is now fully hidden, and their combined exposure is larger than ever. These trillions in gambling bets with other banks around the world are a major threat of "contagion"; if an event such as a domestic property market collapse causes Australia's Big Four to fail, APRA will use its self-decreed bail-in powers to ensure that their customers suffer the losses, so their derivatives gambling debts can be paid.

the 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.

### 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; 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. 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 world derivatives trade—admitted to being in far worse shape than even Wall Street.

The TBTF banks lend almost solely to each other. Oxford economist John Kay, in a speech reported by the *Sydney Morning Herald* of 2 Feb. 2016, noted

that only 3 per cent of the loans made by these banks go to the real economy. If the derivatives bets of even one TBTF bank go sour, therefore, the whole global system will blow. Since closing such a bank even for a few days could set off a chain reaction, the BoE and its flunkies at the BIS concocted the bail-in scam. "Open Bank Resolution", the name given to the scheme in

New Zealand, 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 or-

der 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, 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.

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 salesman for Credit Suisse First Boston, a bank already notorious for

derivatives fraud. Calello had been involved in winding up the U.S.-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 Jan. 2010 issue of the City of London's flagship magazine, the *Economist*. Thereafter, according to Ervin's account in a 12 Mar. 2015 interview with the *International Financial Law Review*, 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 (box, page 2); and Jim Wigand, director of the Office of Complex Financial Institutions of the U.S. Federal Deposit Insurance Corporation (FDIC).

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

The careers 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.

Especially since the 1980s financial deregulation (London's "Big Bang" stock market reforms and the U.S. Fed's exemption of much over-the-counter derivatives trading from regulation), Goldman Sachs has been famous for exploiting political connections to fan speculative booms, extract maximum profits, and then get out of a 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. Time and again, Goldman Sachs executives become very rich, and then 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.

Goldman Sachs alumni include Bank of England Governor and FSB Chairman **Mark Carney**; former FSB Chairman and current European Central Bank (ECB) President **Mario Draghi**; **Robert Rubin**, who as U.S. Treasury Secretary worked for the repeal of Glass-Steagall; U.S. 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 Australian Prime Minister **Malcolm Turnbull**, who made his fortune in the Goldman-manipulated tech bubble in the late 1990s.

One of Carney's Goldman Sachs positions was as 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 25 January 2008 in a profile of Carney, "some central bank watchers fear that the naming of Mr Carney as governor [of the Bank of Canada] symbolises the supremacy of financial markets over the interests of employment and general economic health when it comes to central banking." He was, noted

the paper, an outspoken critic of nations attempting to "champion industrial policies".

The Bank of England's Paul Tucker was another heavyweight. A protégé of Robin Leigh-Pemberton, BoE governor in 1983-1993, Tucker was the BoE's deputy governor for financial stability in 2009-13, in 2012-13 simultaneously serving as head of the Bank for International Settlements (BIS) Committee on Payment and Settlement Systems. Tucker seemed sure to become governor of the BoE in 2013, but a scandal over his tight relations with bankers involved in rigging the London Interbank Offered Rate (LIBOR), the world's benchmark interest rate, opened the position for his BIS mate Carney. LIBOR, set daily in London based on rates quoted by a group of 16 banks, denominates more than 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 scandal.

Carney's heading the BoE and the BIS's Financial Stability Board is fitting, since the Bank of England 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 BIS board: 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 the Nazi finance minister. The BIS itself provided financial support for the Nazis, including by holding the gold they looted from throughout Europe. Because of its Nazi ties, the BIS was supposed to be disbanded as part of the Bretton Woods financial arrangements at the end of World War II, but after the death of President Franklin Roosevelt in April 1945 the BoE-centred financial oligarchy managed to keep it in place.

Historian of the Anglo-American Establishment Carroll Quigley, in *Tragedy and Hope: A History of the World in Our Time* (New York: Macmillan, 1966), described the goal of the BIS founders as "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 feudal 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... a private bank owned and controlled by the world's central banks which were themselves private corporations." Each central bank would seek 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."

Though based in Basel, Switzerland, the BIS is responsible to no nation. It serves as the 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 meant to forestall future crises (formalised at the 2009 G20 summit in Pittsburgh), but de facto an arm of the BIS. The FSB's first chairman 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 ECB, Draghi is helping to oversee bail-in throughout the EU, even while opening the sluice gates for huge new "quantitative easing" bail-outs of Europe's TBTF banks.

Mark Astaire, vice chairman for investment banking of Barclays Bank (the very bank with which Tucker's ties 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 Jan. 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 successor as BoE deputy governor for financial stability, Sir Jon Cunliffe, likewise boasted of the BoE's clout within the global "financial stability" process, that is, bail-in, in a 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."

