PRESS RELEASE

TSCF

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TSCF blames EU for disastrous handling of Cyprus bailout

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TSCF expresses its deep preoccupation in the face of the disastrous way EU leaders mismanaged the bailout of Cyprus in March 2013.

The first version of the Cyprus bailout plan included a deposit grab which set a bad precedent, imposing a 6.75 percent tax on insured (government guaranteed) deposits and of 9.9% on uninsured (non government guaranteed) deposits. This is bank robbery – pure and simple theft.

Citizens in the rest of the eurozone now know that, if push comes shove to, their savings shall be grabbed too. Confiscating savers' money will knock confidence in the banks. Trust in the government will also be hit, since Nicosia had guaranteed all deposits up to 100,000 euros. Finally, confidence in the EU institutions will be shaken, while the independence of the ECB, who threatened Cyprus of liquidity shortage in a matter of days, henceforth appears to be a myth.

The second bailout plan is no better than the first one. Savers above 100,000 euros, who lost up to 40% of their money, are savers too, and cannot be reputed to be laundering money with no further evidence. In no way are the savers responsible for the situation of the banks of Cyprus.

Furthermore, the eurogroup chief spread panic by saying publicly that this huge waste could constitute a template for future bailouts, then retracted.

Is this for all that a sustainable path to recovery? There will be an immediate 5-10 per cent collapse in output and a massive surge in unemployment. The impact on GDP, tax revenues, employment and public services should be devastating.

EU leaders are not proficient. They have lost any contact with reality. They do no respect democracy, do not respect the rule of law, and are fanatically determined to do everything it takes to save the euro, which will eventually collapse in a disastrous manner.

Cyprus had to be bailed out because the country is part of the eurozone and unable to devalue. It would have been better for Cyprus to stay away from the eurozone and from the EU, and to be an offshore center with strong financial and tourism sectors, not to speak of the perspectives offered by the future exploitation of natural gas reserves. It is the EU that has destroyed the economy of Cyprus.

TSCF calls for savers to be very careful and avoid excessive confidence in banks and governments. It urges savers to discuss with banks their terms and conditions and to institute firm contract guarantees for their assets, unless they would have to withdraw their funds from the said banks, in particular from the European ones.