A “New Economy” after all?

1. Paradigm shift vs. real shock

Despite the notoriously short half-life of memory for past events, developments and fashionable concepts in business affairs, the vigorous debate as to whether entirely new laws of economics had come into play after 1995 may not yet be quite beyond recall. There was, towards the end of the 1990s, a frantic search for reasons that would in some way justify the apparently unstoppable boom on the stock exchanges, and particularly in technology stocks. The magic formula at the time was the “New Economy”. The term was never precisely defined, which did not stop it being thoroughly over-used.

At its heart was the observation of an undeniable increase in the third (service) sector of the economy, at the expense of the first and second sectors. For some while, it had no longer been cattle or wheat, tractors or manure tankers, blast furnaces or textile mills, chimneys belching smoke or ground-down hordes of workers that had defined the face of society in the developed countries, but rather clean-cut young managers, with their cleaning staff right behind them, highly polished limousines in front of expensive, highly starred restaurants, beauty farms and retirement homes at the most attractive locations round the world, banks and stock exchanges – this was the post-modern world. The economic conclusion from these observations was that economies organized in this fashion would be much less susceptible to economic fluctuations than the industrial nations of old, with their regular cycles of over- and underproduction. No more recessions, then, just gentle adjustments. At which point, in 2001, the world slid into an economic crisis.

The New Economy was believed to have a second characteristic. The achievements of modern technology, and in particular the amazingly rapid expansion of the Internet at the time, gave rise to the belief that, in this increasingly economically significant part of society, goods would be distributed in a new way, which would no longer be based on scarcity. Rather, the degree of dissemination across the internet would be the key factor of success. Classic economic theory, with its paradigm of the scarcity of goods, was declared obsolete. In consequence, anyone with any ambition for success in the provision of Internet-based services was obliged to aim for as close to 100 percent market coverage as possible. This was the intellectual basis for the technology hype. And so, more and more providers attempted to achieve comprehensive market coverage in identical or closely related sectors. This was bound to end in tears, and so it did – the big clear-out started in mid-2001. The capital needed, despite all the supposed paradigm shifts, to run businesses was suddenly found to be extremely scarce. And nobody since has been that keen to talk about the New Economy.

Wrongly. For, with due respect for the notion that history only ever repeats itself, with a bit of fluctuation around a fairly clearly defined mean, there are such things as real shocks. There have always been wars with disastrous consequences, there was the Black Death, continents have been discovered, antibiotics invented. The steam engine, the railway, the light bulb, the telephone, the motor car, the fax machine: they have all changed the world radically. Progress is not a continuum, but an upward-flowing cascade. We are firmly convinced that, particularly after the events of 2001 and thereafter, and the insight than not much remains of the New Economy, it is time to think hard about what are the relevant real changes in the cascade of progress in our time, and what consequences we should arrive at.

Why? We are currently in year 5 of an economic development that we have never before seen the like of: simultaneous economic growth on a global scale, in practically every region of the world. Never before: that’s enough to raise a degree of skepticism. We are inclined to await, with mankind’s apparently innate appetite for expecting the worst, the imminent end of this apparently concerted boom. Heads of central banks, both retired and active, feel called upon to play Cassandra. But it would be more interesting to seek the possible reasons for the claimed extraordinariness of this development, and so perhaps reach the conclusion that the end may not necessarily be in sight, because there may indeed be some thing like a New Economy, if a very different one to that of 2001. That is what we aim to do in this Investment Commentary.

2. Liquid teachers and partners

There are areas of society that have, until very recently, been able to defend themselves very successfully against any form of competition, and to a great extent against any form of control. These would undoubtedly include the continental European school system – since Pestalozzi's time a worthy social institution, watched over and managed by the educational authorities and conducted by teachers with the status of civil servants for over 200 years. The social benefits of state schooling are self-evident: education for all, equality of opportunity, a uniform standard of education, and so on. But there are also disadvantages compared to societies much more strongly characterized by private education: self-satisfaction, indifference, an astonishing number of cases of burn-out, a lack of social status, the inability to cope with highly talented children: the teaching profession has an increasing number of negative connotations.

