

Should access to all Financial Markets be banned to High Finance (Euro Area) ? Part II: The Stock Exchange.

REMINDER.

In a first article , entitled: "*Part I: Financial Markets at the end of 2016*", we noted that the Bourse is finally a "small" financial market (€6,567.3 billion at the end of 2016).

In this second part, we will describe this Stock Market with figures (which is rare) and avoiding to repeat the usual comments on the dictatorship and on the short-term view of High Finance.

Of course, we cannot ignore the human and economic disasters of this strategy of greedy appropriation of material wealth by bankers and insurers (which no one ever points to); they are clearly visible since entire families are affected by mass layoffs and by the relocation of entire sectors, including agriculture.

Many regions have, in less than fifty years, become deserts made up of agricultural and industrial wastelands of repulsive ugliness, with their procession of abandoned houses of ruins.

The invisible part of this iceberg of suffering is the psychological misery of the victims that has already affected two generations since the seventies (1970) but it is also the moral depravity of the actors of this system.

The latter are constantly attacking the dismantling of all the essential rights of citizens, and they are now speculating against the states themselves that saved them from a certain bankruptcy between 2007 (in the United States) and 2009 (in Europe).

The mechanics of this destructive logic are relentless: ordinary profits are never enough.

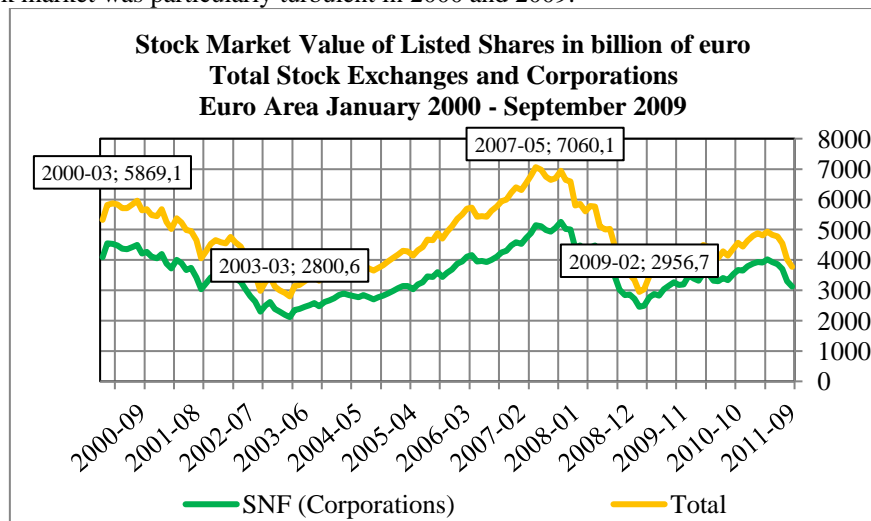
Finance wants more, always more, but it is no longer profits that it reaps, it is easy capital gains, little or never subject to draconian taxation. It is also tax-free capital gains that give rise to the payment of disproportionate dividends, to the detriment of wages.

Result? The real economy disappears in favor of a **SOCIETY OF RENTIERS AND THIEVES**.

In other words, High Finance has already installed a mafia system including our Civilization; it is indeed destroying the very essence of our "common home" (the State) by establishing a new barbarity, remotely controlled from tax havens.

STOCK MARKET CRISIS (2000-2009).

The European stock market was particularly turbulent in 2000 and 2009.



