

Weapons' exposition – Budiž Euro! 13/2014

Ukrainian billions. European referendums. Army parade of ECB. Hair mousse or die.

This month we celebrate five years of historically longest continuous growth. You guessed it right, not the economic one. Even though the reaction of central banks to the crisis (especially the one of the American FED in the form of unprecedented influx of new money to the market) did not solve the crisis, but at least it started the bombastic growth of the stock market (some might say inflation). Index Dow Jones Industrial Average increased after those five years by 180%.

But back to reality. Few weeks ago, the promise to help Ukraine meant no more than a few billion. Events, however, changed rapidly and now there is a global package ready, led by the IMF and amounting to \$27 billion for the next two years. Hopefully, the aid will be used wisely and will not end up in a black hole of local politics, as is a usual case of foreign aid.

Italy already knows the results of popularly organized referendum about the independence of Venice. With the attendance of 2.3 million voters, 83% were in favour of secession of the area from Italy. Turnout was more than 60% of eligible voters, also thanks to the possibility to vote online or by phone. Just for comparison - personal participation in the first round of presidential elections in Slovakia was less than 50%, not to mention the elections to the European Parliament, where even 20% is a great success. Anyway, Italian government does not recognize the referendum, respectively - it ignores it as not legitimate.

Similar destiny is waiting for the Catalan people. Spanish Constitutional Court declared the referendum about independence unconstitutional. National politicians are very reluctant to lose their taxpayers. Let's see how Scots will end up.

But at least one bright point for Spain, the number of incoming tourists is growing. In France, only unemployment has the same trend - from January to February, the number rose by another 31 500 of unemployed and 4.7% in comparison with the last year. Out of the total number, there are 47% people without a job for a period longer than one year.

And again, back to the South, Greeks are facing a key moment in the history of economic rescue of their country - the shelf life of the milk. The whole billion agreement with Troika depends on the negotiation about the question of shelf life of the milk. Domestic lobbyist are fighting for 5 days, but Troika wants 10. Yes, even those issues are seriously negotiated. Local politicians, however, can unite. The non-partisan commission began the activity with the aim to calculate the damages caused to Greece by Nazi Germany. In the latest attempt, the sum amounted around decent 160 billion euros.

The new Czech government agreed upon the fiscal compact. The previous one refused this step, altogether with the United Kingdom. Not that it would matter. Compact whose task is to compel Member States to behave fiscally responsible is in function for only half a year but is already cheerfully violated.

The head of the Italian central bank joined the group of prophets warning before deflation, or better put - before its mythical impact - legendary "deflation spiral". Funny enough, his country hardly had any trouble with deflation in the past. Who still remembers the ice cream scoop for 1.000 liras?

And he is not the only one who suggests the ECB to do more than it did so far. Even the conservative (of course within the limits of pro-European economist/politician) head of Bundesbank Jens Weidmann admitted that printing money in the form of quantitative easing is not completely out of the question for the future. The next step might be, several times mentioned, "savings account" to support companies' investment. Of course only those Brussels approved, socially-environmentally-gender-European conscious. My savings cannot wait, and me neither.

And there is still more about ECB! Another way how to finally cram the unfortunate and stuck liquidity from banks to the market is the launch of securitization. The hope is seen also by Mario Draghi himself. Securitization represents the process of packing loans of various quality (read: the poor ones) and their subsequent division into better valued packages. If this reminds you a scenario from the beginning of the financial crisis in the U.S., you still have a good memory. Even though, the liquidity is not stuck that much. European banks lend - to the governments. Purchases of national debt by the European banks continue. Without their cooperation, the promises of politicians would be much more difficult to fulfil.

The last year's hit - virtual currency - continues to live. In Denmark, the country with perhaps the highest tax burden in the world, the currency is exempted from tax. According to the chairman of the tax administration, they are "seeing the result of transactions with virtual currencies as a purely private matter." Such a report, few days before the deadline for filling taxes would touch also the Slovak soul, even if just in a moral way.

As a student you might have often pondered about the selection of a right hairstyle. Real suffering for men. But not a problem for progressive leadership of North Korea. All male students are required to wear only one hairstyle (others are offered 28 government-approved options). Coincidentally, the style is the one worn by the most beautiful man of the planet - Kim Jong Un. And reportedly, he inspired also a number of American celebrities, including the former holder of the title.

Just enough socialist certainties and grease for the rest of the week, wishes

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