Matthias Weik & Marc Friedrich

THE CRASH IS THE SOLUTION

Why the Ultimate Collapse is Coming and How You Can Protect Your Wealth

BASTEI ENTERTAINMENT

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About the book

It’s no longer a question of whether the crash will happen, but when. All of the measures taken toward saving banks, national economies, and the euro boil down to the maximization of damages and state bankruptcy for Germany, for which case the expropriation of private citizens has long been in preparation. Government bonds, pension funds, life insurance policies, bank accounts – these are the things that will lose the most in a crash that should come sooner rather than later. Only then will the political and business sectors be open to making radical changes. When the crash comes, we’ll need fast solutions!

In their e-book, economics experts Matthias Weik and Marc Friedrich thoroughly and clearly describe what has caused and who benefits from the crisis. But their predictions are not completely pessimistic when it comes to securing your wealth. The two financial strategists explain in simple terms how you can redistribute your money into tangible assets before the crash in order to keep your savings safe.

About the authors

Matthias Weik has closely studied global economics and financial markets for over ten years. Through his experiences working and studying in South America, Asia, and Australia, he gained deep insights into the economic and business sectors in other countries. He received his MBA while also working for a German corporation. An unconventional thinker, he is now active as an independent fee-only financial advisor.

Marc Friedrich studied international business administration and has intensively studied economics and financial markets. While in Argentina, he witnessed the 2001 state bankruptcy and its shocking consequences. He has collected numerous and valuable work experience via stays in Great Britain, Switzerland, and the USA. Together with Matthias Weik, he holds seminars and specialized lectures at businesses, associations, universities, and schools.

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Money is the barometer of a society's virtue. When you see that trading is done, not by consent, but by compulsion– when you see that in order to produce, you need to obtain permission from men who produce nothing – when you see that money is flowing to those who deal, not in goods, but in favors – when you see that men get richer by graft and by pull than by work, and your laws don't protect you against them, but protect them against you – when you see corruption being rewarded and honesty becoming a self-sacrifice – you may know that your society is doomed.

Ayn Rand (1905 – 1982), Russian-American author

1. The Crash That Was Inevitable

If we ask people whether “the financial crisis” is over, then the answer is generally always the same. Nobody thinks so. It doesn’t matter whether we talk to clients, business partners, or friends about it. It doesn’t matter if they are involved in financial transactions at work or not. It doesn’t matter if they know much about economics or not. Everyone’s gut feeling says that **since 2008, we have been experiencing momentous changes.** The international economy and global financial system are coming apart at the seams. Without a fundamental paradigm shift, we will continue to race towards the cliff’s edge with no working brakes. Everyone has the inkling that the crash will be massive, but only a few people can make a more informed guess as to when we will finally hit the ground. In this book, we analyze who is actually steering us, why they are driving like total nut, and where the road is potentially headed. And: how we can all win back control over the car we call money.

Since 2008, crises have been our constant companion: the real estate crises in the USA, Spain, and Ireland, the Lehman Brothers crisis, the crisis in Cyprus, banking and finance scandals one after the other, out-of-control national debts, the Euro crisis, and at-risk candidates like Italy, Portugal, and even France. And Greece, over and over again: an economically and politically ailing nation altogether, with a desperate population that has been exhausted and demoralized by recessions, countless bailout packages, and calls for reform. In September 2015, when this book was written, Greece was rescued with its third bailout to the tune of 86 million euros and against all economic sense. Although this kind of bailout had already catastrophically failed twice, once again, the same useless medicine is being administered to the mortally ill patient. We can only shake our heads and think of this quote from Albert Einstein: “Insanity is doing the same thing over and over again and expecting different results.” Currently, we can’t predict exactly what will happen to Greece, what the Greeks are going to have to further endure, what ideas the creditors at the IMF, ECB, EFSF & Co. will come up with, and what all of this is going to cost Europe’s taxpayers in the end. The only thing that’s clear is this: the greatest protraction of bankruptcy in history will continue. And despite whatever odd shortcuts are taken, the Hellenic Republic will end up being drip-fed by Europe for decades. And there’s more: ultimately, not one of the financial crises in the last seven years has ever been solved –quite the contrary. It’s becoming clearer and clearer that all of these so-called bailout packages are the problem and not the solution. And that they are becoming less and less effective with more and more questionable effects.

