Written by **Alex Newman** on March 27, 2013

Eurozone Boss Seeks More Looting as Capital Controls Hit Cyprus

After looting some 30 percent of selected bank account holders' deposits in Cyprus on behalf of the so-called "Troika"— the European Union (EU), the International Monetary Fund (IMF), and the European Central Bank (ECB) — eurozone boss Jeroen Dijsselbloem told reporters this week that taking money from savers in other crisis-hit nations to prop up banks could become the norm. Across Europe, analysts, experts, economists, markets, and especially savers recoiled in horror, prompting the increasingly discredited Dutch Finance Minister to backtrack slightly. In Cyprus, meanwhile, anger is boiling over as authorities prepare to impose capital controls in an effort to avoid a full-blown bank run.

On March 23, when the EU and IMF plan demanded that the seizure of savings apply to all account holders, eurozone chief Dijsselbloem refused to rule out similar heists — authorities disingenuously referred to the theft as a one-time "stability tax" — in other euro-area nations. Despite claiming that no other countries were being targeted yet, the remarks sparked panic across Europe, especially throughout the economically devastated southern regions. Even bank CEOs called the move "full-blown socialism" while predicting the potential implosion of the single currency.

Earlier this week, Dijsselbloem claimed that the heist underway in Cyprus, which will wipe out up to 40 percent of large-account deposits, "does fit into the new approach towards bank rescues that is gradually evolving." Savers in Italy, Greece, Spain, Portugal, Ireland, and beyond rightly wondered whether they would be the next victims — especially when the eurozone chief said he did not regret his comments.

In a move that almost seemed calculated to add more fuel to the already-blazing inferno, Dijsselbloem — one of the key architects behind the ECB-EU-IMF bailout scheme — then reiterated this week that anyone with savings in the eurozone could become fair game for looting. While claiming that shareholders and bondholders would be the first to take mandatory so-called "haircuts" lawlessly imposed by international officials, the single-currency area finance chief acknowledged that depositors could also be subject to government-enforced thievery to bail out banks and governments.

"If there is a risk in a bank, our first question should be 'Okay, what are you in the bank going to do about that? What can you do to recapitalize yourself?'," the Dutch eurozone chairman was quoted as saying in Reuters and the *Financial Times*. "If the bank can't do it, then we'll talk to the shareholders and the bondholders, we'll ask them to contribute in recapitalizing the bank, and if necessary the uninsured deposit holders." In other words, "if necessary," anyone who has over about $128,000 in the bank could see their savings plundered.

As news of the controversial admission made headlines worldwide, panic reached epic proportions, with analysts emphasizing that such reckless policies could easily lead to an unprecedented region-wide run on the banks. The single currency continued its plummet to a new five-month low. Later in the day, however, the eurogroup chief issued a statement apparently aimed at backtracking slightly from his previous remarks.

"Cyprus is a specific case with exceptional challenges which required the bail-in measures we have agreed upon yesterday," reads the statement posted on the EU's website. "Macro-economic adjustment programs are tailor-made to the situation of the country concerned and no models or templates are used." Critics quickly lambasted the half-baked "clarification," saying the EU and its leaders were quickly losing all remaining credibility by "lying."

In Brussels, various officials with European transnational entities bickered over whether savers, taxpayers, or both would be forced to foot the bill in future bank rescues. According to news reports, the European Commission and influential members of the "European Parliament" were drafting new "laws" forcing savers to take at least part of the hit. Central bankers, on the other hand, insisted that the Cyprus heist would not necessarily be a model for future bank bailouts.

A new term has even been invented to describe the whole process underway right now: a so-called "bail-in." Writing Monday in *The New American*, former investment advisor Bob Adelmann explained what it means: "A bail-in occurs when the contract terms of a bond are unilaterally and illegally changed by an outside illegal and unelected body so that the bond holder who normally would stand at the head of the line in a bankruptcy gets to 'contribute' part of his investment to save the bank in which he invested."

Adelmann explained that the agreed-upon scheme in Cyprus, which includes a partial theft of all large accounts in the nation's two biggest banks, essentially turns depositors into lenders. The deal also represents a full-blown attack on national sovereignty, he added, pointing out that the terms of the controversial "agreement" are being dictated to Cypriots and their government by outside powers: the EU, German authorities, the ECB, and the IMF.

"Lipstick in generous quantities was applied to the robbery," Adelmann noted, citing all of the praise showered on the deal by the officials who were responsible for foisting it on Cyprus. However, even as self-styled international "authorities" pat themselves on the back, the dangers are far from over. "The Rubicon has been crossed and bondholders and depositors will no longer trust the banks in Cyprus or in the Eurozone," Adelmann concluded.

In Cyprus, meanwhile, the crisis continues to rage on as desperate citizens and businesses try to access their money, with ATMs reportedly limiting withdrawals to less than €100 (about $130). Banks are still on an extended "holiday," too, even as the government prepares to impose capital controls in a ham-handed effort to prevent a full-blown bank run. "Banks will open on Thursday," said Cypriot Finance Minister Michael Sarris in a television interview, adding that he thought the capital controls being devised by authorities "will be within the realms of reason."

Sarris did not offer more details about the soon-to-be unveiled coercive measures to stop people from getting their money out of the banks and out of the country. "We will look at the best way to limit the possibility of large sums of money leaving, and not imposing punitive conditions on the economy, businesses and individuals," the finance minister was quoted as saying in media reports without elaborating. Analysts say the end result could be a disaster and that the policies may even result in the eventual implosion of the single currency.

In the streets of Nicosia, the capital, thousands of terrified citizens gathered to vent their rage against lawless politicians, bankers, and foreign powers seeking to confiscate their hard-earned savings and impose new "laws" on the nation from Brussels in exchange for the bailout. Cypriot and European authorities are also still bumbling around from one explosive potential meltdown to the next as analysts — even among the establishment press — point out that the seeds of the current crisis were sown in Cyprus by the EU itself while "solving" the Greek crisis. The next mega-crisis, meanwhile, could be just around the bend.

Unsurprisingly, the deeply controversial "agreement" has inflamed anti-EU and anti-euro sentiment across Europe to unprecedented levels. "We are looking at a very grim future for Cyprus," Cyprus Investor Association chief Michael Olympios told the *New York Times*, adding that remaining confidence in the EU and its currency would continue to evaporate. "Even firm believers in European project like myself see now that it was a bad idea and that we should have at least stayed out of the euro … I used to be a believer. Not anymore."

Critics of the bailout and more than a few economists have pointed out that the true sources of the ongoing crisis remain completely unaddressed — virtually unmentioned, in fact. Among the root problems, experts say, are the single currency itself; the EU and its lawless interventions in the economy; a debt-based fiat monetary system; state-backed fractional-reserve banking; the continued swindling of citizens to bail out bankers; out-of-control big government as evidenced clearly in Cyprus' Communist president, who served until last month; and much more.

As enraged Cypriots await their fate at the hands of transnational bureaucrats touting the alleged "solutions," despite official protestations to the contrary, the crisis is far from over. Indeed, multiple media outlets are already suggesting that Slovenia and its troubled banking sector may be the next explosive flare-up to hit the spotlight. Italy and Spain are also suspected of being on the verge of collapse.

If the last three years of EU, IMF, ECB, and eurozone policy failures offer any hints about the future, though, the prospect of seriously addressing the underlying problems is virtually zero. Central bankers will continue to print fiat debt currency, governments will continue to loot, and the system could end up collapsing entirely. In the end, analysts say markets may end up blowing the euro to bits whether establishment politicians and bankers like it or not.

Photo of eurogroup chief Jeroen Dijsselbloem: AP Images

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