

# BIS Prepares Bail-In, As in the 1930s

by Jacques Cheminade

*Former French Presidential candidate Cheminade released this editorial under the headline “Blind Men.”*

June 12—Our country’s political leaders remind me of the blind men in rags painted by Peter Bruegel the Elder to illustrate Christ’s comment to the Pharisees, that “If the blind lead the blind, both shall fall into a pit” (Matthew 14:15).

President François Hollande already stumbled when he assured us from Japan that, “It must be clear that the crisis in the Eurozone is over.”

In reality, the pit is right before us: The world’s 28 megabanks, including the four major French ones, have taken control of a system which is technically bankrupt. Their liabilities in derivatives (bets on future prices) amount to 428 times their “tier 1” equity. In other words, they have next to nothing to mobilize to cope with a major problem. Our four major French banks alone have \$118 trillion of gross liabilities, or 45 times our annual GDP. Given such a catastrophic situation, a *de facto* liquidation mechanism for bankruptcy has been prepared, which is called “resolution.”

The G20 Heads of State and Government created a Financial Stability Board (FSB), hosted and mainly financed by the Basel-based Bank for International Settlements (BIS). This Board, a corporate entity under Swiss law, has organized the implementation of a “bail-out” and a “bail-in” in the event of a default. What was done to the Cyprus banks can thus be considered a “warm-up exercise,” and the same goes for the looting of those who hold “preferential” stock in Spain’s Bankia.

In the European Union, Hollande and German Chancellor Angela Merkel agreed to create a Bank Resolution Authority, under the orders of the European Commission. This will *de facto* be the enforcement arm of the BIS/FSB. In France, we have a Guarantee Fund with EU2 billion to cover deposits up to EU100,000 in the event of a default. Deposits above that level will not be

covered and will thus be part of the bail-in. For the deposits in amounts below that level, the EU2 billion will obviously be insufficient, especially since the [French Finance Minister Pierre] Moscovici reform plans to link the Resolution Authority to the Guarantee Fund, which will be the first to take over the latter’s meager resources.

That is what is behind the satisfaction shown by Hollande: a trustee in bankruptcy of the oligarchy, similar to the one set up in the 1930s under the auspices of the BIS. At that time, Hjalmar Schacht, Hitler’s financier, played a fundamental role in it, together with his associates in the City of London and Wall Street banks. Today, history is repeating itself.

Here in France, the pit is being opened with the anti-social measures the government is about to take, and which



“The Blind Leading the Blind,” by Peter Bruegel the Elder, 1568.

so delight columnist Françoise Fressoz and her friends in *Le Monde*. The editorials in *Le Figaro* are openly aimed at sinking what the Socialists have not abandoned of the “French exception.”<sup>1</sup> On top of that, political science expert Patrick Buisson has announced the comeback of Nicolas Sarkozy, riding on the emergence of a “Christian populism” reminiscent of a revamped Maurras.<sup>2</sup>

We need to define positive perspectives for all, and fight our real enemies, instead of making the blind even more blind, by attempting to save a bankrupt financial system on the backs of the citizens.

1. “French exception” refers to a policy of defending France’s national identity against the onslaught of globalization and free trade. That includes strong state support on the social, economic, and cultural levels.

2. Charles Maurras was a leader of the extreme right-wing Action Française, a monarchist, nominally Catholic and anti-Semitic organization, which later supported the Vichy regime of Marshall Pétain. The motto of the Vichy regime was *travail, famille, patrie* (work, family, fatherland), to replace the republican motto “liberty, equality, fraternity”).