What is most striking to outsiders is that the school system – of all things – is characterized by a blatant problem of qualification. Those who hand out good marks and critical comments are hardly ever appropriately qualified, and their remuneration is only in very few, exceptional cases credibly linked to their performance. Performance-linked remuneration in the teaching profession would involve the measurement of the long-term success of students in their occupations three or five years after leaving school, for only this is really relevant to those involved. No qualification system gets anywhere near doing this, and "semi-autonomous" school managements that do not even have a say in the salaries of the teaching staff, let alone being able to determine them, or indeed having the right to hire and fire, are correspondingly questionable.

One of the most important functions of our society, the education of our ever-declining number of young people, is thus removed from effective management and control. And given its politicized environment– surely the main disadvantage of state education – there is little likelihood of any significant change. Remedial action could only come from quite another, entirely unexpected, and in many ways thoroughly disagreeable direction.

If you get on the Internet and open www.spickmich.de you will encounter a homepage that is currently a sensation among German secondary school students. The platform enables its participants – access is restricted to students – to carry out a quality assessment of their own teachers, and to exchange information about their quirks and eccentricities, or other, more serious issues. The result is an open rating system for teachers, and the remarkable thing is that it has so far produced very fair results: those who might have expected primitive teacher-bashing have been disappointed.

It obviously remains to be seen how successful this students' platform will be, and its expansion to Austria and Switzerland remains in the future. This may simply be a first try, that will very probably be followed by others. For the logic of the process is compelling: a carefully protected area of society, that functions more or less well, but delivers sub-optimum results has been made transparent. That's one thing. Another thing is the impact of this transparency. Never again will a teacher be appointed without a look at www.spickmich.de, and because that will be generally realized there will be entirely new incentives in the teaching profession. And it will be hardly possible any longer to keep at a school teachers who regularly, and rightly, get bad ratings from their students. In other words, at a stroke the market for teachers has become more liquid. Perhaps, possibly, one day good teachers will even be significantly better paid. Then the greater transparency will have paid off for the successful among the group concerned.

What applies for teachers will also affect other parts of society – or indeed, already has done so. Thus, for example, the partner selection process, undoubtedly a key element in society, has changed completely in recent years. Until only a few years ago, the chance of finding a suitable partner was by definition limited to a relatively small circle of physical acquaintanceships, limited spatially and in terms of common interests – supplemented where possible by institutionalized partner selection mechanisms such as confirmation classes, dancing lessons and weddings. Today, by contrast, platforms such as www.parship.com make it possible to take a much more targeted approach, and to search from a much greater number of genuinely interested potential partners. There are now some 2½ million men and women registered with parship, including not a few of riper years. Those with something against such virtual processes need to demonstrate that physical selection by means of dancing lessons worked better … Society has become more liquid.

3. Men's socks, Viagra and Casino Royale

Retrograde readers, should any such be found among investors (which would resemble a contradiction in terms, as investment is concerned with the future only …) would now be inclined to list all the disadvantages associated with such developments. No doubt www.spickmich.de will result in the unfair treatment of some teachers. And no doubt some parship marriages will also end in divorce. And we certainly despair of the flood of so-called spam that makes us the most absurd and useless offers via e-mail. But we should beware of over-hasty judgements.

We would claim that the unavoidable injustices vis-à-vis teachers would become insignificantly small if the result of greater teacher transparency was an increase in the overall performance of the school system. But what about the spam? Does this perhaps really reflect social needs that have so far simply been unexpressed?