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# Behind Bail-in: Eugenics and Genocide

A glimpse into the 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.

The 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.<sup>1</sup>

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,<sup>2</sup> which provides much of their copious funding.

## Von Hayek's Children

The intellectual author of this global apparatus was Friedrich von Hayek, chief propagandist for the pro-feudalist, pro-empire and anti-nation state "Austrian School" of economics. He received the elite status of Companion of Honour from the Queen for his work.

Behind the free-market veneer of the ideology promoted by these think tanks lies an even uglier reality: eugenics. The

1. Gabrielle Peut, "Cameron's Trade Union bill is Mont Pelerin Society fascism", *Australian Alert Service*, 25 Feb. 2016.

2. The 1,000-year-old City of London Corporation is a powerful, wealthy coordinating body for London's financial district and its TBTF banks. With its own governing body, laws, and police force, it 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 imperial adventures, rather than on the productive endeavours that built modern society. Today that means imposing brutal austerity while unleashing financial speculation.

Relatively few human beings live within the City's square mile. A majority of its "voters" are representatives of the major banks and other corporations domiciled there.

Nicholas Shaxson, in *Treasure Islands: Tax Havens and the Men Who Stole the World* (London: Random House, 2011), writes about the City of London Corporation's great influence over legislation in Parliament: "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 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."

The City's public relations front, TheCityUK, calls itself a "Government/private council". The career of Rachel Lomax, a director of TheCityUK and head of its International Regulatory Strategy Group, is indicative. She is 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.

The City of London was crucial in the creation and rise of the European Union 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 EU the now.



CPS founders Sir Alfred Sherman (l.) and Sir Keith Joseph (c.) were racialist-eugenicist fanatics, while Cameron's Cabinet boss Oliver Letwin echoes the racist remarks of his mentor Joseph. Sir Keith was the ideologue of Thatcherite Conservatives and Blairite New Labour alike. Photos: CPS/Creative Commons

IEA's long-time leader Sir Ralph Harris was a fellow of the British Eugenics Society, and his two protégés in charge of the CPS, Sir Keith Joseph and Alfred Sherman, were fanatical eugenicists as well. Harris even observed in a 2000 interview that Sherman, top policy designer for CPS, constantly wanted to "bring in issues like immigration or eugenics."

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 head the Conservative Party—and therefore become Britain's prime minister—upon the success of the IEA/CPS "free market" coup in the Tories in 1975. But Joseph delivered such an overtly pro-eugenics speech in Birmingham on 19 Oct. 1974, in which he regretted the high birth rates among "mothers least fitted to bring children into the world", that the resulting uproar forced him to step aside in favour of CPS official Margaret Thatcher. 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 largely 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 Charles Leadbeater's 10 May 1999 *New Statesman* article about Sir Keith Joseph as the godfather to New Labour.

The CPS provided many crucial figures of the Thatcher regime. They and their heirs 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, anti-Labour Party Trade Union Bill 2015-16. So many members of the City of London's CPS mafia (box, right), 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.

## 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 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.<sup>3</sup>

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.

In her Christmas Broadcast of 1964, the Queen herself declared "overpopulation" to be the world's single greatest problem, while Prince Philip has

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



The City of London Lord Mayor's Show, 2006. Photo: Creative Commons/DAVID ILIFF

## Where Does Queen Elizabeth Stand on Bail-in?

This newspaper's brief dossier above on the Royal Family's eugenicist traditions and the close ties between the Crown, the City of London and the think tanks that created the bail-in scheme already suggests what the answer to that question is, but it is important to ask it specifically.

That is 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*.

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 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.

Particularly sensitive to the Crown are any matters affecting the multibillion-pound holdings of the Queen and

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.<sup>4</sup>

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", at home and 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.

4. "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.

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 bail-out 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 bail-out, 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. 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-Pemberton's 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 U.S. 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."

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!

## New Citizen

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# 'Bail-in': They plan to steal your personal bank deposits and pensions!

From page 2

## 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 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 admit that this level is woefully inadequate for the eventuality of a failure of any of the Big Four banks. According to 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 Sept. 2011 *Peer Review of Australia Report* stated, "The limit of AU\$20 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! Other nations are no better off. When Italy bailed in four small banks in December 2015, the Italian government could not 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. Moreover, the relevant au-

thorities 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 U.S. FDIC and the Bank of England, for instance, issued a joint paper on 10 Dec. 2012, stating: "The UK has also given consideration to the recapitalisation process in a scenario in which a G-SIFI's 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 pushed the point in a speech to the Institute of International Finance on 12 Oct. 2013, 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."

