

The Cyprus Template: Your Money *And* Your Life

by Dennis Small

The following is an edited transcript of a [video](#) posted on LaRouchePAC-TV on April 1, 2013.

April 2—As the story of the Cyprus template for world financial reorganization unfolds, it is becoming clear that the British Empire’s policy is, “Your money *and* your life.”

What’s going on in the case of the recent developments is that The Great Cyprus Bank Heist, where the entire banking sector of Cyprus has in fact been frozen—there is a 100% freeze on liquidity—is not something that was done by the European Commission, the European Central Bank, and the International Monetary Fund, the well-known and well-despised Troika, as a response to the crisis in Cyprus. That’s nonsense. This was something that was long planned, and goes back, minimally, to a December 2012 planning document, jointly issued by the Bank of England (BOE) and the Federal Deposit Insurance Corporation (FDIC) of the United States, working with input of the Federal Reserve system of the United States.

In fact, it goes back, according to the best evidence that we have in hand so far, to planning documents issued six months earlier than that, by the European Union. That’s as far back as we have it at this point, of the black-and-white check stubs-in-hand evidence, of the planning that is going on for global seizure of your money, *and* your life, by the British Empire, to try to

salvage their completely bankrupt and unsalvagable financial system, and implement their stated policy of intentional genocide and depopulation.

There is legislation that is planned; it is so stated by the European Union. There are documents being presented to the European Parliament, and to the nations involved. And there is also existing legislation in the United States, including the notorious Dodd-Frank bill; and there is additional legislation planned, which is designed to bring about this great global bank heist.

Now, leaving all of the specific facts aside for the moment—and we will go through some of these facts—it was clearly evident, going back quite some time, that this policy was in fact the *intention* of the British Empire, even before it had stated that it was their intention. The fact of the matter is, that, as Lyndon LaRouche has repeatedly noted, it is *intention* that is the causal guiding force, not only in human history, and in the economy, but in the physical universe as well. And this is a lesson, a deeper, more profound lesson to be learned, from the current scandal underway.

Now, regarding the latest developments: yesterday, March 31—I’m speaking to you today on April 1—Lyndon LaRouche commented that what is now going on involves a crime so great that the people responsible, in particular, your Congressman, your Senators, will be held accountable. Lyndon LaRouche said, and I quote:

“The enactment of such a provision, now, would be,



Cypriot depositors line up at the Laiki Bank ATM, in hopes of withdrawing funds before they are frozen, by order of the Troika.

in effect, an act of treason against the United States, because it means the destruction of the United States. And the members of the Senate, or other bodies, which go for this, are guilty, in terms of intention, of treason, of a treasonous action. Not to support Glass-Steagall is already tantamount to treason, because only the Glass-Steagall Act would save the United States from collapse. We don't need to save any of the big banks. They go down, they go down. We save the nation."

You Can't Get Your Money

Now, let's review what is underway at this point, to survey the battlefield as of this moment.

In Cyprus, in the course of last week, the authorities of the European Union and the Cypriot government announced what they would be doing with the largest banks, including the Bank of Cyprus, under the bail-out regimen being implemented, or what they're calling the "bail-in" mechanism. Thirty-seven and a half percent of all deposits in the Bank of Cyprus, above EU100,000—they *claim* they will fully honor all deposits up to that amount—will be forcibly converted into common stock in the Bank of Cyprus. In other words, 37.5% of what you thought you owned, over EU100,000: "Congratulations! You now are part owner of a completely bankrupt, insolvent bank! No choices; it's yours!"

Of the remainder, there is 22.5% of your deposits that you will never see again, and you'll not receive any interest on it either. Forty percent you will also never see—unless, of course, the bank does wonderfully well, which has zero chance of occurring—but you supposedly will accrue interest on that 40%.

Now, there's only one problem here, which is that, all of this supposed money, both the interest accrued and what you're possibly going to get later, is completely frozen and locked up in the Cypriot banking system! You can't get it. You can only get EU300 a day—which may sound like a lot, if the economy were simply people going out to buy lunch or something like that, or going to the gas station. But businesses cannot function under that regime. In fact,

what is going on right now in Cyprus, since banks do not cash checks, they will not take credit cards, everything is frozen to steal the money to bail out the trans-Atlantic banking system, there's no longer a monetary system of any significance whatsoever in Cyprus.

