Christian Felber: *Saving the Euro*[1]
(Deuticke, February 2012)
Financial Calculation for the Euro Rescue Proposal

Rescue proposal: The ECB guarantees government bonds of those EU states agreeing to the following EU-wide tax cooperation, the yields of which will redeem debts by 50%.

	Eurozone-17	EU-27	
Economic output	**€ 9.4 tn**	**€ 12.6 tn**	
Government debt	8.3 tn (88%)	10.4 tn (82.5% of GDP)	
Personal assets estimated* (Financial assets and real estate)	37.6 tn (400%)	41.6 tn (400% of government debt)	
Financial transaction tax 0-1%	**€ 203 bn**	**€ 272 bn**	(source: IHS[2])
Wealth tax 1%**	**€ 376 bn**	**€ 416 bn**	(my calculation)
Capital gains tax +25%	**€ 188 bn**	**€ 208 bn**	(my calculation)
Corporate tax +1% BIP	**€ 94 bn**	**€ 126 bn**	(estimated)
Total (per year)	**€771 bn**	**€1.03 tn**	**(estimated)**
Redemption of government debt in	**11 years**	**10 years**	**(linear calculation)**
Bisection of government debt	**5.5 years**	**5 years**	

*** conservative estimate based on various sources:**

On the financial assets–real estate ratio:
In Austria the value of real estate amounts to 900 billion Euros, whereas financial assets amount to 450 billion Euros, according to the *Nationalbank*. Real estate assets are twice as high as financial assets.
In Germany, real estate assets are roughly 20% higher than financial assets.

The Boston Consulting Group put the figure for financial assets in the Eurozone at 18 trillion (220% of government debt).[3] Even with the conservative assumption that real estate assets equal those of financial assets, one is left with personal assets that amount to about 440% of debts. Possibly, the number is even higher.

In **Italy**, personal assets amount to 8.7 trillion Euros, which is 424% of government debt.[4]
In **Germany**, personal assets amount to 9.5 trillion Euro, or 475% of government debt.[5]
In **Austria**, personal assets amount to 1.35 trillion Euros, or 675% of government debt.[6]
So far, research has proven my estimates to be plausible and prudent.

** with a tax allowance between 0.5 and 1 million Euros, which means that only the wealthiest 10% will be affected. Above the tax allowance, tax rates would be progressive. **90% of the population would remain tax-free.**

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1 http://www.christian-felber.at/buecher.php
2 Institut für Höhere Studien: „Zur Besteuerung von Vermögen in Österreich", Pressinformation, 26 August 2009.
3 Boston Consulting Group: „Back to Mesopotamia", 2011.
4 *Süddeutsche Zeitung*, 17 January 2012.
5 Bundesbank and Statistisches Bundesamt, my calculations.
6 Österreichische Nationalbank, my calculations.