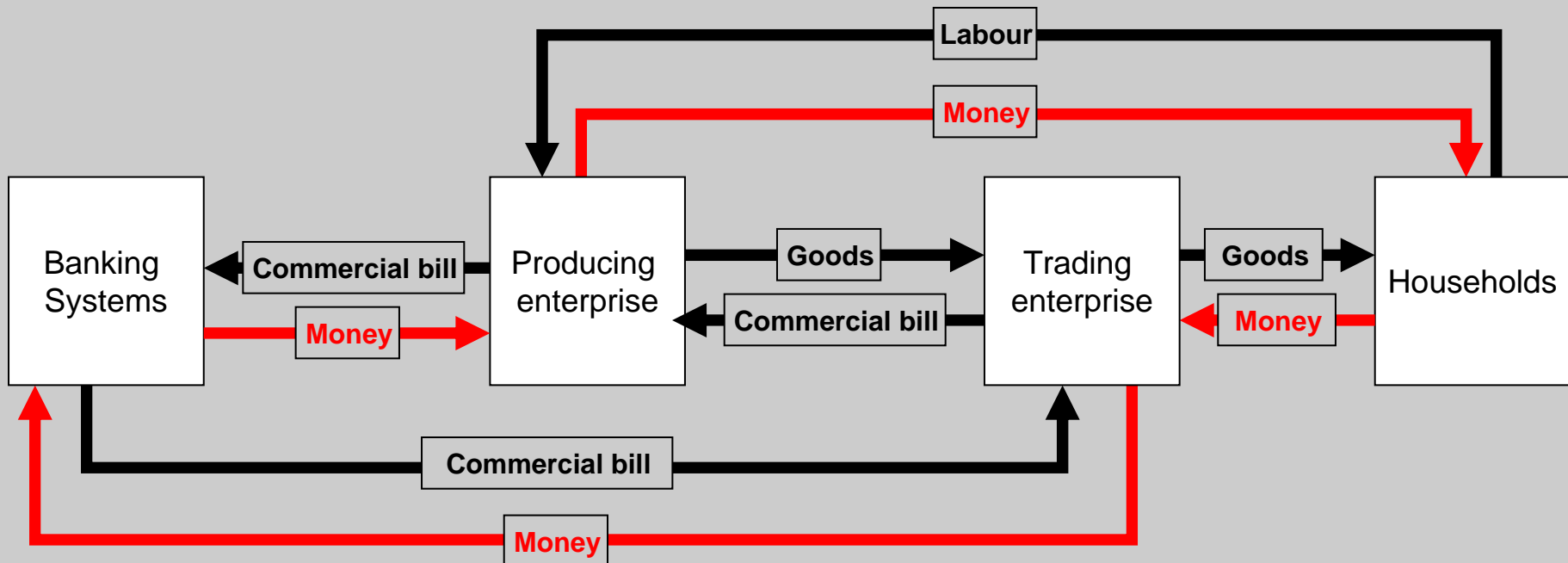


Illustration of Macroeconomic Processes in National Accounts

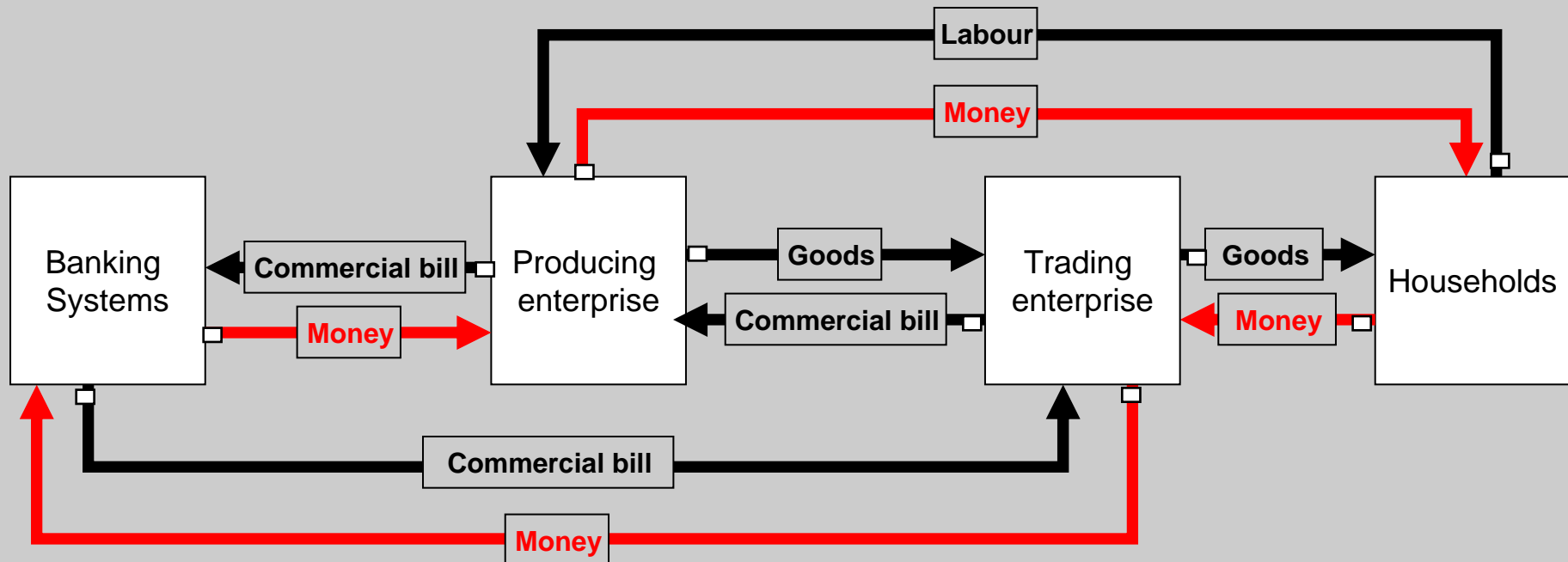
- 1. The elementary monetary circuit**
- 2. Generating profit I**
- 3. Generating profit II**
- 4. Sequence of Accounts**