Restaurants are functioning on a cash basis. They have to pay their providers on a cash basis. Checks don't work, credit cards don't work, ATMs don't work—your money is worthless. It was worthless *before*, in point of fact, but now it is completely unavailable. And the economy is beginning to grind to a halt. How many days or weeks this will last is anybody's guess, but you already have shortages of everything. The ports in Cyprus are not functioning. The restaurants are closing down. Businesses are closing down. People are not able to eat—the food lines are growing in many of the cities in Cyprus. And there is growing panic in the population, a cross between panic and resignation and despair.

A Europeanwide Policy

That's just Cyprus. But the exact same thing, the exact same policy, this "Cyprus template" which we have been discussing, is in fact, already underway, actively, in Spain as well. In that case, depositors in Spanish banks were swindled into buying preferred stocks in those same banks, which now have gone bankrupt, like



EIRNS/James Rea

The LaRouche movement in Germany, BüSo, organizes in Berlin March 6, for “The Real Trennbanken System,” the equivalent of FDR’s Glass-Steagall.

the famous case of Bankia bank. So you are now the proud owner of worthless bank stock, just like in Cyprus, where it was done involuntarily; except in Spain, they swindled you into doing it. And you now own stock, which is worth .1% of what it was worth two weeks ago.

Parenthetically, that is exactly what was done in the United States, by First National City Bank, in the early 1930s. And it was the subject, among other things, of the famous Pecora Commission under Franklin Delano Roosevelt, which at the time led to the 1933 Glass-Steagall law. And it has to lead to that again today. It’s the same crimes; it’s the same cast of characters; it’s the

same requirement; and this time, it has to end, as it did under Roosevelt, with a return to Glass-Steagall (see p. 30).

But it’s not just Cyprus and Spain. This *is* the active policy, for example, throughout the whole European Union. It was stated by Joeren Dijsselbloem, who is the new president of the Eurogroup, on March 25, where he said, “Cyprus is the template.” Four days later, on March 29, just to make it clear that this was no false statement by Dijsselbloem—he may have been a little excessively frank about what the policy was, but this *is* the policy—a member of the governing council of the European Central Bank, Klaas Knot, said this approach of swiping deposits “will be part of the European liquidation policy.”

On the same day, a Swiss member of the European Parliament, Gunnar Hokmark, said, “You need to be able to do the bail-in as well with deposits.” And he announced that there is specific legislation to this effect, that has been prepared and presented to the European Parliament.

Perhaps most explicit of all, on March 26, was the statement, at a press conference given by Chantal Hughes, the spokeswoman of Michel Barnier, who is the European Commissioner in charge of financial robbery—excuse me, of financial regulation. What she said was: “At no point is it possible to bail in depositors under EU100,000”—Oh, heavens no—except that it just happened in Cyprus, but it won’t happen anywhere else—“either now or in the future. But in the Commission’s proposal, which is under discussion, it is not excluded that deposits over EU100,000 could be instruments eligible for bail-in. It *is* a possibility.”

There are also reports that we have from Canada, of the Economic Action Plan of 2013, laying out the same policy, which is to swipe people’s deposits to try to bail out the bankrupt banks. And so on and so forth.

So let’s take a step back, and look at the entire world. What you’re talking about is an interconnected chain, a financial chain, which has two weak links. The first weak link, as we’re seeing clearly, is the case of Cyprus.

The second “weak link” of the chain is *the entire trans-Atlantic financial system*. The entire chain, in fact, is gone. And don’t assume for a second, that somehow South America, or Africa, or even Asia, will fare

well under these circumstances. The entire thing is coming down.

Now, since we've taken a step back to get a global view geographically, let's do so conceptually as well.

British Imperial *Intention* Is Genocide

Lyndon LaRouche foresaw that exactly this was the British plan. That, as they have stated, they can no longer run another bailout, like they did in 2008, by fleecing taxpayers directly; they have to go about it by fleecing the taxpayers *indirectly*, by stealing “unsecured creditor” accounts, meaning depositors. LaRouche foresaw this, knowing *none* of the details that I've presented so far, and none of those that I will present momentarily, as well.

Because what LaRouche recognized was the actual *intention* of where the British Empire was heading, which he presented in a Feb. 15, 2013 webcast, pointing to exactly this development. He said:

“The vast mass of debt, which is represented by the monetarist operation, would be cancelled. In its place, they would have a new system of finances, which ignores entirely all the obligations associated with the old! Which would mean that most of the people of the world would be starving to death, quickly.... I know exactly what they're doing, because I know how systems work.

“This is the greatest population-reduction scheme so far in known history. And that's what the policy of the people who oppose Glass-Steagall is—*whether they themselves know it or not*. But they will be held accountable for the effect of that policy.”