This historically unique and apparently endless bailout orgy is already an unprecedented series of contract breaches, lies, and fraud. Do the owners and investors at failed banks actually have to bear the risks of their recklessness? Pfft! All one of the responsible parties has to do is shout “too big to fail,” and, right away, all of us taxpayers write them a check. No debt transfers between the euro states? For a while, this rule hasn’t been worth the paper it was written on. The European Central Bank as an independent monetary authority? It’s been mutated into a funding agency for government loans. In 2009 we watched one crisis conference convene after the other. 2015 doesn’t look any different, and nothing will change in the future, either. Each time, we were told that the banks, investment trusts or hedge funds had finally been cornered. That the banks would have to build up significantly more equity capital in order to offset the risks they take. That the super bonuses for finance managers were a thing of the past. And what has really happened? Basically nothing! Many banks now are doing even better than they were before the crisis. The less than modest goals for increasing capital quotas have been stretched out as far as into the year 2019. And yet, even those institutions with modest profits are already showering their top managers with fat premiums once again.

Since the outbreak of the financial crisis in 2008 and especially since the summer of 2012, politicians have, together with the finance industry and the central banks, merely attacked the symptoms of the disease. The true causes of the crisis have not really been tackled. In doing so, they have massively accelerated the **maximum economic damage at the cost of the general public – and democracy.** Meanwhile, things that were once considered unthinkable have been done anyway in order to buy more time and drag the unsolved, seemingly permanent crisis further out into the future. Businesses and banks are being nationalized and citizens, shareholders, and depositors dispossessed. **On top of everything, current laws are constantly being broken by those at the highest levels in order to keep the failed system on artificial life support. But the patient, i.e. the financial system, is in reality already clinically dead.**

The euro, destroyer of wealth

Unfortunately, much of what we predicted in early 2012 in our first book, *Der größte Raubzug der Geschichte* (English: *The Greatest Heist of All Time*), has already arrived with a momentum that surprised even us. Right now in certain countries, we are experiencing not only **the biggest protraction of insolvency in the history of**

mankind, but also the largest political experiment with the central banks. Never before has there been as much money in the system as there is today. The balances of the reserve banks have taken on historical dimensions. And in reality, the euro has long since failed, because money that needs to be rescued is not really money at all! The economic numbers clearly show that **the euro is ruining Europe and destroying our wealth!** From a historical standpoint, the EU is a respectable Nobel Peace Prize winner, but in many European countries, the advent of the euro has brought record unemployment numbers along with it. Meanwhile, in nations such as Spain and Greece, half the population under the age of 25 cannot find work. Adult men and women and even families with children are forced to either move back in with parents and grandparents or leave their country. **In those countries, a whole generation is being sacrificed for the sake of keeping a failed and politically motivated financial experiment alive.** As diverse as their specific economic situations may be, Greece, Ireland, Portugal, Spain, the USA, and Japan are all effectively bankrupt. We'll go even further and count Italy, France, Spain, Croatia, and the Netherlands among the candidates for going broke, too.

Before the European elections in May 2014, politicians from Helsinki to Rome, Lisbon and Warsaw held flowery and emotional speeches in which they lauded the European peace order and the undeniable advantages of transnational economic cooperation as blessings. **But simultaneously, with their flagrant mistakes the same politicians create a volatile breeding ground for populists, nationalists, separatists, and extremists.** The European elections and the elections in Greece, France, and Spain have more than confirmed our fears. Situations that resemble civil war, such as what was experienced in Athens in 2012, could threaten other states that are in crisis sooner or later.