## Glass-Steagall, National Credit, and a New World Economic Order

In the first 100 days of his Presidency, Franklin Roosevelt in 1933 enacted a set of measures to turn the U.S. economy around and end the Great Depression. Foremost among them was the *Glass-Steagall Act*, which 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.

Near the end of World War II, the Allied nations met in Bretton Woods, New Hamp-

shire, 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 fixed exchange rates among currencies, 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 almost from 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 Aug. 1971, when, under pressure from Wall Street and London, U.S. President Richard Nixon allowed the U.S. 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 specu-

lation 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 U.S. 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 fully broke when U.S. President Bill Clinton signed the repeal of Glass-Steagall in 1999, allowing the explosive growth of derivatives speculation and the creation of the TBTF banks.

### What must be done now

See CEC election policies below.

### What you can do

1. Join the CEC: subscribe to the weekly *Australian Alert Service* (p. 2); distribute this *New Citizen*; support CEC campaigns.
2. Call your MP and election candidates 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.

3. Demand that your MP and candidates act to establish the power of sovereign national credit-creation for the common good, as in the original Commonwealth Bank of Australia, restored in the CEC's ready-to-enact draft legislation for an Australian National Bank.



Advertisement

## Build a real future for Australia!







Vote **1** for Citizens Electoral Council in the 2016 Federal Election

1. **NO "BAIL-IN"**. Due to opposition mobilised by the CEC bail-in has not been legislated here in Australia; however, our bank regulator APRA has asserted it has the power to do it anyway. This is a huge threat to everyday savers and the superannuation of retirees. The CEC will stop bail-in, cancel all derivatives as worthless gambling debts, and protect the essential banking system by breaking up the Too Big To Fail banks, prosecuting banking crimes, taxing speculation, and putting all banks under the authority of a strong national bank.
2. **GLASS-STEAGALL BANK SEPARATION** to regulate banking, protect depositors and the economy. The CEC will legislate to break up the TBTF Big Four banks, Macquarie and any other banking conglomerates, into smaller but safe deposit-taking banks, regulated and protected by the government, which will be completely separated from riskier parts of the financial system—investment banking, stockbroking and insurance. The success of the U.S. *Glass-Steagall Act* of 1933 proved that the best way to protect bank deposits is to stop deposit banks from taking risks.
3. **ESTABLISH A GOVERNMENT-OWNED NATIONAL BANK** (like the original Commonwealth Bank) to create masses of new government credit to invest into the productive sector e.g. infrastructure, manufacturing, agriculture and engineering.
4. **TAX FINANCIAL SPECULATION**, instead of increasing income taxes and the GST. More than \$130 trillion per year is turned over by financial speculators who gamble in currencies, stocks, bonds and derivatives. A 0.1% tax—\$1 in every \$1,000 speculated—will raise \$130 billion, discourage reckless financial gambling, and keep money in the real economy.
5. **CREATE AN ECONOMIC SCIENCE-DRIVER PROGRAM** for future progress, using government-directed credit from the new national bank, to fund new technologies and major 21st century infrastructure of national significance, such as a high-speed magnetically levitated train network, and major water and power projects. This would stimulate meaningful and productive work for our youth and unemployed.
6. **SHIFT AUSTRALIA'S STRATEGIC POLICY TO ALIGN WITH THE BRICS** countries' global development vision. Brazil, Russia, India, China and South Africa, as well as nations such as Egypt, are already building major infrastructure projects at home and abroad; they have invited all countries to participate in this "win-win" perspective. Australia must join their World Land-Bridge shipping and rail network to transform our trade and economic production.
7. **DEVELOPMENT FOR PEACE, NOT ALLIANCES FOR WAR**. The London and Wall Street power brokers who concocted bail-in to protect their system see the BRICS model of collaborative economic development as a threat to Anglo-American financial dominance; therefore, their neo-conservative political lackeys—the same people who embroiled us in the regime-change disasters in Iraq, Libya and now Syria—are targeting China and Russia for war, which would be a calamity for Australia and the world. Australia must push our key allies, the UK and USA, to also embrace the above policies of collaborating with the BRICS on economic development, as a real alternative to geopolitical rivalry and war.

### SENATE TEAM

VIC	WA	QLD	NSW	NT	TAS	SA
 Craig Isherwood	 Jean Robinson	 Jan Pukallus	 Ann Lawler	 Trudy Campbell	 Meg Thornton	 Alex Kozlow
 Gabrielle Peut	 Judy Sudholz	 Stephen Harding	 Robert Butler	 Ian Barry	 Stephen Kucina	 Paul Siebert

### HOUSE OF REPRESENTATIVES

VIC	NT	NSW
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For more information on CEC policies or to join us, go to our website: [www.cecaust.com.au](http://www.cecaust.com.au) or call us on 1800 636 432