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## SUBMISSION TO FINANCIAL SYSTEM INQUIRY

I am deeply concerned regarding the recent debate as a result of the Interim Report of the FSI. In particular the prospect of Bail-in. Additionally, the push toward the Financial Stability Board's Key Attributes Regimes, with the consequence of aligning Australia's regulations to G20 commitments. This has some undesired ramifications and not in Australia's interest.

Bail-in only allows Too Big To Fail (TBTF) Banks to pretend they are solvent and obviate the need for Government intervention. Furthermore, Bail-in would also try and avoid a contagion, damaging other banks, papering over the systemic problems that exist.

Why do banks require any form of assistance if they are so profitable?

It is incomprehensible to imagine the consequences to the community if the TBTF Banks seized depositors funds. This would be an immoral act and is counter to the principle of the Common Good. The Common Good is the ultimate function of Government. This is reinforced by Pope Francis in his recent *Evangelii Gaudium* (26<sup>th</sup> Nov 2013). He states: "it is the responsibility of the state to safeguard and promote the Common Good".

I say absolutely NO to Bail-in.

The only way to protect bank deposits and the economy is by the Glass-Steagall bank separation that occurred in 1933 in the US. Under Glass-Steagall safe Commercial banking that facilitates the productive nature of economy would be separated away from speculative Investment banking.

True commercial banking would have Government protection. Investment banking would either sink or swim.

The proposition of "Ring Fencing" proved inadequate during the 1929 crash. The recent collapse of the Portuguese bank also proved "Ring Fencing" was not a solution to saving banks.

Glass-Steagall is the only solution.

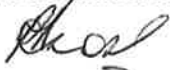
There needs to also return to National Banking which served this country very well until its privatisation.

It created credit for agriculture, manufacturing and infrastructure and anchored the private banking system. It created employment and enhanced the principle of the Common Good.

Money should serve not rule.

What is the use of economy if it does not increase the standard of living for the citizens?

Yours sincerely,



Phillip Randall Cross  
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