



11th July 2011

Ask the ECB

“No credit event, no selective default, no default.”

- Jean-Claude Trichet, president of the European Central Bank, 7 July 2011.

“The European Central Bank will continue to accept Greek debt as collateral for loans unless all big three credit ratings agencies it uses declare it to be in default, said a senior finance official..

“The ECB would rely on the principle of using the best rating available from the agencies – Standard & Poor’s, Moody’s and Fitch – the official said. The comments came after S&P on Monday became the first agency to warn that a plan, pushed by France and endorsed by Germany, for banks to roll over their holdings of Greek debt into new bonds would constitute a “selective default”.”

- Financial Times, 5 July 2011.

“I have to say that I and others have noticed that the ratings agencies are in this European issue much stricter and much more aggressive than they have been in similar cases in, for instance, South America.”

- ECB Governing Council Member Ewald Nowotny, 4 July 2011.

In a brand new column launching this week for the News of the World, the paper’s freshly appointed ‘agony aunt’, the European Central Bank, answers your questions.

Dear European Central Bank,

A few hours out of Southampton and my brand new passenger liner with over 2,000 aboard is holed below the waterline, listing alarmingly and taking on water. We can’t get everyone into the boats, and we didn’t have enough boats to begin with. My engine room is flooded and she’s sinking by the head. Do you have any advice ?

- Captain Edward J. Smith, RMS Titanic.

Dear Captain of the Titanic,

Full steam ahead and press on regardless would be my call - it's probably just a scratch. The Titanic, like the grand euro zone common currency project, is unsinkable. I notice, however, that in all the confusion your ship's deckchairs have become somewhat untidy. I would rearrange them if I were you. Otherwise, just relax. Enjoy the rest of the voyage and pour yourself a Scotch and soda. Do you have any ice ?

Dear European Central Bank,

My comrades and I have struggled for a seeming eternity through all the privations known to man to reach the South Pole, only to discover that the Norwegians have beaten us to it by five weeks. Damn. We are all exhausted, perishingly cold, and we finished the last pony sandwich on Thursday. I have a bad feeling about this. What would you suggest ?

- Captain Robert Falcon Scott, CVO.

Dear Scott of the Antarctic,

Dear chap, it's always darkest before the dawn. Just keep a stiff upper lip. You seem to be running low on provisions. Not to worry, there must be a Waitrose nearby; or perhaps you have an account with Ocado ? Either way, a stiff Hendrick's and tonic sharpener is just what the doctor ordered. Do you have any ice ?

By the way, I hear that Standard & Poor's have been putting poison in baby milk. Bastards.

Dear European Central Bank,

I find myself with just two fellow troopers in the sweltering heat of South Africa, surrounded by 20,000 angry Zulu warriors armed with Assegai spears and a selection of muskets and rifles. As for our own weaponry, my comrades have some dental floss. I myself have half a Twix, but am not afraid to use it. We seem to be outmanned. Do you have any advice ?

- Lord Chelmsford, Commander-in-Chief, British Forces, Isandlwana, 1879.

Dear Lord Chelmsford,

It is clear to me that you don't have a problem. That said, I am peering through the wrong end of a telescope with the end blacked out, staring at my navel. Did I mention that every day when I get up, outside on my porch there's a flaming parcel of newspaper containing dog excrement ? I suspect Fitch IBCA.

Dear European Central Bank,

Having bought a Dutch kebab van and banking concession for €48 trillion, and having leveraged my bank's balance sheet by some 14 quadrillion times, I find that business prospects are not as promising as I had once hoped. What would you suggest ?

- Sir F. Goodwin, Edinburgh.

Dear Sir Fred,

I'm sure all will turn out for the best. I am glad to announce that henceforth we are relaxing our rules on collateral against new loans to our banking counterparties. In addition to Greek and Portuguese government paper we will also accept twigs, moss, leaves and stones. And crisps. We must also break the fascistic oligopoly of the Anglo-Saxon ratings agencies, so from this point onwards we will also accept the best ratings afforded by either the British Board of Film Classification, or the popular partner assessment website HotorNot.com. And in case of need we will write letters down on pieces of paper and draw combinations of them from a hat. Provided that they are all the letter 'A'.

I have also heard a number of market participants complain that short-dated Greek and Portuguese bonds have seen their yields blow out to, like, 30% or so. But only as expressed in Base 10, a narrow Anglo-Saxon computational dialect. In Base 16, Greek bonds only yield 1E; and in a private language I have just invented, Greek bonds only yield "brown midges".

And did you know that Standard & Poor's were behind the assassination of President Kennedy ?

Dear European Central Bank,

I am a person with a small houseboat in the middle of the largest waterway in Egypt. My friends, all of whom have a relaxed attitude to linguistics, say I am living in d' Nile. What do you think ?

- A person living in d' Nile.

Dear person living in d' Nile,

Absolutely not. You are not living in d' Nile (as I and my homeboyz here at the ECB might put it) and, for that matter, neither are we.

Well, that's about it for this week's inaugural 'Ask the ECB' column for the News of the World. I am reliably informed that this newspaper and its ethical stance is held in particularly high regard by military veterans, and relatives of the innocent victims of random atrocities. In any event, I feel sure that between us we face a long and prosperous future.

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