

Careful with CoCos – Budiž Euro! 21/2014

To the polls! Less of smoked. Bargain in the bank. Sputnik takes off.

Here we go. Leaflets falling out from newspapers and videos falling out from websites - convincing us about the rightness of a particular candidate but also about the civic duty to vote the Euro representative. It somehow reminds a bit of an ambitious gold digger, which buys a seductive lingerie with her husband's credit card, hoping that the ignorant husband will notice it.

The European Parliament is happy to [spend its resources on its own promotion](#). From all of the cases, we can mention for instant, a visitor's center - Parliamentarium for nice 20.5 million euros or 56-million museum called The House of European History. It is therefore no surprise that Parliament's budget [increased by more than 20%](#) in last 6 years while the number of members decreased.

But the campaign for the EP elections was, at least in Slovakia, poor when compared to the national elections' one. And there's no wonder. Places in parliaments are lucrative but limited and can be secured only through a difficult political struggle. But lucrative place in Brussels can be ensured also easier - by the career of a permanent staff. More than 10.000 Euro bureaucrats (that means more than one fifth of them) have an annual salary [higher than the UK Prime Minister David Cameron](#). He contributes to the family income by 140.000 pounds (172.000 euros) per year.

Such a payment must be earned, though. And since the production of official are regulations, so they produce. The latest one is a [reduction in allowable](#) levels of benzo(a)pyrene in smoked meat, what withdrawn several popular Polish products from the market. While this is an alleged offender in the case of colon cancer, while having a barbecue at home, one can indulge ten to twenty times higher dose that the new regulation defines. But barbecue is difficult to forbid, isn't it?

The Indian community in Britain (and connoisseurs throughout the Union) was offended by the [ban on the import](#) of Indian mangoes, allegedly due to the occurrence of fruit flies. Brussels' politicians probably haven't seen the fruit storage in Slovak dormitories. But more serious consequences are threatening than loss of exotic fruit. New regulation on aviation safety means the stop for almost [half of German heliports](#), used mainly by rescuers. For Germans they were still good, for Brussels' officials not anymore. If you will have to wait ten minutes more, after an accident at the German highway, you know who to thank.

But enough with the regulations, let's have a look at banks. In Germany [concerns arise](#) over the possible onset of negative interest rates of the ECB which might, potentially, affect the further economy. Negative interest rates sound absurd - who would save his money in a bank so his savings would wane, even nominally? But in the central banking system these is already tested (nationally) reality. Banks do not have much to choose from. They can either convert money to cash or store it in a safe, but storage of billions of euros in the form of a paper is too costly. Just imagine Uncle Scrooge! The other way is to borrow them in the market. But that does not come without a risk. Therefore, banks often prefer the third option - to safely store the cash in a central bank at minimal, or even negative rate. Majority of citizens would rather use the services of a mattress but with growing prohibition of the paper cash we can live to see the day when we will not have a choice.

European banks, however, are currently dealing with more acute issue - to find additional capital to withstand the upcoming stress test. Deutsche Bank, one of the largest in Europe, plans to get additional 8 billion by [selling additional shares](#). Europe is experiencing a boom in the contingent convertible bonds, in the Anglo-Saxon world also dubbed CoCos. These are the bonds which, at a certain point, convert to the shares of the debtor. Banks are recently selling them more often to their retail customers. And those often have no idea about what are they actually buying. Same as when Spanish pensioners did not have a clue what are they buying when they were lured to the "investment" to Bankia.

Google provides products of too high quality and others just cannot catch up. That's why Brussels frantically wonders about how to reduce the privileged position of Google. It is worth considering a proposal to subsidize it into smaller pieces (at European level). However, the Commission had to sadly acknowledge that there are [no tools for that](#). Yet!

Russians, on the other hand, tend to tackle problems from different perspective. The government did not like the fact that internet browsers provide too many anti-Russian results. That means that from tomorrow, the [new browser](#) should be running, holding a distinctive name Sputnik, producing only the "right" results. Sputnik will be compulsorily set up in all schools and offices. Nope, that's actually not a joke.

While the EU politicians talk about the need for a unified minimum wage more often, Swiss have saved their economic freedom in a referendum. More than three-quarters of the voters [rejected the introduction of a single minimum wage](#) demanded by labour unions. Direct democracy is one thing, informed population who understands the economic consequences is the second one.

For the funny finale, let's fly over the ocean. The U.S. war on drugs is known for its toughness. Approximately one percent of the population is sitting in a jail, with much of the penalties for drug offenses. Significant restrictions are also in case of recruitment to the governmental services. For instant, the one interested in work for the FBI must not smoke marijuana for the last three years preceding the job application. However, this rule [causes some troubles](#) to the Bureau, when recruiting hackers. Just imagine a hacker, willing to work for the government, who is not a pothead... FBI chief has already admitted that they start to think about this requirement.

Creative rest of the electoral week without prohibited substances, wishes

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Originally published 22.5.2014
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