

Attachment 7

EU Economic Recovery Plan

ECB Compounded Monetary Intermediation Cost to Eurozone (17) Economy 1999 to 2011⁴

€M1 Money Stock Basis

Assumptions

(a)-Net GDP Productivity Growth Rate to economy (GDP Growth Rate (c) minus Intermediation Cost (b)) - (r _f)	0.63%
(b)-Intermediation Cost Percentage ²	2.69%
(c)-GDP Growth Rate (Net GDP + Intermediation Percentage) ²	3.31%

GDP EARNINGS WITH ECB INTERMEDIATION EXPENSE INCLUDED

(N)	(A)	(B) = (A) x (c)	(C) = (A) x (b)	(D) = (A)+(B)+(C)	(E)=∑ (C) Compounded	
Period	Year	Net GDP ¹ Begin Yr (€ Billions)	Productivity Growth (Net) (€ Billions)	ECB Intermediation Expense ² (€ Billions)	Net GDP ¹ End Yr (€ Billions)	Compounded Intermediation Expense ³ %
1	1999 ^a	€ 6,169.5	€ 204.4	(€ 165.7)	€ 6,208.3	€ 165.7 2.6%
2	2000	€ 6,208.3	€ 205.7	(€ 166.7)	€ 6,247.3	€ 337.9 5.1%
3	2001	€ 6,247.3	€ 207.0	(€ 167.8)	€ 6,286.5	€ 516.8 7.6%
4	2002 ^b	€ 6,286.5	€ 208.3	(€ 168.8)	€ 6,326.0	€ 702.7 10.0%
5	2003	€ 6,326.0	€ 209.6	(€ 169.9)	€ 6,365.8	€ 895.9 12.3%
6	2004	€ 6,365.8	€ 210.9	(€ 170.9)	€ 6,405.8	€ 1,096.5 14.6%
7	2005	€ 6,405.8	€ 212.3	(€ 172.0)	€ 6,446.0	€ 1,304.9 16.8%
8	2006	€ 6,446.0	€ 213.6	(€ 173.1)	€ 6,486.5	€ 1,521.2 19.0%
9	2007	€ 6,486.5	€ 214.9	(€ 174.2)	€ 6,527.3	€ 1,745.8 21.1%
10	2008	€ 6,527.3	€ 216.3	(€ 175.3)	€ 6,568.3	€ 1,978.9 23.2%
11	2009	€ 6,568.3	€ 217.6	(€ 176.4)	€ 6,609.6	€ 2,220.8 25.1%
12	2010	€ 6,609.6	€ 219.0	(€ 177.5)	€ 6,651.1	€ 2,471.9 27.1%
13	2011	€ 6,651.1	€ 220.4	(€ 178.6)	€ 6,692.9	€ 2,732.4 29.0%
Compound Growth Rates			0.63%	0.63%	0.63%	24.06%
Count (Years)			13	13	13	13

a-First electronic Euro use January 1, 1999.

b-First circulation Euro use January 1, 2002.

Notes

1-GDP (Euro 17) from eurostat, Gross domestic product at market prices (tec00001) Update 9/22/2012 at <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tec00001&plugin=1>

2-ECB M1 Intermediation expense estimates from attachment 4.

3-ECB M1 Intermediation expenses compounded at total growth rate.

4-Format adapted from "The Tyranny of Compounding Costs" at <http://www.pbs.org/wqhb/pages/frontline/retirement/etc/tyranny.html>

GDP EARNINGS WITH ECB INTERMEDIATION EXPENSE REMOVED

(N)	(A)	(B) = (A) x (c)	(C) = (A) x (b)	(D) = (A)+(B)+(C)	
Period	Year	GDP ¹ Begin Yr (€ Billions)	Productivity Growth(Total) (€ Billions)	ECB Intermediation Expense ² (€ Billions)	GDP ¹ End Yr (€ Billions)
1	1999	€ 6,169.5	€ 204.4	€ 0.0	€ 6,373.9
2	2000	€ 6,373.9	€ 211.2	€ 0.0	€ 6,585.1
3	2001	€ 6,585.1	€ 218.2	€ 0.0	€ 6,803.3
4	2002	€ 6,803.3	€ 225.4	€ 0.0	€ 7,028.8
5	2003	€ 7,028.8	€ 232.9	€ 0.0	€ 7,261.7
6	2004	€ 7,261.7	€ 240.6	€ 0.0	€ 7,502.3
7	2005	€ 7,502.3	€ 248.6	€ 0.0	€ 7,750.9
8	2006	€ 7,750.9	€ 256.8	€ 0.0	€ 8,007.7
9	2007	€ 8,007.7	€ 265.3	€ 0.0	€ 8,273.1
10	2008	€ 8,273.1	€ 274.1	€ 0.0	€ 8,547.2
11	2009	€ 8,547.2	€ 283.2	€ 0.0	€ 8,830.4
12	2010	€ 8,830.4	€ 292.6	€ 0.0	€ 9,123.0
13	2011	€ 9,123.0	€ 302.3	€ 0.0	€ 9,425.3
Compound Growth Rates		3.31%	3.31%	N.A.	3.31%
Count (Years)		13	13	13	13

Compound Growth Rates

Count (Years)

ECB Eurozone (17) Monetary Intermediation Cost	€ Billions	% Percent
Economic (GDP) earnings 2011 w/o ECB intermediation expense	€ 9,425.3	100.0%
Economy earnings with ECB Intermediation expense deducted	€ 6,692.9	71.0%
ECB Intermediation Expense to Non Bank Economy since 1999	€ 2,732.4	29.0%

ECB Intermediation costs, primarily monetary expansion inflation, estimated to have consumed (wealth transferred) approximately 29% of eurozone economic returns to banking sector from 1999 to 2011.