In other words, what LaRouche was operating on—and what *you* need to operate on, if you want to understand the nature of the enemy, and where the world is going, instead of relying on gossip and media accounts to determine how to act—is: You have to know the *intention*. And often the intention is unknown to the actors in the drama itself.

The universe as a whole, physically as well as in history and economy, is guided by intention, by an overriding causal direction of where things are heading. In the case of the economy, to survive and implement their depopulation policy, the British Empire had to do what they're now doing, which is what LaRouche knew and said they would do. So the question of *intention*, not the simple “facts” and “evidence” and sense-certainty which are presented to us on a daily basis, is actually the governing causality. It is this standpoint of La-

Rouche's, and only this standpoint, which can allow accurate forecasting, such as LaRouche has engaged in repeatedly.

Bailing Out the Cancer

Now we have further documentation in hand. For example, we have revisited an earlier document, published on Dec. 10, 2012, jointly written by the Bank of England and the Federal Deposit Insurance Corporation of the United States. It is a document which has a very unlikely title: “Resolving Globally Active, Systemically Important Financial Institutions,” which, for the cognoscenti, are known as “G-SIFIs.” For the purposes of our discussion today, there are four points from this document that are worth underlining, all hung together under the guiding line that we have to bail out the speculative cancer, come what may.

First, they say that what they call “unsecured creditors” are fair game. Now, “unsecured creditors” can mean various things. It can mean, in fact, depositors above a certain amount that is supposedly guaranteed, either by the FDIC in the United States, or guaranteed by the EU in Europe. Now, that latter guarantee has just been ripped up into little pieces of confetti in the case of Cyprus, so I wouldn't rely on that particularly. But the argument about “unsecured creditors” is that, what will now be allowed is to simply lift, steal, rob, seize, the unsecured creditors, i.e. deposits in these financial institutions, for the purpose of bailing them out.

This is completely unheard of. Let's be clear: Under current standing regulations and practice, which are now being destroyed, what supposedly happens is that the FDIC-insured amount in the United States is protected, in the case of a bank going bankrupt and being rolled up, going out of business. The FDIC takes care of you to that level. If you have more than that: “Sorry sir, sorry ma'am, you just lost it.”

However, what's being proposed now, is that you're going to lose your deposits, not to put the bank out of business, but to *keep the bank in business*, to keep the cancer operational! It's absolutely scandalous! And the size of the cancer, the size of the bubble that they plan to keep intact with your money, if you have any, is enormous. You're talking about quadrillions of dollars! And that's why it's both your life *and* your money that they're talking about seizing.

And they're not just intent on doing it; they *are* doing it. It's happening now. It's happening in Cyprus;

it's happening in Spain; it's happening across the EU; and it's about to happen in Canada, the U.K., and the United States. Like they say, "It's coming to a bank near you"!

So that's point number one of the BOE-FDIC document: they intend to take the "unsecured creditors" to the cleaners.

Number two: they are talking about using this process to transform the cancer, the speculative bubble, into a leaner, meaner banking system, which is exactly what LaRouche was describing. To this end, they are using the arguments of the idea of "Too Big To Fail," of ring-fencing, and of the Dodd-Frank bill.

The Fraud of 'Too Big To Fail'

Take Too Big To Fail, or TBTF as it is called: First of all, the whole idea is nonsense. What do you mean, "too big to fail?" They *have* failed! They're gone! To argue that the problem is TBTF, is to argue that the problem will be solved by splitting the banks up. It's like saying: Well, let's take this metastasized cancer, and divide it up into different portions, and place the different cancerous portions all over the body. That's the "Too Big to Fail" argument.

Furthermore, the problem is not the *size* of banks or bank lending. The problem is the *function*; and if the function is to feed the cancer, it's all got to go. And if the function is *not* to feed the cancer, as under Glass-Steagall, we salvage it. But what's happening with TBTF is that this is now the basis—and it is explicitly stated in the BOE-FDIC document—to push through their fascist banking reorganization.

The same thing with ring-fencing, and they're quite explicit about that too: "The resulting new private sector operations would be smaller, more manageable—and perhaps more profitable. . . . Ring-fencing of a banking group's retail banking activities from the group's investment banking activities would prove particularly valuable in facilitating such a restructuring."

So, it's not simply that TBTF, ring-fencing, the Liikanen proposal, electrified ring-fencing, Dodd-Frank, and all of these things are merely *distractions* from Glass-Steagall. They are actually part of the enemy's genocidal plan, and anybody who is using that as an excuse to not back Glass-Steagall, as LaRouche said, is committing acts tantamount to treason. Because the effect of this—as is clear, from this document, and

as LaRouche foresaw—is that the world's population is going to lose not just their money, but their lives. This is a case of your money *and* your life.