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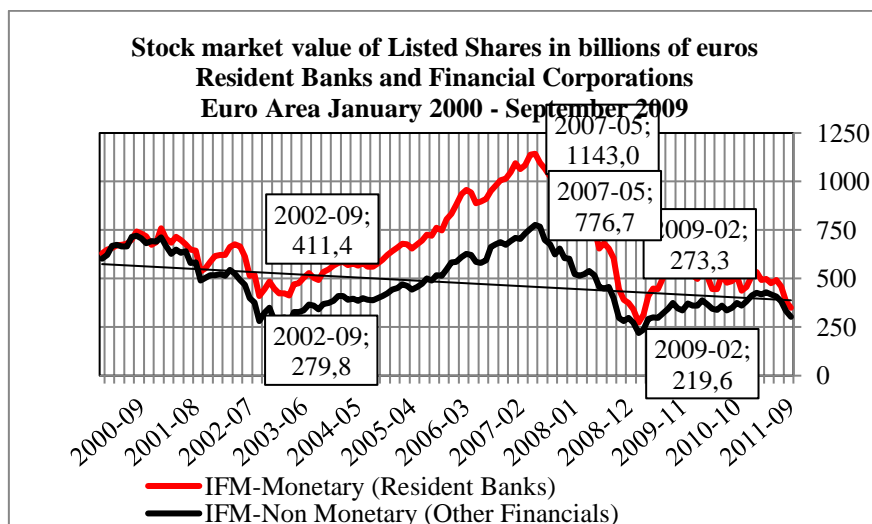
All the shares listed on the stock exchange within the zone represented in billions of euros:

- Total listed shares: from €5,869.1 billion to €2,800.6 billion from March 2000 to March 2003; then from €2,800.6 billion to €7,060.1 billion from March 2003 to May 2007; then from €7,060.1 billion to €2,956.7 billion from 2007 to February 2009.
- Of course, it was the NFCs (companies, corporations) that were the most sensitive: from €4,544.6 billion to €2,117.6 billion from February 2000 to March 2003; then from €2,117.6 billion to €5,140.6 billion between March 2003 and May 2007; then from €5,140.6 billion in May 2007 to €2,463.8 billion in February 2009.

The main actors and responsible for the crisis, resident banks (MFIs) and other non-monetary institutions (mainly Credit Companies) experienced free fall in 2009.

Without the central governments (States, European Union), they would have been pushed to the DEPÔT DE BILAN.

This (healthy) logic of bankruptcy filings would have made it possible to dismiss the senior officials of this crisis and to clean up the trafficked balance sheets, including in tax havens.



In short, the evolutions between the two crises (Internet bubble 2000-2005 and financial bubbles (subprime mortgage crisis in the USA in July 2007; Financial crisis in Europe 2008 - ∞?) were as follows:

- Shares of MFIs (banks): from €671.0 billion from April 2000 to €411.4 billion to September 2002; then from €411.4 billion to €1,143.0 billion in May 2007; then from €1,143.0 to €273.3 billion from May 2007 to February 2009.
- Shares of other Financial Institutions (mainly credit companies): from €673.1 billion to €279.8 billion from April 2000 to September 2009; then from €279.8 billion in September 2009 to €776.7 billion in May 2007; then, from €776.7 billion to €219.6 billion from May 2007 to February 2009.

If we reason en masse, the European stock market is always destabilized by financial businessmen.

Considerable sums were exchanged for nothing...

Indeed, the same companies (in the broad sense, this time) are still there, with one epsilon.

Better still, it was the speculators themselves who risked their lives in this market of spoliations.

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DAILY FLOWS ON THE SECONDARY MARKET : WHO LOSES? WHO WINS?

The Secondary Market deals with existing shares: it is this "stock" that gives rise to so many comments from journalists and economists "embedded": they are inexhaustible on the evolution of prices but never on the human and economic damage.

If we reason in daily flows, we can estimate that the stock market (all stock exchanges in the euro zone) gives rise to daily exchanges of more than 200 billion euros per day, and much more than that when irrational analyses, positive or negative, prevail over the elements of a cold analysis.

In reality, these exchanges are not zero-sum exchanges for society (version advanced in good faith by Adam SMITH) since, when there are gains, High Finance appropriates them (**privatization of gains**) and, when there are losses, it draws on our savings (public deficits) and our pension funds to bail itself out (**socialization of losses**)

For Finance, this is very easy because, schematically, Investment Funds manage our life insurance and Pension Funds manage our supplementary pensions: as the managers are the same as those of High Finance, it is easy to practice the good old recipe of communicating vessels.

Then, when this is not enough, High Finance draws on the coffers of the States: €1,433.7 billion in bank losses in the euro zone between September 2008 and September 2015 (source: European Commission) in the form of capital contributions and repurchases of rotten debts.