It doesn’t matter whether bail*out* banks are saved with government bonds (tax money) or bail*in* banks are rescued by their owners, stakeholders, and depositors. No matter what you call it, in the end it all means only one thing: **the taxpaying citizens are all liable and must therefore pay for the banks’ gambles and losses.** This clearly shows how desperate the situation is. For us economists, these ongoing attempts to solve the financial crisis and their devastating consequences come across like an endless horror film.

Zero interest rates and speculation bubbles

That horror is intensified by the fact that **for years, we have all been gradually expropriated by the central banks.** In all important areas of commerce, the key interest rates are nearly at zero. The return on our savings, regardless of whether we drop them in a classic savings account or put them in government bonds or otherwise invest them, is almost without exception under the inflation rate. But if we temporarily overdraw our accounts then our banks demand excessive interest rates from us – even though the European Central Bank (ECB) has literally gifted them the money they are “working” with.

Meanwhile, vast sums of this cheap money bounce around the world waiting for investment opportunities. This is how stock prices and, to an extent, real estate prices have reached record highs again and again. Current or recently burst speculation bubbles are simply replaced by new and bigger speculation bubbles. Thus, we are back to the cynical 2008 statement of former Citigroup CEO Chuck Prince, whom we already cited in our first book: “As long as the music is playing, you've got to get up and dance.” Sad news flash: the music is louder now than it was in 2008.

And the banking moguls in New York, London and Frankfurt have long since returned to their debaucherous dancing and are getting paid bigger bonuses than ever before. That the world is sinking in debt in the meantime, that more and more nations are on the edge of bankruptcy, that the gap between the rich and the poor is ever-widening, that the middle class is gradually being wiped out, and that the social tensions are rising – unfortunately, our dancing bankers at the finance party don't give a hoot about any of it.

The finance industry has brought the world to brink of collapse more than once with its greed and its egotistical, irresponsible trading. Nevertheless, the huge, supposedly "too big to fail" banks have been and will be rescued again and again, an assumption which has been automated and burned into the minds of the people in charge. To be "too big to fail" is not an uncontrollable risk to the world's financial managers. Instead, perversely enough, it's practically seen as a sensible goal. Because if your bankruptcy can ruin whole national economies, then the responsible politicians will do anything to stop you from going broke. Therefore, since 2008 the banks have become bigger, more powerful, and above all, even more "too big to fail." Their managers are gripping countries as if in a chokehold. As perfidious as it sounds, **the people who caused the crises are the same ones who are winning them.** It's like being at the casino: the bank always wins!

Despite massive efforts, the slow economic growth in the USA and in Europe persists. Japan, the most heavily indebted industrial country in the world, is only slowly getting back on its feet after twenty years of economic stagnation. And booming countries such as Brazil, India, and Turkey are now running out of steam. Wherever there is still timid growth, that growth is bought out with an exorbitant flood of money – and is ultimately revealed to be built on quicksand after all. **We are bearing witness to a**

totally neglectful and irresponsible game against time that no one will win in the end.

The crises are multiplying and with every new crisis they grow in strength and power. The waves that they make surge over and over again, rolling forward with nothing in the way to stop them. And it's impossible to stop them. The only decision you can, to a certain extent, make for yourself is whether to surf or be carried away to sea.

The creators of all these crises in the financial sector are the only ones who, until now, have remained unscathed. The major banks and other billion-dollar financial intermediaries consistently present themselves as the only option for the global economy. There is no alternative. It's like Godzilla in the sense that size *does* matter. The lords in the world of finance still believe that they are above the law. They caustically summon the taxpayer to the bank and stomp on every kind of law, norm, or moral value without ever being forced to take responsibility. Because as politicians are laboring over supposedly harsh new regulations for banks, scandals filled with extortion, manipulation, and criminal doings continue to be exposed.

