

9. Impact on sovereign debt from monetary conversion

The one-time conversion of fractional reserve deposits to full reserves will require EU banks to fully use their holdings of sovereign debt to be credited to funding their demand deposit liabilities. Additionally EU banks will need to borrow an approximate €13.84 trillion from EU sovereign governments to fully fund their demand deposit liabilities. The tables below ignore ECB holdings of sovereign debt that is expected to also be credited to 100% reserve deposit funding and retired, which would reduce the net bank loans but keep the same approximate sovereign benefit. The expected result of the conversion process is that most countries will have their sovereign debt fully retired with additional bank loan balances that would need to be retired upon repayment to keep the monetary system in balance and remove any inflationary impact from the conversion process.

December 31, 2011		2011 GDP ¹ (€ Billions)	Sovereign Liabilities Total ² (€ Billions)	Sovereign Liabilities/ GDP Ratio (Percent %)	Liabilities Reduction Monetary Conversion Bank Note ^{3,a} (€ Billions)	Sovereign Liabilities Reduction (Percent %)	After	After
EU Eurozone (17) Country							Conversion Sovereign Liabilities Total ^b (€ Billions)	Conversion Sovereign Liabilities/ GDP Ratio ^b (Percent %)
Native	English							
Belgique/België	Belgium	€ 369.84	€ 344.02	93.0%	(€ 468.80)	136.3%	(€ 124.78)	-33.7%
Deutschland	Germany	€ 2,592.60	€ 1,442.71	55.6%	(€ 3,632.99)	251.8%	(€ 2,190.28)	-84.5%
Eesti	Estonia	€ 15.95	€ 1.05	6.6%	(€ 12.29)	1167.9%	(€ 11.24)	-70.4%
Éire/Ireland	Ireland	€ 156.44	€ 164.74	105.3%	(€ 250.10)	151.8%	(€ 85.36)	-54.6%
Elláda	Greece	€ 215.09	€ 220.19	102.4%	(€ 223.69)	101.6%	(€ 3.50)	-1.6%
España	Spain	€ 1,063.36	€ 648.20	61.0%	(€ 2,020.72)	311.7%	(€ 1,372.52)	-129.1%
France	France	€ 1,996.58	€ 1,598.32	80.1%	(€ 2,454.35)	153.6%	(€ 856.03)	-42.9%
Italia	Italy	€ 1,580.22	€ 1,745.35	110.5%	(€ 1,137.71)	65.2%	€ 607.64	38.5%
Kýpros	Cyprus	€ 17.76	€ 20.25	114.0%	(€ 88.70)	438.1%	(€ 68.45)	-385.4%
Luxembourg	Luxembourg	€ 42.82	€ 8.59	20.1%	(€ 455.03)	5297.2%	(€ 446.44)	-1042.6%
Malta	Malta	€ 6.50	€ 5.50	84.7%	(€ 25.52)	463.6%	(€ 20.02)	-308.0%
Nederland	Netherlands	€ 601.97	€ 402.22	66.8%	(€ 1,100.30)	273.6%	(€ 698.08)	-116.0%
Österreich	Austria	€ 300.71	€ 222.51	74.0%	(€ 603.97)	271.4%	(€ 381.46)	-126.9%
Portugal	Portugal	€ 170.91	€ 156.59	91.6%	(€ 253.65)	162.0%	(€ 97.06)	-56.8%
Slovenija	Slovenia	€ 36.17	€ 18.99	52.5%	(€ 33.52)	176.5%	(€ 14.53)	-40.2%
Slovensko	Slovakia	€ 69.06	€ 30.87	44.7%	(€ 36.04)	116.8%	(€ 5.17)	-7.5%
Suomi/Finland	Finland	€ 189.37	€ 93.70	49.5%	(€ 279.01)	297.8%	(€ 185.31)	-97.9%
TOTAL		€ 9,425.34	€ 7,123.81	75.6%	(€ 13,076.39)	183.6%	(€ 5,952.58)	-63.2%

TABLE 12 SOURCE: Sovereign Debt Impact from Fractional Reserve Banking Monetary Conversion, Attachment 11(b).

December 31, 2011		2011 GDP ¹ (€ Billions)	Sovereign Liabilities Total ² (€ Billions)	Sovereign Liabilities/ GDP Ratio (Percent %)	Liabilities Reduction Monetary Conversion Bank Note ^{3,a} (€ Billions)	Sovereign Liabilities Reduction (Percent %)	After	After	
EU Non-eurozone (10) Country							Conversion Sovereign Liabilities Total ^b (€ Billions)	Conversion Sovereign Liabilities/ GDP Ratio ^b (Percent %)	
EU Member State Protocol Order	Native	English							
	Bulgarija	Bulgaria	€ 38.48	€ 8.48	22.0%	(€ 26.67)	314.6%	(€ 18.19)	-47.3%
	Ceská republika	Czech Republic	€ 154.91	€ 64.07	41.4%	(€ 97.58)	152.3%	(€ 33.51)	-21.6%
	Danmark	Denmark	€ 239.24	€ 121.40	50.7%	(€ 325.35)	268.0%	(€ 203.95)	-85.2%
	Latvija	Latvia	€ 20.21	€ 9.33	46.1%	(€ 18.96)	203.3%	(€ 9.63)	-47.7%
	Lietuva	Lithuania	€ 30.71	€ 12.86	41.9%	(€ 15.23)	118.4%	(€ 2.37)	-7.7%
	Magyarország	Hungary	€ 100.51	€ 71.80	71.4%	(€ 85.72)	119.4%	(€ 13.92)	-13.8%
	Polska	Poland	€ 370.01	€ 198.77	53.7%	(€ 150.74)	75.8%	€ 48.03	13.0%
	România	Romania	€ 136.48	€ 49.63	36.4%	(€ 43.36)	87.4%	€ 6.27	4.6%
	Sverige	Sweden ^c	€ 387.89	€ 150.40	38.8%	€ 0.00	0.0%	€ 150.40	38.8%
	United Kingdom	United Kingdom ^d	€ 1,746.96	€ 1,774.60	101.6%	€ 0.00	0.0%	€ 1,774.60	101.6%
TOTAL			€ 3,225.41	€ 2,461.34	76.3%	(€ 763.61)	31.0%	€ 1,697.73	52.6%

TABLE 13 SOURCE: Sovereign Debt Impact from Fractional Reserve Banking Monetary Conversion, Supplement 4(b).