Let's start with something harmless – men's socks. Who among us does not encounter such an on-line offer, almost daily? Click it away, of course. But somebody must actually be buying these socks, for even if e-mails cost virtually nothing, no-one would do this for any length of time if it produced no result. Our researches reveal that a pair of men's socks is washed not more than ten times on average, and is then thrown away. If we assume that hygienically inclined central Europeans wear a pair of socks for no longer than say one to two days at a time, this results in an annual sock requirement of up to 33.2 pairs. So there actually *is* a market for socks! Considered in this light, buying socks on the Internet is not as daft as it might sound. Still click it away?

Moving on, to Viagra or Cialis, or whatever the miracle drugs are called that also hit our screens on a daily basis. Click them away of course; they're unnecessary. But this is not true for twenty percent of all men over 40. They need to go to the doctor for a prescription. But perhaps they would rather not, and thus prefer to rely on the anonymity of Internet trading. Is it so absurd to out-maneuver the doctors' pharmaceutical cartel? Is a private parallel import economically reprehensible? Or is it perhaps morally wrong to forswear physical pleasure in the face of our extended life expectancy? The Internet and its users are obviously extremely able to meet the needs of society, efficiently and in specific cases discreetly.

Lastly, on-line gambling offers. Here, we are definitely on immoral ground! Which must be the reason why, in most civilized countries, the state reserves to itself the right to determine the type and extent of gambling, and to take a good share of the earnings from it. The vast number of Casino Royale e-mails, with their "irresistible" offers, and a huge variety of Internet platforms offer those who have problems with a state whose moral ambiguity borders on outright cynicism the possibility of gratifying their needs unrestrained, and without any freeloaders. From a moral perspective there only remains the question of which is worse: gambling with or without the state. We're not really sure about this.

Whatever. The fact remains that society has become more liquid, as regards men's socks, sexual dysfunction medication and gambling. Highly regulated areas in particular, which can hardly be said to include men's socks, but certainly does the other two examples, turn out to be particularly susceptible to the impact of the Internet on the previous, cosily familiar cartels.

4. The blogosphere: more liquid information

There were, of course, men's socks, sexual dysfunction medication and gambling in the days of the pre-2001 New Economy. But the world of the Internet has since changed radically again. Known as "Web 2.0", a whole new virtual world of social applications has developed, whose consequences are only vaguely foreseeable. Games are no longer played in isolation, but simultaneously, in a "community" with other players, known or unknown. The possibility of interacting with other people, possibly complete strangers, has multiplied. And society as such has again become broader, more open, more liquid.

This has now reached the area in whose openness we in the free West have always taken particular pride: information. Freedom of speech has always meant free media! But perhaps to a lesser extent than we may have realized. For there must be a reason why the blogs and Internet forums are expanding so explosively. These are platforms that enable a limited group of participants, or alternatively the public at large to have their say on particular topics. This may involve facts, opinions, but also disinformation and absurd rants. The relevance of a blog is determined by the quality of its author.

It is self-evident that blogs represent a new source of competition for the established media, which had previously banned them to the readers' letters page: the readers themselves. The NZZ regards the blogosphere as the "triumph of the amateurs", and sees it as "the advance guard of a powerful civil movement that will break the media monopoly and reassert plurality of opinion". Nicely put, but will the established media, which certainly includes the NZZ itself, draw the right conclusions? In economic terms, the blogosphere has rendered information much more liquid. Those wishing to offer the public information on the CNN or freesheet pattern can only do so on a mass-market basis, using revenue from advertising. The impact of economies of scale is merciless. But (supposedly or actually) higher-quality information is now also coming under competitive pressure. Good money is only being paid for what creates genuine added value for the consumer, and is distributed under a brand that lives up to its claims. In other words, the media too are now subject to perfectly normal market conditions. The strategic consequences are clear: aim for the mass market if that is what you can do and want to do, or for top quality, which involves an enormous investment in people and information technology and the elimination of the second-rate. There's nothing worthwhile between these two, just the triumph of the amateurs.