In total, the European Union has authorised governments to grant between September 2008 and September 2015 (statistics available) **Aid, Subsidies and Guarantees to the Financial Sector** to support the suicidal policies of Mario DRAGHI, President of the ECB: €3,504.7 billion in the Euro Zone; €5,142.2 billion in the EU-29 (before BREXIT).

On the other hand, the darkest part of derivatives is now in the basements of banks, "state vehicles and the U.S. E" and even in those of the ECB.

At the end of 2005, without any democratic debate, the States had still granted the ECB "state guarantees" of more than €2,000 billion within the Euro Zone and more than €3,200 billion (European Union) to cover the (very likely) losses of these toxic assets...

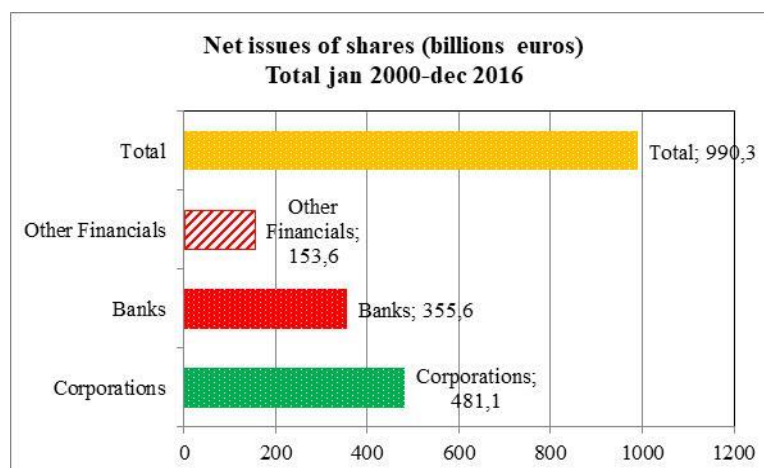
But this will not be enough because specialists predict that European High Finance will have to raise more than 1,000 billion billion of new money by the end of 2017 to be able to neutralize the lack of liquidity, linked to these rotten debts.

With the "ordinary" leverage effect practiced by banks, we can therefore think that the foreseeable losses will exceed 6,000 billion euros in the EuroZone.

So, at this point, we must remember that the daily flows, on the stock market and in the EuroZone, amount to at least a few hundred billion euros (per day) to raise or lower listed shares (only listed shares) by several trillion euros (in a single year)...

THE PRIMARY MARKET: WHAT AND WHO IS THIS "CAPITAL MARKET" FOR?

During the entire period from January 2000 to December 2016, net issues of new shares on the stock exchange were only €990.3 billion.



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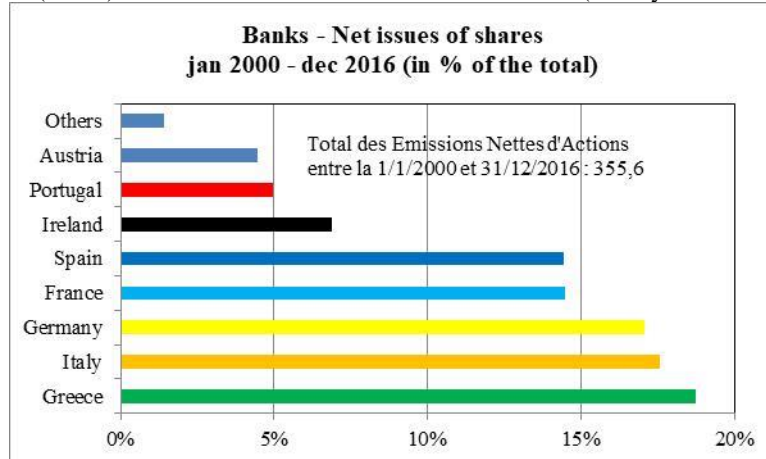
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NOTE: the statistics on gross issues do not take into account the exchange of shares within listed companies, or even the disappearance of listed shares in the case of certain Takeover bids or exchanges (takeover bids and takeover bids).

Not surprisingly, High Finance has copiously used this "Capital Market".

As we will see later, High Finance (Banks, Insurance, Pension Funds and Investment Funds in their boots) had jeopardized their huge collections of new money (more than 25,000 billion euros in the euro zone).