With that, the societal acceptance afforded to the financial sector continues to be dismantled. Of course, many financial managers are painfully aware that that they are perceived as only marginally better than criminal drug cartels. And the cleverest ones among them also know very well that their system of unchecked speculative income cannot function for much longer. That is why this book is also an appeal to the responsible parties in the financial sector and politics: **There is no such thing – especially when we are talking about our current financial system – as "the only option." There are always alternatives!** What we need is a total reform of our financial system – a new path towards a sustainable, human-oriented business philosophy. All of us must hold out our hands to the banks and insurance providers and pull them back into society. With palpable societal pressure, even if they cannot be led back to the path of virtue, they can at least be brought back to the way of economic sense.

The senseless race against the clock

There is neither a cure nor a solution within the current system. This is a fact. If a solution existed politicians would have already proudly and loudly presented it to us. Moreover, the responsible parties apparently lack the will and the courage to give up on the status quo and introduce a real and sustainable change for the better. Instead they continue, undaunted, to poke and probe at the symptoms and race against the clock at the expense of us private citizens.

All of us know that it can be completely sensible to engage in a race against the clock, for instance in soccer. Sure, it rarely looks good, but you can hold onto the outcome this way. In the end, the referee will blow his whistle after 90 minutes. But in the game of the global financial crisis, for most people there hasn't been anything to win in a long time. And there is no whistle. At some point the accounts need to be balanced. And then all of the crises since 2008 will seem like a little taste of the invoice that was eventually going to come. In comparison to the final collapse, the Lehman crisis, the Euro crisis, and even the Greek economy's crash will look like a little kid's birthday party.

The crash is coming. We are economists, not psychics. Therefore, we don't know *when* it's coming or how many more crises in which subsystems of our financial system will come before it. But it's not just a doom and gloom prophecy to say that it *is* coming. The final collapse is a logical consequence based on indisputable economic ground rules. What we are experiencing now will be written about in history books. **Never before has there been as much unbacked money in the system as there is now. The balances of the central banks have never been more bloated and the interest rates have never been so low.** All of us know that you can't keep blowing up a balloon indefinitely. At some point either air has to be let out or the balloon will pop. Our prediction – based on good reasons – is that it's far too late now to let out the air.

Actually, we didn't plan on writing a second book. But now we are practically obligated to do so, thanks to the unbelievable events and developments since 2012 as well as the failure of the political establishment and the financial sector to draw the necessary conclusions from the crisis. As staunch democrats and Europeans, we cannot bear the endless half-truths and lies spread by those who are responsible. We must continue to pour salt on the wounds, point to the flagrant abuses that are still rampant, and call those who take us for fools, who lie, deceive, dispossess and rip us off, by name. Every citizen needs to understand what is happening before our very eyes and how it will affect each of us personally and all of us as a group. And everyone should know how to protect him- or herself from the impending crash. The more people who are prepared both mentally and financially for the crash of the century, the better the chance that our society will be able to escape less scathed.

In *The Greatest Heist of All Time*, we already described how not only all unbacked paper money systems but also all monetary unions to date have, without exception, been failures. Money that is not based on real economics is always worthless, but many still like to believe it has value. These systems are actually characterized by the belief in unlimited and exponential growth. But we live in a closed system with finite resources. There is no perpetual growth. We need to finally shake free of this belief. Humans can subdue nature up to a certain point, perhaps. But we can’t circumvent mathematics. Unfortunately, right now we are trying to do exactly that – again. **But our financial system, too, has a lifespan that is limited by mathematics – and its demise is overdue.** As stated, we cannot see into the future and say with certainty what exactly is going to happen, let alone when it will happen. But it is possible for us to learn from the past and to some extent prepare ourselves for what is coming.

As economists, we understand a little bit about the thoroughly complex background behind the crisis. But as Swabians, we tend to avoid all the mumbo-jumbo. We say exactly what is on our minds and we prefer to speak and write in a comprehensible, honest, and clear way. Without jargon – we promise!

In our first book we described the greatest shift of assets in human history – assets that were in the lower and middle classes and are now found in the uppermost class. If nothing else, with this book we want to help you position yourself so that your and your family’s savings remain intact. You actually have the ability to protect your money from devaluation and dispossession. There is still time to prepare yourself for the crash. But that little window of time is getting smaller every day.

