

# Long term financing of the real economy

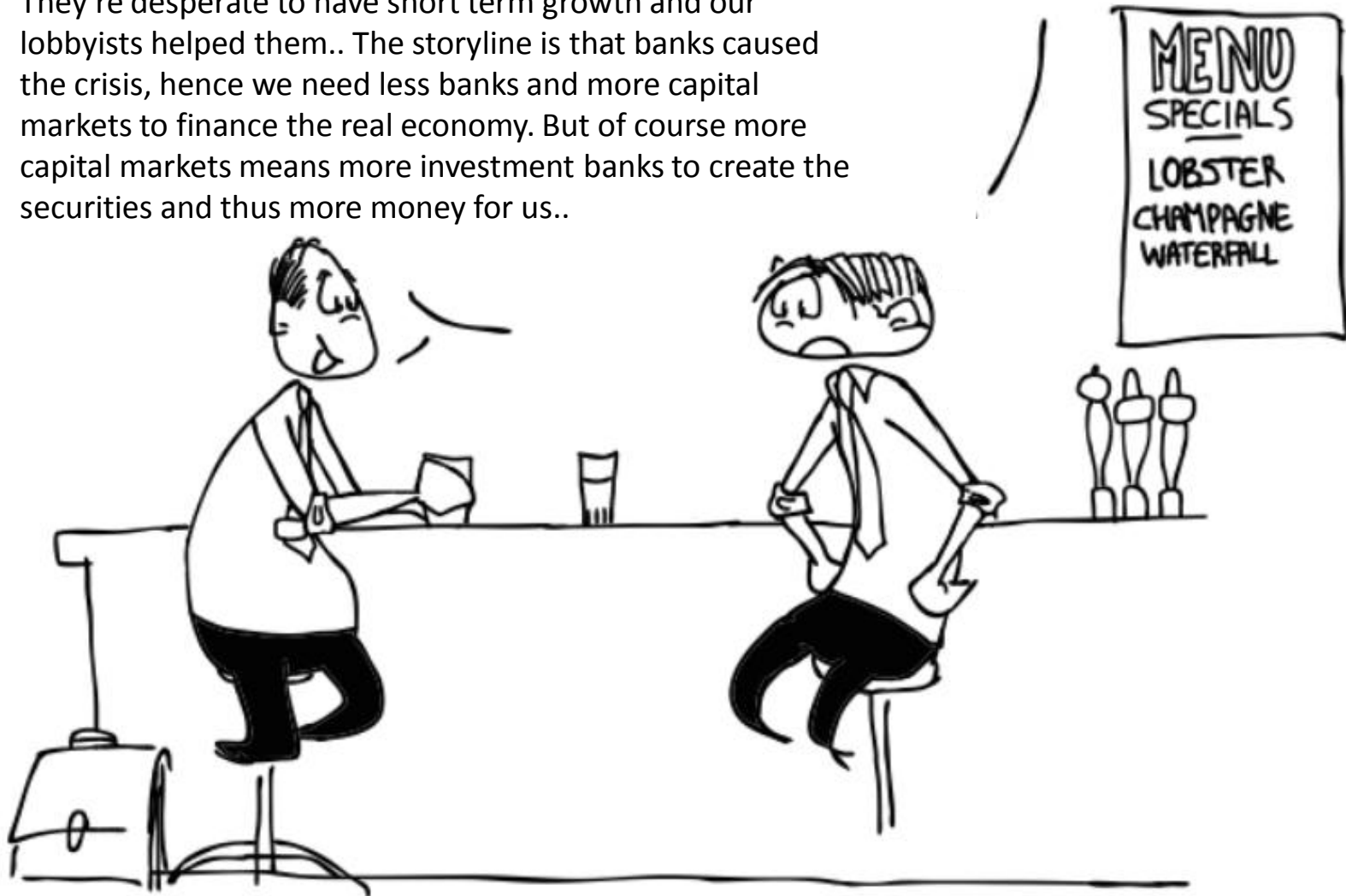
So what's the latest from Brussels?

Excellent news, they want to promote capital markets and securitisation in Europe! It's Christmas before Christmas!



Really? Did they already forget about the crisis?

They're desperate to have short term growth and our lobbyists helped them.. The storyline is that banks caused the crisis, hence we need less banks and more capital markets to finance the real economy. But of course more capital markets means more investment banks to create the securities and thus more money for us..



..And we told them that if they don't help us with subsidies and less regulation, there will not be enough credit for the poor SMEs, no growth and European banks will be eaten alive by US banks. So they agreed to help us redevelop securitisation, but only "good securitisation" this time.

Sounds like "healthy bacon burger" to me. What is it?

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Well same as usual, we repackage loans and sell them to investors, only this time we promise not to fill them with toxic loans and weird complex stuff. Don't worry, still plenty of money to be made there.

How did you manage to convince them that it was better than traditional bank loans??



Hey relax, there's plenty of good news for you too. They'll privatise a big chunk of European infrastructure and your pension fund will be able to invest in bridges and highways with nice returns guaranteed by the government. Better than investing in lousy sovereign debt uh? Somebody's gotta help these poor pensioners..

Sounds sweet indeed!  
Aren't they worried about public protests and creating systemic risks same as before the crisis?

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Nah you're thinking too far ahead, they'll worry about that later, for now all that matters is growth and jobs asap.

I'm not sure how boosting investment banks and flooding the market with credit will help..



This is not something for you  
and I to worry about my  
friend, trust the big boys..

..Besides I might hire a  
nanny and buy a new car  
to celebrate, how's that  
for supporting the real  
economy?

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# THE END

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This is a light-hearted attempt to explain certain issues with the EU's long term financing initiative, the text is purely illustrative. For a fuller analysis, see Finance Watch's December 2014 report "A missed opportunity to revive "boring" finance?".

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