The third point of the BOE-FDIC document, is that they announce that the joint coordination between the United Kingdom and the United States will best go ahead only after the point that the British banking system is reorganized under a new regulatory authority, which will incorporate all of the non-deposit-taking financial institutions. That means the Goldman Sachs of the financial universe: the investment banks, the insurers, everybody involved in the derivatives bubble. In other words, prior to including these institutions under the regulatory scheme, the British side of the operation was not in place and assured, from their standpoint. But, they inform the reader, they will be shortly. When? *Today*, April 1, 2013. And this is no April Fool's joke. The British side is now operational to be able to do this. All systems are go, and this is what they're planning to proceed with.

The fourth and final point, is that they announce that they will have, by the end of this year, a detailed plan—bank by bank—of the G-SIFIs, which are the banks that they're going to save, and let the other ones go to hell. But the G-SIFIs will be bailed out, and they will have them identified, bank by bank, with the exact mechanism for each case, by the end of this year.

No Alternative to Glass-Steagall

All of this was knowable, and in fact it was all known, without knowing any of the details or any of the predicates, some of which I've presented to you today. If you think like LaRouche; if you understand what the actual causal relationships are in the physical universe and in the political universe, and are not distracted by sense perception and the nonsense idea that somehow truth is based on that which you perceive, you will recognize that truth is not based on what you perceive—such things are knowable. Truth is based on understanding the underlying universal physical principles that are operating—often, with the absolute ignorance of the participants themselves.

But the problem here, with the Senate of the United States and with the Congress of the United States, is not principally ignorance. Not that they're not ignorant; they are. But the problem is cowardice. The problem is refusing to see what's directly in front of their eyes, because they don't like the implications of acting on that.

So we have this national problem of a cowardly, and therefore willfully blind, group of elected officials—Senators and Congressmen, and so forth—whom La-Rouche has made it very clear will be held accountable and must be pressured into adopting Glass-Steagall immediately, because there is no other alternative than that to this type of worldwide thievery and robbery and global genocide.

Documentation

BOE/FDIC/Dodd-Frank Plan To Save the Banks

“Resolving Globally Active, Systemically Important, Financial Institutions” (G-SIFIs) a joint paper by the U.S. Federal Deposit Insurance Corporation and the Bank of England, was published on Dec. 10, 2012. The following are the four relevant policy topics identified in the lead article of this package:

1. “The unsecured debt holders can expect that their claims would be written down to reflect any losses that shareholders cannot cover, with some converted partly into equity in order to provide sufficient capital to return the sound business of the G-SIFI to private sector operations.... In all likelihood, shareholders would lose all value and unsecured creditors should thus expect that their claims would be written down to reflect any losses that shareholders did not cover.... The new equity holders would take on the corresponding risk of being shareholders in a financial institution.

“Under a top-down resolution, shareholders and certain creditors at the top of the group absorb losses and recapitalize the group as a whole. For a top-down approach to work, there must be sufficient loss-absorbing capacity available at the top of the group to absorb losses sustained within operational subsidiaries.”

Paragraph 47 is ambiguous as to whether depositors are to be considered “unsecured creditors”: “Retail or corporate depositors should not have an incentive to ‘run’ from the firm under resolution insofar as their banking arrangements, transacted at the operating company level, remain unaffected.”

2. “The resulting new private sector operations would be smaller, more manageable—and perhaps more profitable.... Ring-fencing of a banking group’s retail banking activities from the group’s investment banking activities would prove particularly valuable in facilitating such a restructuring.... The newly resolved group would be solvent and viable, and should be in a position therefore to access market funding or, if necessary, funding from the authorities as discussed above.... The contingency plans are designed to minimize the triggering of cross-defaults or closeout of netting arrangements at the operating companies.”

3. “Once the Financial Services Bill comes into force in 2013, the Financial Services Authority will be replaced by two new regulatory bodies, the PRA [Prudential Regulation Authority] and the Financial Conduct Authority. The PRA, a subsidiary of the Bank of England, will become the prudential regulator of deposit takers, insurers, and the largest investment firms.

“In both the U.S. and the U.K., legislative reforms already made [Dodd-Frank in the U.S.—ed.] or planned in response to the financial crisis provide new powers for resolving failed or failing G-SIFIs ... to impose losses on shareholders and unsecured creditors—not on taxpayers.”