The crash is the solution! That’s a bold statement. But we show why this is ultimately both good and necessary – for the financial sector whose power must be broken, for our society that needs to be more just, and for each individual who should be profiting from a true social market economy based on everyone’s reasonable vested interests instead of paying for the irrational wealth enjoyed by the few.

After our first book, *The Greatest Heist of All Time*, this book too has evolved into what is to us an unbelievable bestseller. That we can now present the most successful business title of 2014 in a completely updated edition is largely thanks to all of our readers and those who have attended our readings and lectures. From them, we know that we are simply stating what many of our fellow citizens are also thinking. Their encouragement gives us the strength to keep going. From the beginning, our objective was to reach as many people as possible and to make them aware of what is happening before our eyes in a clear, honest, and understandable way. More than ever, we are being cheated, deceived, and stolen from by the financial sector and the government.

The world of finance continues to turn as if nothing ever happened. Hundreds of bubbles have burst, but the central and commercial banks around the world continue to stir the pot of soapy water from which they come that represents the fantastical moneymaking and speculation. None of the problems of our terrible financial system have been sustainably resolved. Absolutely nothing has been learned from the mistakes of the past. The banks are much more “too big to fail” than ever before, and the rewards for their top levels of management have not only already reached their previous highs, they have often surmounted them. We watch with disbelief and dismay the political and financial establishments’ increasing undemocratic decisions made to keep an undeniably failed system artificially alive. Even the word “negative interest rate” is no longer foreign to us. The only thing that has been consistently promoted since 2009 is the maximum economic damage at all of our expense.

For us, it is especially frightening that many of our statements and prognoses have already become our bitter reality. And with such a dynamic as to render us speechless. For these reasons we say louder than ever before: The crash is the solution! If there were really a solution, then the “decision makers” in Berlin, Brussels or Washington would have already presented it to us long ago. Furthermore, the core argument of our first book has been confirmed: That the wealthy are becoming wealthier and those who are hardworking poorer. We thus sincerely hope that we can reach even more people. That they raise their voices – and that, finally, the people will be rescued instead of the banks, the “market” and the euro. Don’t let yourself be deceived by the financial sector and the politicians. Our society needs a new, more democratic, and more just economic and financial system.

Stuttgart, September 2015
Matthias Weik & Marc Friedrich

2. It’s a Sick World, or: Why the People Who Caused the Crisis Are Winning It

“Man is not in charge today, money is in charge, money rules.”
Pope Francis, June 2013[1]

That which we are in the habit of calling the “financial crisis” or even just “the crisis” was essentially triggered by two fatal economic and fiscal mistakes. They were then both substantially fueled by that ineradicable human weakness called greed.

The first mistake: an extensive deregulation of the national and international financial markets. This deregulation had already begun in the 1980s under the administrations of Ronald Reagan and Margaret Thatcher, who were both open followers of the radical teachings of Friedrich August von Hayek (1899–1992) as well as the so-called Chicago School and its mastermind Milton Friedman (1912–2006). In the 16 years of Helmut Kohl’s government the “Rhenish capitalism” tentatively followed this (wrong) path. Only in the wake of Democratic President Bill Clinton and the British Labour Prime Minister Tony Blair were the doors to deregulation also opened in Germany by the red-green coalition under Chancellor Gerhard Schröder. And with typical German thoroughness, mind you!

The second mistake began taking its course in the mid-1990s at the latest, when the American central bank under its president Alan Greenspan tried to stimulate the sluggish economy with lower and lower interest rates. Other central banks followed this course all too often, meaning that for two decades, the world has been flooded with cheap money without interruption – money for which there aren't nearly enough reasonable investment opportunities outside of the financial sector and in the world of the production of goods and services. And money that therefore produces one speculation bubble after the other in intervals that get shorter and shorter.