To plug their "fatal" mistakes, Banks and Other Financial Institutions were the best served: 51.4% of net share issues, including 35.9% for MFIs (banks) and 15.5% for Other Financial Institutions (mainly Credit Companies).



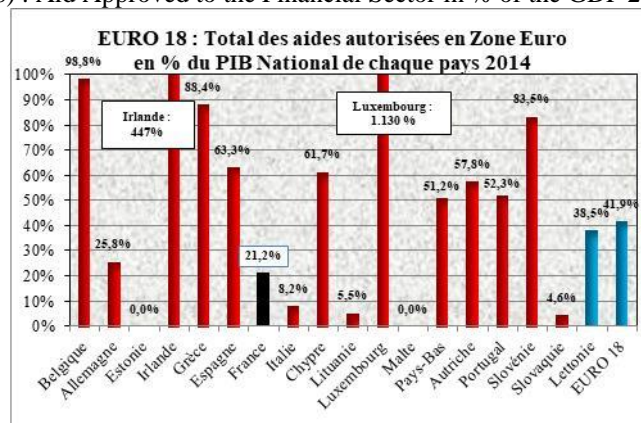
In this list above, we find of course the banks of the countries most affected by the 2008-2011 crisis:

- Southern Europe so despised by the "Germanic" European Union: Greece, Italy, France, Spain and Portugal ...
- Northern Europe so "virtuous" has taken a good part of this primary market to plug the damage of the crisis: Germany, Ireland, Austria.

In the meantime, all the banks of all these "virtuous" countries have made extensive use of our Public Finances to avoid cascading bankruptcy filings: see our article on aid and subsidies granted and authorized by country between the end of September 2008 and the end of September 2014 (update planned before July 2017).

In other words, High Finance found €509.1 billion on this market... but it has drawn more than €1,500 billion from our Public Finances to the point of having "sunk" the Real Economy for more than ten years, or even for more than a generation.

EURO AREA (18) : Aid Approved to the Financial Sector in % of the GDP 2014 of each country



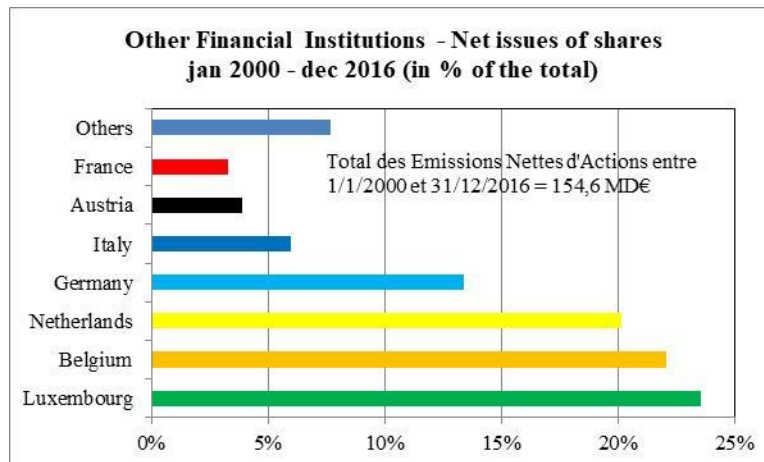
Since then, High Finance has not deprived itself of the laxity of our institutions and our laws to settle permanently in the "countries-with-facilities" (tax and social havens).

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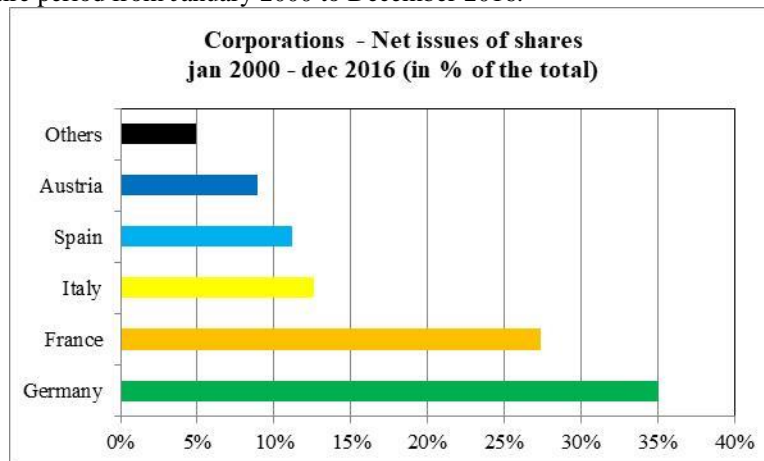
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So no surprise in the following graph: we find "the great friends" of High Finance and other multinationals: Luxembourg, Belgium (Flanders) and the Netherlands.



