

Financial System Inquiry,

I am making this submission to the Financial System Inquiry because I am extremely concerned about the ability of our so-called “Too-Big-To-Fail” Banks to keep going with their unbridled risky financial gambling the way they have been allowed to date. It seems they are quite happy to take any profits that are on offer, but are not willing to take responsibility for their losses and would much rather shift the problem to the tax-payer or bank depositors.

I feel the only way to prevent the risk to the broader “real” economy is to separate the conventional nation-building banking activities that the average citizen knows of, from the very risky speculative financial markets that most people know little or nothing about. This has been achieved extremely well in the past with a “Glass-Steagall” separation of banking powers, and this is the only reliable way to achieve it now. To humour any other sort of pretend banking separation would be an opportunity lost and would only be promoted by those in the banking sector who can’t bear the thought of losing the free rein they have been enjoying at the expense of the general public.

The “Bail-In” proposal is a typical bankers solution to a bankers problem by shifting it on to some other innocent party. The immediate unfairness of this proposal is staggering, but when you start thinking about the flow-on effects, it soon becomes clear that it would bring the Australian economy to a standstill. It may well temporarily achieve the intended purpose by briefly saving the “Too-Big-To-Fail” Banks from something they caused themselves, but at what expense? Every bank account holder would have a percentage of their money stolen, but this would include employers like local councils who wouldn’t be able to maintain their current services to the public, and the whole thing heads into a downward spiral to disaster. “Bail-In” definitely hasn’t been any good for the people of Cypress.

I feel that a “Glass-Steagall” true separation of banking powers is the only action that has worked comprehensively in the past, and is the only action that will work to protect us from risky banking activities now, while still allowing our economy to function.

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