We can't even blame those who are living in the jungles of the financial sector, those stockbrokers, bankers or fund managers, those financial mathematicians, speculators and investment gurus full of tricks, for the fact that numerous flora of the greed genus bloom gloriously in the muggy climate of no rules and lavish amounts of money. And not in the least for the fact that their greed is coupled partly with speculative cockiness and even partly with criminal behavior and openly fraudulent intentions. Clients aren't the only ones who were scammed with highly risky junk bonds, among other things. Even currency exchange rates and base rates were illegally manipulated.

Many still optimistically chalked the March 2000 burst of the dot-com bubble and the crash of NASDAQ, the Deutsche Börse's Neuer Markt and others up to an industrial accident or as an unavoidable "correction of market excesses." But the financial sector and the governments were standing before the shambles of this system by no later than fall 2008, when the American investment bank Lehman Brothers went bankrupt and the real estate bubble in the United States finally burst. Bad loans and incalculable risks dropped out of bank balances everywhere like dead flies. The "masters of the universe" soon didn't even trust each other at all. Suddenly, the credit institutions would not only refuse to loan money to private citizens and businesses, but they also wouldn't loan money to each other. The politicians and their grand gestures were just barely able to prevent a universal banking crisis. And since then, institutions that would otherwise have dissolved within days without our tax money are being kept alive with billions guaranteed by the state.

But what, apart from the grandiose avowals made at the endless crisis summits, has changed since then? Have the markets really been more strictly regulated? Have the torrents of cheap money been halted by the central banks? Was the insanity of the financial markets stopped? **No.** None of this has changed. The hubris of the financial jugglers is still unbroken despite all of the crises and scandals.

We'd like to make one thing clear now: We are not generally negatively disposed to banks. And we definitely don't want to practice the same banker bashing that's been fashionable for some time now. On the contrary: Banks are indispensable for a functional society. Unfortunately, a majority of them have departed from their true purpose – providing the economy with money and credit. The financial economy no longer serves people and society first, but instead mainly its own interests. Instead of making prosperity possible for all thanks to a functional and stable credit system, they chase unbelievable amounts of unproductive money around the globe every second of the day. For every dollar that is spent worldwide on goods or services, an estimated 70 dollars circulate that are purely financial investments. This system makes a few people rich in name only – and thereby ruins whole economies in crises that are hardly controllable anymore. The price is paid by all the people who lose their savings, their jobs or their homes overnight. Or the people who have their bread and butter taken away from them, sometimes literally. In a word: **Our banking and financial system has gone in a direction that is completely wrong and damaging to our society overall.**

With this book, we once again pour salt on the wound and reveal the severe negative developments in the financial sector that have occurred since 2008 and mainly in the last few years. While doing so, we trust neither the vague announcements of politicians nor the crocodile tears and regretful vows from the top ranks at the banks. We let the facts speak for themselves because we want to contribute to a change in the mindset of both the decision makers in the financial economy and us, the banks' clients. We are all jointly responsible for ensuring that the system gets back on its feet again and that **money serves the people, and that people are not slaves to money.**

Because you decide if you even want to trust a bank with your income and your savings, and if you do, which bank. You decide who invests your money for you and where it is invested. Of course, every bank will profess that they are "the bank that's on your side." But you don't trust your friends or colleagues just because they are wearing t-shirts that say "Trust me!". You only trust people who have been open and honest with you. Who at least won't try to pull a fast one on you. Can you say the same about your bank consultant in good conscience?