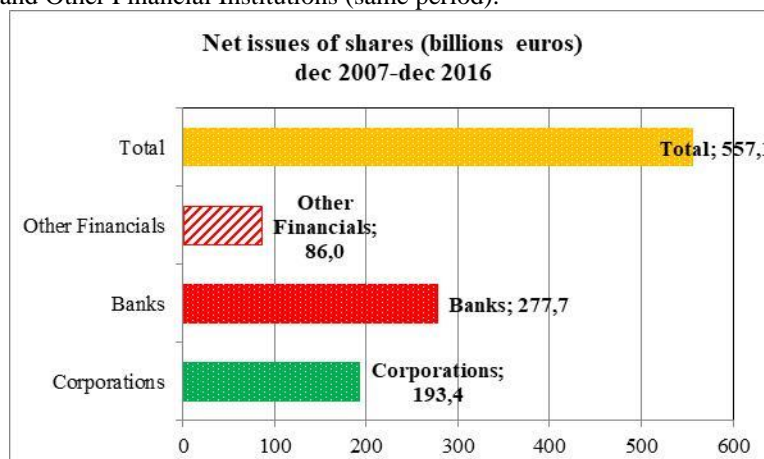
There remains an important part of this market favorable to (large) companies: 481.1 billion euros (out of B€ 990.3) were collected during the entire period from January 2000 to December 2016.



We find (of course) the countries that are (still) home to the major European groups: Germany, France, Italy, Spain, Austria.

In other words, the stock market brews more than 200 billion euros per day to move or lower the value of existing shares from 2,500 to 5,500 billion euros in SEVENTEEN YEARS (17) in several round trips but it is incapable to "provide" more than 480 billion euros to "large" European companies during the same period.

In short, the stock market has been virtually useless. In addition, the situation did not improve with the 2007-2009 crisis: European companies were able to raise only €193.4 billion between the end of 2007 and the end of 2016 compared to €363.7 billion for IFM and Other Financial Institutions (same period).



However, by "democratizing" IPOs and/or capital increases in favor of mid-caps (mid-caps), we could have created a dynamic of job creation for several million jobs in the EuroZone.

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CONCLUSION.

The stock market is useless ... than to lose jobs, incomes and even to lose all hope of economic and social progress within our Society...

Indeed, the stock market stirs a lot of money, out of pure greed, to destroy wealth (by appropriating it), but certainly not to oxygenate the economic fabric, nor especially not to create jobs and rewarding wages.

Better still, it is the bankers (MFIs), the credit companies (their subsidiaries for the majority of them) who use the equity capital markets (stock exchanges).

They have deprived the Real Economy of development and, therefore, of job creation, added value, income and therefore revenue for the State & Local Authorities.

Because of them, the Society systematically loses, and every time:

- when High Finance wins, Society loses jobs and income;
- when High Finance loses, the Company goes into debt to bail it out.

Better still, governments give state guarantees that allow the ECB to provide excessive liquidity, intended to camouflage their rotten debts and explosive derivatives.

- In this vein alone, the ECB "watered" the most threatened Financial Institutions (EuroZone banks) with more than €3,500 billion at the end of April 2017 (on an aggregate balance sheet of €6,940 billion) while the strongest bankers entrusted it with more than €4,000 billion to avoid lending risks to the Real Economy and especially to the Financial Sector, even if it means paying him -0.4% for this "security".

In return, "our" governments impose austerity cures on us that destroy even more jobs, incomes and lives...

Should we close the stock market, a source of suffering?

Certainly not!

On the other hand, it is imperative to frame it, legally and fiscally, to correct the anomalies raised in this article.

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For another Europe...
And (of course) for Another Euro...