Not only the amateurs, but also the global community of professional academics is experiencing triumph in another area of information; one which, up till a few years ago, was confined to dictionaries and other reference works. Today the world of www.wikipedia.com has become an inexhaustible source of almost everything there is to know, and, to the annoyance of the conservative opponents of open-source platforms, the quality of this multilingual on-line reference work improves from day to day. The complaint raised at a recent conference of Wikipedia opponents, that an entry in an encyclopedia like Brockhaus represents a month's work by an expert on the subject seems somewhat inept in an age in which knowledge is changing continually. There are undoubtedly a good many errors in Wikipedia, but there are many more editors and proofreaders.

Information, whether previously disseminated via the media or contained in reference works, has become significantly more liquid, everywhere from the furthest reaches of the Hindu Kush to the Calancatal.

5. Everything is available

Are we sufficiently amazed? Are we really aware of what all this really means? And can we imagine what the consequences of this increase in liquidity are for society and for business, and not least for investors? The Reformation was only made possible by Gutenberg's invention of printing. We are firmly convinced that the impact of the increase in liquidity due to the Internet will be on a similar scale, and is still utterly underestimated.

At the core of the new economy is the fact that there is hardly anything anymore that is not basically available. True, in this new economy most goods are scarce and have their price, unless they are genuinely public goods. But, unlike before, there are far fewer scarcities, whether artificially caused or due to natural circumstances. Those who want Viagra can get it, and the same is true of those looking for a partner. Those who want to appoint teachers can check out their rating by their pupils. Those who seek information can consult Wikipedia. Those who want to gamble can access a platform in Malta from the comfort of their armchair. This new availability is all-embracing, and extends to ever more areas of society.

The widespread absence of inflation over the past ten years, and its radical reduction in the classic high-inflation countries of the Third World is usually explained in terms of the greater independence of the central banks, and "globalization", that is, the possibility of outsourcing production to lower-wage countries. It may be that these explanations do not go to the heart of the matter. Lower wages: this only relates to one single economic factor – labor. But the new availability relates to all goods and services. And it particularly includes semi-finished goods, components that can travel several times around a world given over to the division of labor, before they become part of the final product.

When we learn, for instance, that today well over a third of container traffic on the oceans of the world is due to intra-Asian trade, this can basically only involve the exchange of components between the various countries. A third of marine freight, and this with a share of global GDP of just 15 percent (excluding Japan): the containers are filled with components that we previously produced ourselves, or obtained from local suppliers.

Availability means that there are generally more than two suppliers. The Internet makes it easier to find them. And where there are two or more suppliers, there is competition. The world is big enough for agreements between suppliers not to be possible, and for existing cartels to break up. This is the quintessence of the new economy of availability. For some years now, in many areas of the economy, monopoly returns and prices fixed by cartels have been systematically cut back to competitive levels. The economic driver of this whole development has been the drastic fall over the last fifteen years in information and transaction costs.

So, the new economy means more competition, which is not new inasmuch as it is already there in Adam Smith's economic theory. But it is new in that the global economy has never experienced such a shift towards competition. More competition means greater prosperity; more prosperity, nota bene, not just for a few wealthy fat cats, but for the ordinary consumer, in the form of lower prices for a comparatively larger number of goods. There is no state redistribution scheme that can achieve such an increase in prosperity on such a social basis. More competition is the best conceivable globally effective social policy.

6. Companies are available too

The Swiss (not all of them, but certain media and politicians who feel this their vocation) are currently much concerned about the sell-off of Swiss industry. After the sale of Unaxis, or Oerlikon-Bührle, the once-proud industrial and weaponry group, of SIG, once a manufacturer of assault rifles and now a packaging machinery specialist, and of Saurer, a textile machinery manufacturer, the foreigners are now hard after Sulzer. The fact that there is a wealthy Russian behind one of the driving forces has given rise to allergic reactions of a sort that should properly be dealt with under the anti-racism legislation. It appears necessary to prevent a seemingly obscure Russian financier from enjoying what is a natural right for Swiss investors abroad.