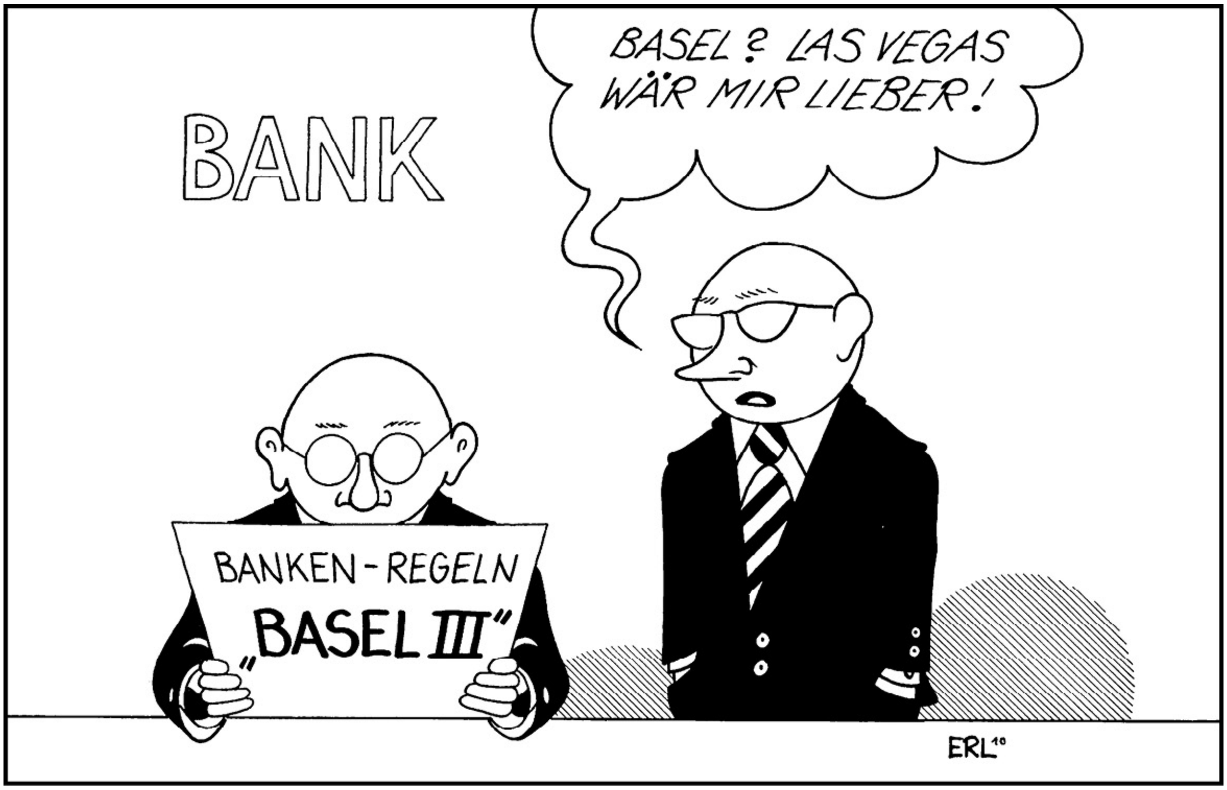
The "too big to fail" getaway plan – Why banks keep getting bigger and bigger

Since 2008, the year of the crisis, the banks have continued the inflationary expansion of their balances. Historically low interest rates have made this possible for them, as well as mergers and acquisitions that, compared to the years before the crisis, have often been real bargains. Through this almost totally unchecked expansion, the major banks around the world have become even more systematically important, or "too big to fail." And with the help of the most powerful lobby in the world – the banking lobby – they have defended themselves extremely successfully against any and all truly far-reaching reforms.

For instance, an increase in liability capital for banks has been widely impeded and dragged out over time. The bosses sitting at the top of the banks never tire of whining about the terrible consequences increased capital ratios would mean for the banks and for society. The government and us private citizens have been given a mantra-like warning that considerably higher reserves will inevitably lead to a reduction in credit allocated to the real economy. And that this will, of course, stifle growth, destroy jobs and prosperity, and trigger a very, very bad crisis. These threats have worked. At the very least, the oft-quoted Third Basel Accord was a clear victory for the financial sector. As it often happens, the lobbyists were able to dictate numerous loopholes and special provisions that were to be built into the accord.

