Stop the banks from stealing your money

Why have we launched this petition?

Because from June 30 this year, your bank, if it gets into trouble (and it just might), will be able to freeze your bank account overnight and give it a 'haircut'. You will wake up in the morning with less in the bank because you are a creditor of the bank. Banks are more complicated and more internationalised these days. They can now position themselves so that the depositors will take most of the risk. [1]Bank customers have no way of assessing what their risk is. Sure, it is slightly better than a taxpayer bailout or a bank shut down, but we don't think it fair that either taxpayers or bank customers should rescue the banks.

Why haven't we heard about it yet?

The Reserve Bank is working quietly with banks to set this (innocently called Open Bank Resolution) in place. Treasury and some academics know about it, but the Government has not let us know.

A real alternative exists now to prevent bank runs

The IMF economists Jaromir Benes and Michael Kumhof recently wrote a paper[2] called *The Chicago Plan Revisited*, which gives a better alternative. They said:

At the height of the Great Depression a number of leading U.S. economists advanced a proposal for monetary reform that became known as the Chicago Plan. It envisaged the separation of the monetary and credit functions of the banking system, by requiring 100% reserve banking for deposits. Irving Fisher (1936) claimed the following advantages for this plan:

- *(1) Much better control of a major source of business cycle fluctuations, sudden increases and contractions of bank credit and of the supply of bank-created money.*
- *(2) Complete elimination of bank runs.*
- *(3) Dramatic reduction of the (net) public debt.*
- *(4) Dramatic reduction of private debt, as money creation no longer requires simultaneous debt creation.*

Action has to be international and simultaneous

This major reform has to be implemented simultaneously across the whole global banking system. We want New Zealand to play its part in international forums to ensure that the Chicago Plan Revisited is implemented in a workable form that protects both taxpayers and savers from bailing out banks and makes the banking system more stable. That's why we ask for a Parliamentary Enquiry.

Who are we?

The petition is initiated by the New Economics Party (http://neweconomics.net.nz) and supported by Democrats for Social Credit (democrats.org.nz), Living Economies Educational Trust (le.org.nz), Positive Money New Zealand (positivemoney.org.nz/) and The Awareness Party (theawarenessparty.org.nz). Other organisations are showing interest in joining us.

Where can I learn more?

We have a Facebook page http://www.facebook.com/pages/Petition-for-a-Parliamentary-Enquiry-into-making-banks-stable/420764948002065

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[1] Geoff Bertram and David Tripe; *Covered Bonds and Bank Failure Management in New Zealand*, Policy Quarterly, Vol 8 Issue 4 November 2012

[2] The IMF paper is at http://www.imf.org/external/pubs/ft/wp/2012/wp12202.pdf

The Chicago Plan Revisited Short Summary

1. This is a proposal for the most profound monetary and banking reform in centuries. It is based on the work of a long line of distinguished economists, including Irving Fisher, Milton Friedman and the founders of the Chicago School of Economics, who advocated laissez-faire in industry but not in banking.
2. The paper was written by two IMF economists, Jaromir Benes and Michael Kumhof. Kumhof was a Barclays Bank PLC manager for five years.
3. An extensive section on monetary history shows that government control over money creation has generally been superior to private control.
4. There is also an exhaustive explanation of the current money creation process, supported by many statements from eminent economists and central bankers.
5. The Chicago Plan ensures that the central bank, rather than private banks, creates the country's money supply.
6. Deposits in banks would in future be backed by 100% of government-created money - indestructible money.
7. Credit creation would remain private, but could no longer be financed by private money creation.

   How is it done and what is the effect?
   The Government creates enough indestructible money to give 100% backing for all deposits and lending it to the bank. Government repays government bonds and pays a one off Citizens Dividend for reducing some private debt. Banks become true intermediaries. Banks can no longer create money. No bank runs are possible, business cycles are not so extreme, and inflation becomes controllable.

Ownership of the Australian Banks

You will know that New Zealand banking system is dominated by four large Australian banks, but did you know they themselves are owned in UK and US?

Four companies dominate. We find that between them, the four, HSBC, JP Morgan, NAB and Citigroup own 49% of ANZ, 34% of NAB, 43% of Westpac and 37 % of the Commonwealth Bank .

For example BNZ, purchased by National Australia Bank (NAB) in 1992, has the following four largest shareholders:

HSBC Custody Nominees	16.9%
J P Morgan Nominees	12.2%
National Nominees	11.5%
Citicorp Nominees	4.6%

HSBC has 13.6% of the Commonwealth Bank, which owns ASB, 17.5% of ANZ as well. Now who is HSBC? Well they are so big that when they were fined last December a record $1.9 billion for money laundering, they were not just too big to fail but too big to jail. While **HSBC** has been caught **laundering** tons of cash for drug cartels and alleged terrorists, yet no bank officials will be prosecuted or imprisoned.