It is important to take a considered view of what is for the Swiss capital market a disturbing matter in various ways. Parts of companies, and indeed whole companies, are subject to precisely the same trend towards greater availability as men's socks, Viagra, and semi-finished goods. For the economic good "enterprise" too, the Internet has delivered significantly greater transparency, and thus greater liquidity. Performance comparisons between, let's say, two packaging machinery manufacturers on a global basis are now easily possible, and the combination of businesses that, superficially, seem to offer few synergies may make a good deal more sense in a world of radically reduced information and transaction costs that it would have done a few years ago. The wave of company take-overs thus does not represent a "late cycle phenomenon", to use the term favored by believers in stock exchange apocalypse. On the contrary, we will be seeing a good deal more of it, regardless of the cycle.

More liquid capital markets represent a greater threat to established managers' old boy networks from the ultimate deterrent on the capital markets, the take-over. From a corporate governance perspective, such an enhancement of the efficiency of the capital market is of course to be welcomed, for it keeps managers on their toes, even if from time to time its impact is felt by the wrong people, as we are (perhaps) inclined to believe in the case of Sulzer. Markets function on the principle of trial and error. But they are virtually essential as a source of the scarce good of equity, particularly for growth purposes. Those who wish to take advantage of the benefits of placing their stock on the capital market must not fear the consequences. In for a penny, in for a pound; the ultimate verdict of the market, the take-over, is to be accepted as part of business as usual.

As, though, we may expect more transactions for some time come, we need to review the rules of the game. There is need for a serious discussion of the point of having a notification requirement at a given participation level, regardless of the cash or derivatives markets. The notification requirement is a de facto asymmetric protection device for the existing management. And then there is the question of whether it is acceptable, on both political and competition grounds, for a cantonal bank backed by a state guarantee to deploy its thus almost unlimited capacity for risk in transactions of this nature.

7. More liquid locations

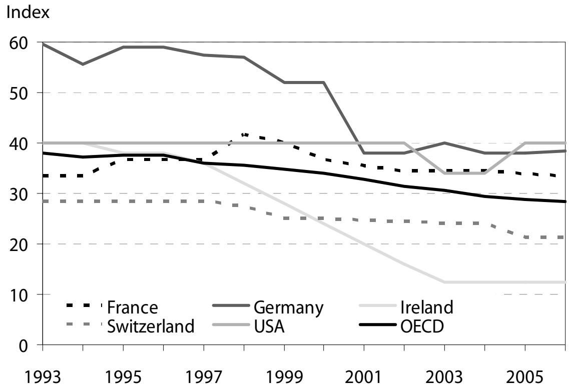
We are in the process of getting used to the greater availability of components, consumer goods, services, parts of companies, and whole companies themselves. What is new, and this genuinely in the sense of a new economy, is that locations around the world have themselves become interchangeable. Of course it was previously possible to emigrate, if people felt the impact of the state to be excessively burdensome or dangerous. Let us not forget that not twenty years ago a wall ran through the centre of Berlin, and barbed wire fences with spring guns and watchtowers across the rest of Europe to prevent just that. Our world today really has become freer and more open.

Unsurprisingly, it is above all volatile capital that finds it easiest to make use of this greater openness, which represents nothing other than a greater liquidity of location. It goes wherever the most attractive conditions prevail. Our modular global economy, based as it is on the extensive division of labor, enables rapid shifts of structure and location if conditions deteriorate, or improve elsewhere (relatively or absolutely). And the process is of course assisted by the higher levels of liquidity of companies and their parts.

People themselves are somewhat less fungible: their location – that is, their home, family and friends – is highly valuable, so that any dislocation must be carefully considered. Nevertheless, global migration is not restricted to the poorest, as exemplified by the recent moves by Michael Schuhmacher and Johnny Hallyday. Rich or poor: locations have become more liquid for people too.