Basel III

According to the reform package by the Bank for International Settlements (BIS) in Basel, stricter capital and liquidity requirements have applied to financial institutions since January 1, 2014. The actual goal of "Basel III" was to make the world of banking more stable so that banks could manage crisis situations without state assistance in the future. Currently, most of the large institutions maintain a miserable equity capital ratio of between 1 and 5 percent. For instance, at the end of 2014 the Deutsche Bank had an equity ratio of a shameful 3.9 percent. This is less than what Lehman Brothers had before the crisis, when it went broke! The regulations for what can be considered equity capital were to a great extent internationally standardized, but softened at the same time. The minimum equity ratio was increased to only 7 percent. And the banks don't have to reach this percentage until 2019 at the earliest.[2]



In the cartoon, the man on the left is reading "Basel III Bank Regulations" while the man on the right is saying "Basel? I prefer Las Vegas!"

Just try to get your house or apartment financed by your local bank if you have an equity ratio of 7 percent. You could hear the bank consultant laughing all the way out on the street! Private citizens rightly need at least 20 percent in equity to get a loan; even businesses need at least 25 percent. What's more, for both the private home and the factory there are material assets and real capital available. Without a doubt, the Deutsche Bank's skyscrapers in Frankfurt are top real estate. Yet their worth wouldn't cover a billionth of the institution's risks. But what even "belongs" to a bank? Definitely not their clients' money. And even their "real" equity capital is based on nothing more than abstract assets – meaning money. Thus, in the risk assessment, there is one standard for private citizens and businesses and another for banks. But banks are businesses too. And rather risky ones at that – as we have been forced to learn in the meantime. So why treat them differently than industrial or service enterprises? Unfortunately, the banks still enjoy a fool's license that is yet to be matched.

The motto of the financial institutions is still**: Privatize profits and socialize losses.** With their laughable equity ratios and because of their monopoly the big banks can depend on being rescued by the central banks, the governments and the taxpayers. You can't be infuriated enough by it!

Rescued for all the gold in the world

5.1 trillion euros! This is the gigantic financial framework that the European countries have built since 2008 in order to rescue the banks.[3] With that kind of money you could easily fund the German national budget for more than ten years. You could buy up the complete DAX – all the stocks from Allianz to Volkswagen – five times. Or all the gold in the world! And you would still have an impressive little sum left over.[4]

Banking advice means losses – for the client

50 billion euros. This is the amount that investors in Germany lose annually due to bad advice from the banks and financial experts, as was shown by a report by the Bamberg financial economist Andreas Oehler.[5] With this sum, you could have financed the entire national debt service for 2014 plus the total education budget. And with that, you'd also get the new Berlin airport thrown in for free!

It's no wonder that according to a 2013 survey by the finance portal FinanceScout24 almost 86 percent of Germans intend to invest their money with as little external help as possible. Only 14 percent desire a personal consultation from a bank.[6] This survey reflects the deep distrust consumers have toward the banks. What's strange is that although the majority of respondents is of the opinion that the private banks have learned nothing from the mistakes that led to the financial crisis, and although 72 of the survey respondents said that the big banks would keep going just as they did before the crisis, the banks' damaging behavior has had little impact on the investment habits of their clients.[7] They complain but mostly remain loyal to their institution. Perhaps because they hardly have any alternatives? In the chapter about asset protection we will name a few.

According to an online survey that the market research institute Mafo performed exclusively for *Handelsblatt Online* in July 2012, almost every fourth German considers bankers to be on par with criminals.[8] Unfortunately, we have to agree with them. All those things we were told by politicians after the crash of 2008 about how they wanted to bring banks and bankers back to the golden rules of business and finance – a mess of laws, reforms and measures with unbelievably complicated names like Basel III, ESM, Solvency II, banking supervision, EFSM, stress test and banking union was thrown around the room and spelled out by committees and the numerous crisis summits. Even some experts themselves couldn't say what was actually decided, what was only discussed, and what were total platitudes in conference rhetoric.

Spineless banking supervision

After a closer look, many of the decisions taken were as ineffective as their announcement was loud, the same way compliance with the Basel III regulations was delayed until the cows come home. We can only pray that there will not be any more crises before 2018! Unfathomably, the banks were even allowed to build into their liquidity cushions the exact things that actually caused the crisis of 2008: bonds with bad ratings, stocks that go all the way down to risky