Scare-mongering Greeks to Vote "Yes" on Sunday. The Threat of Bail-in "Haircuts" on Bank Deposits

By Stephen Lendman
Global Research, July 04, 2015

Region: Europe
Theme: Global Economy, Poverty & Social Inequality

The Choice Greeks have in Sunday's referendum is accepting most Troika austerity demands or all of them – what this writer calls death by hanging or firing squad.

Troika supporters are going all-out to scare Greeks to accept what most harms them – endless austerity until the entire population (except its elites) is forced into impoverished indentured servitude under Western bankster rules.

The latest 11th hour rumor claims "Greek banks prepare plan to raid deposits to avert collapse," according to the Financial Times.

A so-called "bail-in" would impose at least a 30% haircut on deposits over 8,000 euros, the FT said citing unnamed bankers and businesspeople. It would resemble the 2013 Cyprus plan imposing haircuts on uninsured deposits over 100,000 euros.

An unnamed source said the bail-in "would take place in the context of an overall restructuring of the bank sector once Greece is back in a bailout programme. This is not something that is going to happen immediately."

It's not coincidental that rumors like this (true or false) are floated on the referendum's eve. With a close vote expected, Troika bandits aim to shift enough undecided Greeks to the "yes" camp on Sunday.

Banks are closed. Capital controls remain in place restricting depositor access to maximum 60 euros daily from ATM machines alone. No foreign transactions are allowed.

Greek bankers want people to vote "yes" on Sunday – to protect their bottom line interests. The FT cited two unnamed Athens ones saying only enough cash remains to supply them for a few more days.

Greek deposits are guaranteed up to 100,000 euros. The FT said deposit insurance funds amount to only three billion euros – not enough to cover demand in case of bank collapses.

Months of capital flight left few deposits over 100,000 euros left. The FT quoted an unnamed analyst saying "it makes sense for the banks to consider imposing a haircut on small deposits as part of a recapitalisation" plan.

Bail-ins are grand theft by other means – a financial coup d'etat on top of all other wealth transfer schemes imposed to save banks from their own transgressions – making ordinary people pay to keep them operating by declaring deposits part of their capital structure, no longer money belonging to savers.

Whether bail-ins are coming remains to be seen. Greece's Bank Association head/National Bank of Greece chairman Louka Katseli said reports of depositor raids belong "only in the sphere of fantasy. There are no such scenarios at any Greek bank, not even as an exercise on paper."

In late May, the European Commission gave France, Italy and nine other EU countries two months to adopt new rules on propping up banks facing insolvency or face legal action.

All EU countries must comply with so-called bank recovery and resolution directives (BRRD) mandating bail-ins instead of bail-outs to rescue troubled financial institutions.

Greece is in compliance so can institute bail-ins if ordered. They may follow if conditions warrant.

It bears repeating. Raising the issue and other pressure tactics ahead of Sunday's vote aim to scare Greek voters to accept what demands rejection. It remains to be seen what they decide. Polls indicate it could go either way.

Voting "no" won't change Europe's financial landscape. It won't end Greek crisis conditions or painful austerity. It will be a huge victory in one respect – showing ordinary people can say no to bankers and perhaps triumph.

At the same time, the struggle for Greece's soul, all Europe, America and beyond continues. Business as usual still dominates – the power of monied interests over democracy and populism. Nothing in prospect suggests real change.

A Final Comment

Greek Finance Minister Yanis Varoufakis said Troika officials offered an acceptable bailout deal, according to a Channel 4 interview. It's conditional on Greeks voting "no" on Sunday.

He didn't reveal details so it's unclear what both sides may accept. It's very clear terms involve greater austerity than already – instead of no further anti-populist measures and an agenda to restore vital social services once economic and financial conditions permit.

Stephen Lendman lives in Chicago. He can be reached at lendmanstephen@sbcglobal.net.

His new book as editor and contributor is titled "Flashpoint in Ukraine: US Drive for Hegemony Risks WW III."

http://www.claritypress.com/LendmanIII.html

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About the author:

Stephen Lendman lives in Chicago. He can be reached at lendmanstephen@sbcglobal.net. His new book as editor and contributor is titled "Flashpoint in Ukraine: US Drive for Hegemony Risks WW III." http://www.claritypress.com/LendmanIII.html Visit his blog site at sjlendman.blogspot.com. Listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network. It airs three times weekly: live on Sundays at 1PM Central time plus two prerecorded archived programs.