The consequence of this greater liquidity of location is greater pressure on the political system to pay attention to location quality. The smaller and more insignificant a country, the greater the demands on the conditions it provides. Political economics has so far focused mainly on the processes around the incentives provided by various political systems (i.e. different forms of democracy and other political systems). Now, as research goes on into the new economy, particular attention will need to be paid to the way political systems react to competitive pressure from other states. Which form of government can cope best, when it is no longer a matter of allocating explicit benefits to certain groups on the basis of a tax system nourished as implicitly as possible by a wide variety of constituencies, but rather of keeping the resident population, individuals or organizations, happy? The era of walls and barbed wire fences is over.

Falling corporate taxes



Source: KPMG, OECD

Two things are immediately obvious. Firstly, there is clearly already fairly vicious competition between states over taxation. The figure above shows the corporate tax rates of various OECD countries over the past twenty years. It shows that most countries, and particularly the smaller, and thus better governed ones, recognized at an early stage how things were going, and are doing everything they can to remain competitive for attractive businesses. Successes such as that of Ireland, once the workhouse of Europe, speak volumes.

And corporate tax reform will continue. Not on account of any desire for it within the political system – what political party has ever seriously advocated lower taxes? – but simply because it has to. This is a comforting insight for our own country, normally so concerned about attractive conditions, but which has so far failed to achieve any kind of corporate tax reform worthy of the name. External pressure will do the job. Government will of course not become easier as the importance of the exchequer declines. There will be a need to make state production more efficient, which can only mean concentrating on the real priorities of state activity: the production of internal and external security, including the rule of law and property rights; the production of goods not otherwise available, and in particular those associated with the infrastructure and research; the provision of an adequate protection against life-threatening poverty – one that offers as few false incentives as possible.

Which brings us to the second thing. States of every size and political parties of every color have so far concentrated precisely not on these priorities, but have supported state activity in every other conceivable area. But the pressure on the exchequer – which has already reached individual taxation – will become increasingly painful. So there will be battles over allocation, for far too many bodies, of every political color, are dependent on the needle of a state drip in their veins – all those organizations whose only justification so far has been to secure for themselves the biggest possible slice of the pie.

The temporary salvation of the ancien régime of privilege management within the welfare state lies in the cartelization of the political system at the level of super-national organizations. For only these organizations, if any, are in a position to hinder and constrain competition between locations. The activities of the OECD, founded in 1960 to "promote economic liberalization and market-based reforms", is increasingly to be seen in this light – a betrayal of the organization's original purpose. With its efforts to combat "damaging tax-based competition", the OECD's taxation committee, the Committee on Fiscal Affairs (CFA), is pursuing nothing other than a cartel policy for the benefit of threatened high-tax countries. And its sadly not wholly unsuccessful attempt to criminalize tax evasion is an activity specifically directed against individuals in the interest of unjustifiably high tax regimes. Tax evasion is of course a form of virtual emigration, which makes it possible to remain within the country, but no longer be able to really deploy one's funds. Now that locations have become more liquid for individuals, the significance of this form of emigration is declining significantly.

And the EU, an organization that flies the flag of the European domestic *market*, that is, a territory as free from state intervention as possible, is now being misused by finance and other ministers as a tool for cartelization. The "Code of Conduct (CoC)" agreed by the EU for tax matters, and parts of EU competition law are moving towards the direct prevention of tax competition for companies and individuals.

This explains the inherent sympathy of authorities, organizations and politicians for super-national organizations. Only the politically naïve see in this a conspiracy. On the contrary: this sympathy is entirely logical, and not at all orchestrated. National privilege cartels cannot survive the global competition of liquid locations without super-national support. Who will come out on top is another matter entirely. And should a small country like Switzerland, which is ideally placed to be a winner in the global competition around liquid locations, go wholly for the strategy of harmonization with super-national organizations? From the perspective of the managers of privilege perhaps so, but for the country as a whole, surely not. For classic economics teaches that cartels reduce prosperity, and are systemically doomed to extinction.

