The Social in Economics

Martin Schmalzried
Policy and Advocacy Manager
Twitter @COFACE_EU
Financial inclusion - a starting point

• Basic area of interest:
  • Tackling over-indebtedness
  • Access to basic financial services
• Creditworthiness and public credit registers as prevention mechanism
• Participation in the Social Platform Services of General Interest working group
Specialisation and expert groups

• Other areas of work:
  • Personal insolvency
  • Interest rates caps
  • Big Data, discrimination, AI, socialization of risk for insurance/credit...

• Participation in expert groups:
  • FSUG: DG FISMA/JUST Financial Services Users Group
  • EBA BSG: European Banking Authority Banking Stakeholder Group
Finance and Economics

- Balance between consumer protection and “prudential regulation”
  - “Impact assessments”
  - Economic ideology and political tractations
  - Never enough “evidence” and “data”
The scary charts

Creditism vs. Capitalism

Where Does The Money Come From To Fund The Debt? Source of Funding, % Breakdown from 1952

Now, 56% of all the Debt is funded by Credit Creation.

Creditism
Credit & Consumption

Capitalism
Savings & Investment

Source: Bureau of Economic Analysis, The Fed

A BETTER SOCIETY FOR ALL FAMILIES
The scary charts

Emerging markets debt denominated in USD
The scary charts

Stagnant wages
The scary charts

Growing inequalities

**Piketty split**
United States

*Ratio of total household wealth to national income*

Percentage of total net household wealth held by:
- **top 0.1%**
- **bottom 90%**

Source: Emmanuel Saez and Gabriel Zucman. NBER working paper 20625
The scary charts

Credit driven bubbles
The scary charts

Disconnect between
GDP and US
Households Net Worth
The scary charts

Zombie corporations
The scary charts

Uncertain future
Profitable banks?

- Oxfam report on tax avoidance
- Money laundering scandals: Danske Bank, ING, HSBC...
- Swiss frank mortgage loans
- Abusive fees... (UNAF study on overdraft fees)
Finance and Economics

• The “big picture”
  • The importance of “consumer confidence”!
  • The international financial system: a giant prisoner's dilemma
  • Complexity will make it fail eventually
  • Centralization vs. decentralization of power allowing private interest/lobbying/influence
  • International Ideological Economic Sabotage
Plan B

• Monetary policy: Like killing a mosquito with a sledge hammer.
• Very complex money supply/money velocity considerations to keep the “value” of money stable (inflation around 2%)
Plan B

• Positive Money: QE for the people
Plan B

- Blockchain and the Relative Theory of Money
The only constant in life is change

~ Heraclitus
Get in touch with us!

COFACE Families Europe
Tel: +32 2 511 41 79
Email: mschmalzried@coface-eu.org
Website: www.coface-eu.org

Join us on: Twitter @COFACE_EU
and Facebook /COFACE.EU

COFACE Families Europe is supported by the European Union Programme for Employment and Social Innovation (EaSI)