

Submission to the FSI

Regarding the component of the FSI dealing with bail-in, it would be a major mistake to consider this as a solution to upcoming problems with the financial and banking system in Australia.

What confidence would remain with the general public towards our government and financial institutions should bail-in be actually carried out? How healthy and thriving is the economy in Cyprus after the bail-in over there?

Components of the banking system that are involved with risky, speculative investments (such as derivatives) that would bring our economy down should be totally separated from the banking system that helps to maintain what is left of our productive physical economy. Measures similar to the Glass-Steagall act of President Roosevelt's introduced in the 1930s need to be adopted.

Assuming that this inquiry is not just to rubber stamp the wishes of the too-big-to-fail banks this inquiry would be a golden opportunity to start reforming our financial system so we go from a basically resource supplier to a productive manufacturing/agricultural economy utilizing ever higher levels of technology and science.

Lying to the general public and bail-in is no solution for the times ahead.