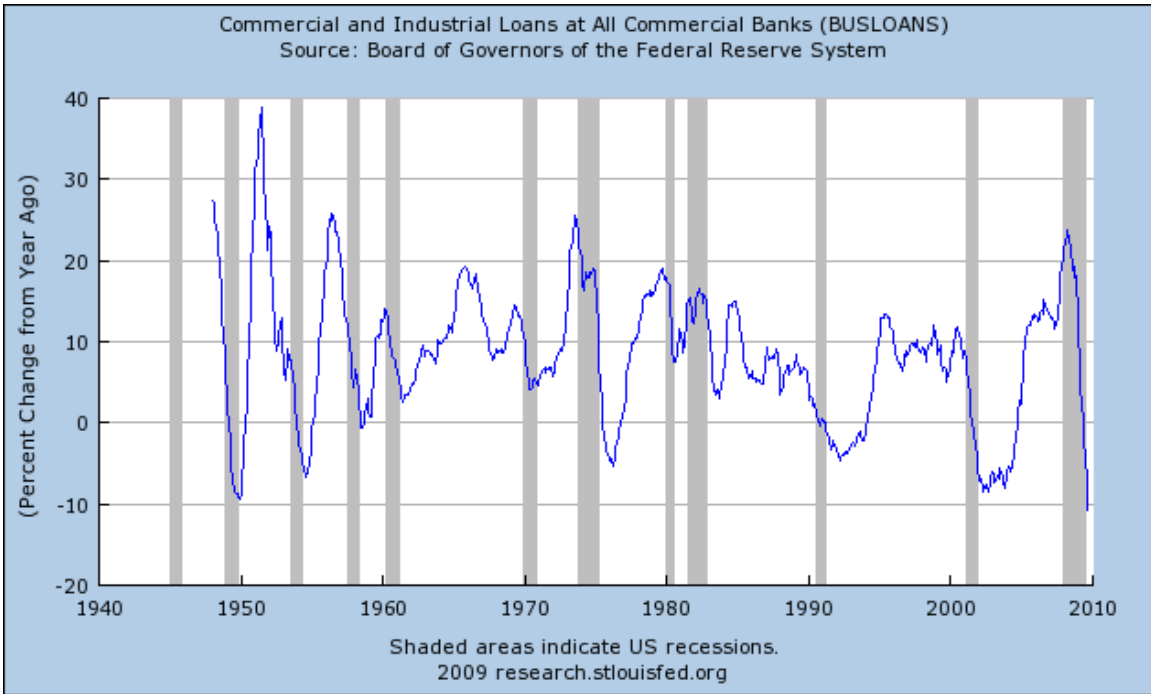


## THE BANKERS SAY NO

### WEB BUZZ 2009.11.02

Last week we reviewed the profit centers of Goldman Sachs over the past several years. They, along with other too-big-to-fail firms, are doing quite well. Why? They received government money, which allowed them to lever up again and record large trading profits. We then wondered about Main Street. Just how are they doing under this too-big-to-fail government program? As far as publically traded companies go, it seems that through extreme cost cutting (that means layoffs) they have done reasonably well. However, revenue is down anywhere from 10%-30%, which will be a big problem going forward.

It's difficult to know exactly how small, non-public firms (Main Street) are doing, as current information is hard to obtain. However, please note the following chart depicting year-over-year percentage change in volume of all commercial banks business loans. Somebody out there is not getting loans and they, along with others, may be required to pay off old loans. Many of these lenders are not-too-big-to-fail large banks as well as small banks. Our guess is that Main Street business in particular is having a difficult time obtaining loans for their enterprises. Oh, to be one that is too big to fail! The real problem is that trading activity in no way helps what Main Street does, i.e. the real economy. It's inorganic versus organic. Jobs come from organic. Inorganic is a zero sum game.



Adapted from the St. Louis Fed