4. “The strategies will be translated into detailed resolution plans for each firm during the first half of 2013.... Subsequently, firm-specific resolvability assessments will be developed by the end of 2013.”

The G-SIBs (Global Systemically Important Banks) listed by the BOE-FDIC document are: Citigroup, Deutsche Bank, HSBC, JPMorgan Chase, Barclays, BNP Paribas, Bank of America, Bank of New York Mellon, Crédit Suisse, Goldman Sachs, Mitsubishi, Morgan Stanley, Royal Bank of Scotland, UBS, Bank of China, BBVA, Groupe BPCE, Groupe Crédit Agricole, ING Bank, Mizuho FG, Nordea, Santander, Société Générale, Standard Chartered, State Street, Sumitomo Mitsui, Unicredit Group, and Wells Fargo.

EC To Use Deposits To ‘Bail-In’ Failing Banks

Here is EIR’s transcript of the Q&A at the March 26, 2013 European Commission [briefing](#) on the Commission’s response to the banking crisis. Chantal Hughes,

a spokeswoman for Michel Barnier, the European Commissioner for Internal Market and Services, responded to a question on the EC's June 2012 proposal for a bail-in mechanism. The exchange was in English.

Q: The resolution proposals from the Commission from last year—there is a bail-in instrument in this proposal. What would that mean concretely in a case like Cyprus, where there are not many bondholders? Would it be possible under this proposal to bail in depositors?

Chantal Hughes: One very, very clear statement to start with: At no point is it possible to bail in depositors under EU100,000, neither now, or in the future. At no point is that possible. When we're talking about uninsured depositors, you quite rightly point out that, in the resolution framework which was proposed last year in June, one of the tools is indeed bail-in.

What does bail-in do? Bail-in allows a bank to be recapitalized, with shareholders wiped out or diluted, and creditors will have their claims reduced or converted to shares. As part of that framework, there will be a predefined order in terms of the seniority of claims, in order for the institution to regain viability. Now, in the Commission's proposal, which is currently, as I say, under discussion, so I can't tell you what the final agreement will be, it is not excluded that deposits over EU100,000 could be instruments eligible for bail-ins. I repeat, it's not excluded, it is a possibility. At the moment, in terms of the proposal made by the Commission, that the uninsured depositors over EU100,000—only over EU100,000—could be bailed-in.

From the June 6, 2012 European Commission [document](#), "A Proposal for a Directive of the European Parliament and of the Council":

Insolvency laws are not always apt to deal efficiently with the failure of financial institutions insofar as they do not appropriately consider the need to avoid disruptions to financial stability. Resolution constitutes an alternative to normal insolvency procedures [and] limit taxpayer exposure to loss from solvency support. In the process, it should also ensure legal certainty, transparency and predictability regarding the treatment of shareholders and bank creditors, and preserve

value which might otherwise be destroyed in bankruptcy. In addition, by removing the implicit certainty of a publicly funded bailout for institutions, the option of resolution should encourage uninsured creditors to better assess the risk associated with their investment. . . .

[Once the] trigger conditions for resolution are satisfied, resolution authorities will have the power to apply the following resolution tools: (a) sale of business; (b) bridge institution; (c) asset separation; (d) bail-in. . . .

The resolution authorities should have the power to bail in all the liabilities of the institution. There are, however some liabilities that would be excluded *ex-ante* (such as secured liabilities, covered deposits and liabilities with a residual maturity of less than one month).

[By subtraction, this means that "non-covered" deposits (above the EU100,000 mark) would not be excluded—ed.]

From Title II of the Dodd-Frank Act, passed by the U.S. Congress in June 2010:

Similar to the rules governing other insolvency regimes, the Act requires that all claimants who are similarly situated be treated in a similar manner (except that, as noted above, claims of the United States are paid first).

Unlike other insolvency regimes, however, the FDIC may deviate from this principle as necessary *to maximize the value of the assets* of the covered financial company; to initiate and continue operations essential to implementation of the receivership or any bridge financial company; to maximize the present value return from the sale or other disposition of the assets of the company; or to minimize the amount of any loss realized upon the sale or other disposition of the assets of the company. . . . In disposing of assets, the FDIC must use best efforts to maximize returns, minimize losses and mitigate the potential for serious adverse effects to the financial system. In deciding upon a course of action, the FDIC also must determine that such action is necessary for the financial stability of the United States. . . . [And it must] ensure that *unsecured and uninsured creditors* bear losses in accordance with the priority of claim provisions [emphasis added].