8. Liquid financial markets

Now, to conclude the Investment Commentary, we must turn to the question of the impact of the new "New Economy" – the greater availability of components, services, companies whole or in part, and locations – on the financial markets. The professional Cassandras have been moaning for years that there is "too much liquidity" in the system. The central banks' low interest rate policy is irresponsible, as a generous money supply must, sooner or later, result in a dangerous burst of inflation. We see things rather differently.

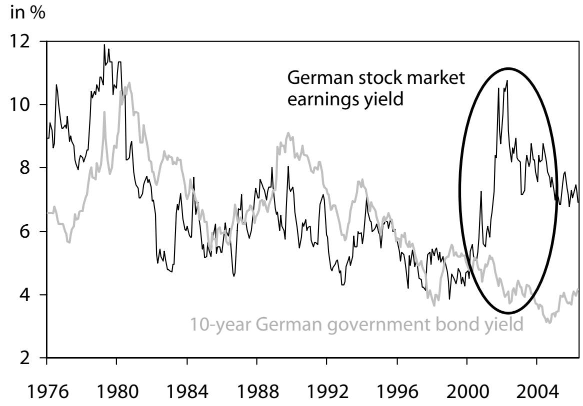
For one thing, in an ever more closely integrated global economy, an assessment of monetary policy that is based on national aggregates is in itself questionable. For what is the relevant dollar area? The USA? Or perhaps rather a bit of Russia, the Middle East, the Far East, Latin America, and also just a little bit of Europe? And the relevant euro area? Is it not continually expanding? Where in the world are payments not being made increasingly in dollars and/or euros? So much for the territorial component. But what seems to us more important is the way that the Cassandra perspective takes no account of the enormous improvements in efficiency caused by the enthusiasm for competition in the new "New Economy". We are living in the midst of a gigantic global output gap, a discrepancy between actual and potential growth, as productivity rises continually with the ongoing collapse of cartels and the like. In these conditions, money supply problems are just not possible!

The other thing that is overlooked is that liquidity on the financial markets has risen tremendously, and continues to rise, not only for money, but in particular for all the other financial instruments, independently of the supply of money by the central banks. Derivatives have enabled a modular approach, in which specific individual risks can be separately acquired or sold, making it possible to do in portfolio management what has long been standard practice in industrial production. As a result of this development, specific risks have steadily become better distributed – socialized, so to speak – though by no means eliminated. The latest commotion over so-called sub-prime mortgages – that is loans to the financially challenged, "secured" against property of the quality of a garden shed – shows what this may mean in practice. An improvident, not to say irresponsible credit policy does not remain stuck in the system as a risk cluster, but turns up – surprise, surprise – on the books of the UBS in Switzerland, for instance, whose share price dropped five percent when this became known. Which leaves the UBS shareholders carrying the can. There was a time when a similar credit problem would have unleashed a banking crisis in the USA; nowadays it doesn't even reduce Marcel Ospel's bonus.

But it's not just the instruments; whole markets have become more liquid. We shall for once conclude the Investment Commentary with a figure, because we believe that this is one you can't get enough of. It shows the changes in the German stock market over recent years. As we know, our northern neighbor was distinguished for a very long time by the extremely close interdependence of the big corporations and the banks. It was a mutual back-scratching system, with cross-memberships of supervisory boards. Great loyalty was shown when necessary, and capital made available reciprocally, so that there could not be the least danger of uninvited guests (the "locusts") crashing the party. Under this regime, the shareholder was a *quantité négligeable*. Change only began to come about after 2001, when the Schröder government was obliged by market pressure to make exits from cross-holdings possible fiscally. Since then, the German stock market has become what a self-respecting stock market should be. Businesses have to make a profit. This is why investments in Germany have been particularly rewarding in recent years. And there will be no going back, despite panics over locusts, for, like every other country, Germany is caught up in the global competition between ever more liquid capital markets.

Conclusion for investors: from men's socks to DAX values, the world could not be a more exciting place. We'll take a look at risks some other time.

This is what a real shock looks like



Source: Datastream

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