The elementary money circuit

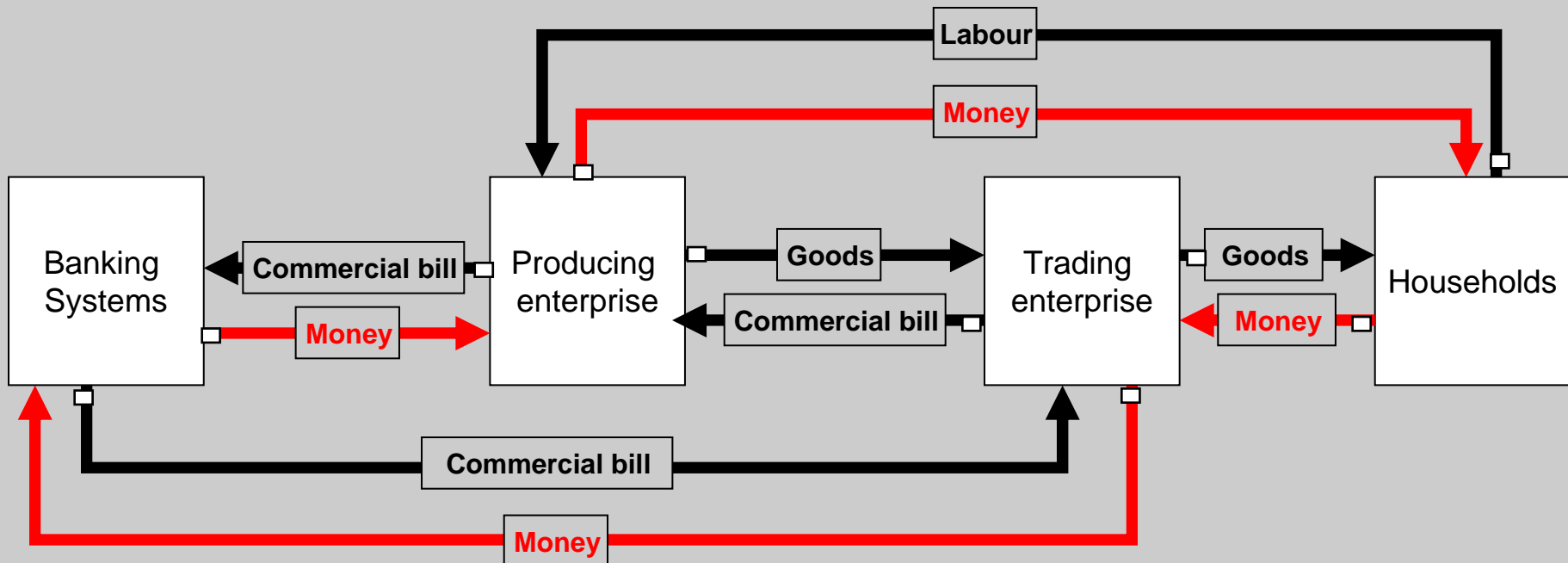
The elementary money circuit in detail



The elementary money circuit in detail

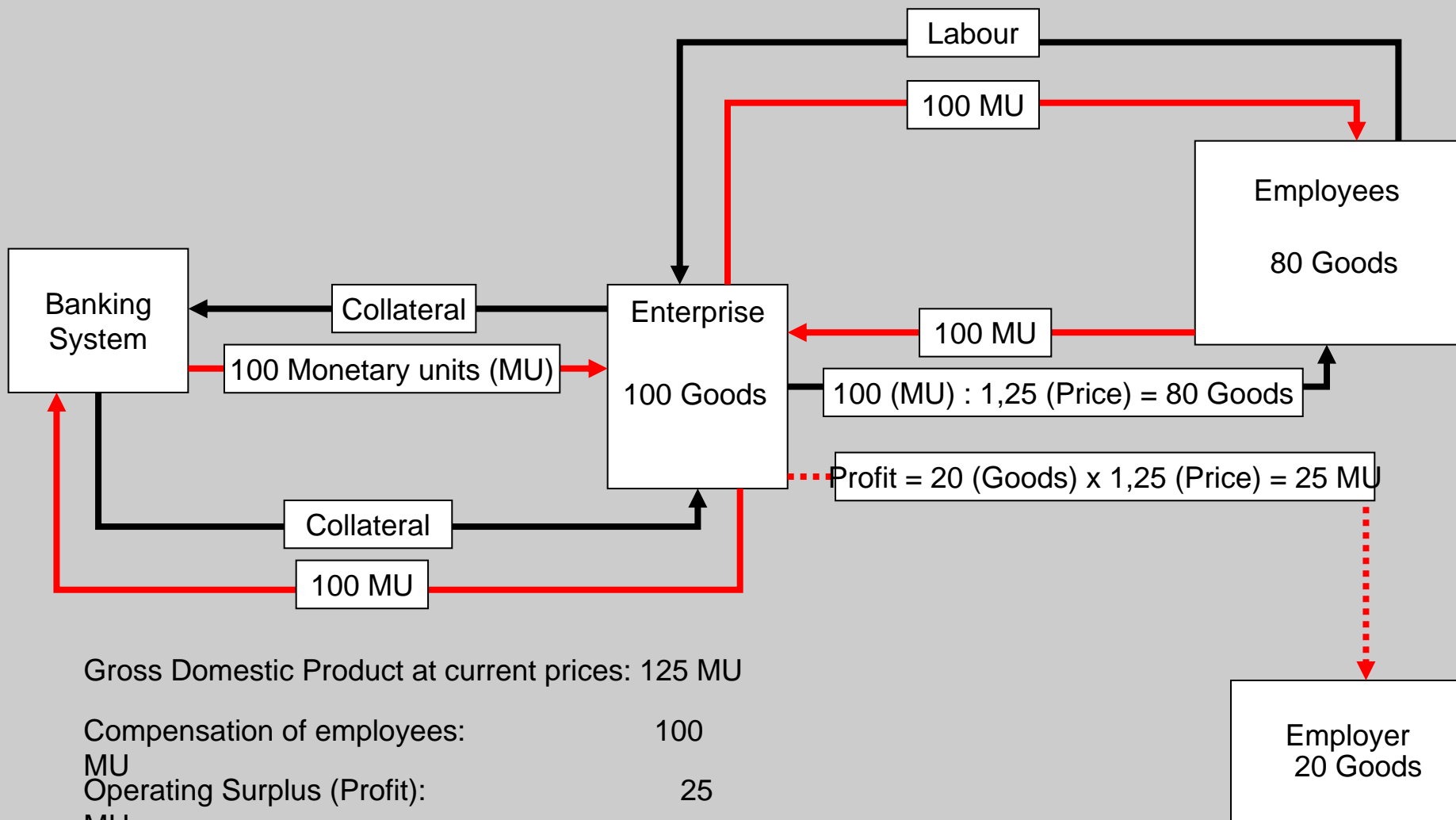


The elementary money circuit in detail



Generating profit I

How can profit be generated ?



Gross Domestic Product at current prices: 125 MU

Compensation of employees:	100
MU	
Operating Surplus (Profit):	25
MU	

Generating Profit II

A real estate bubble



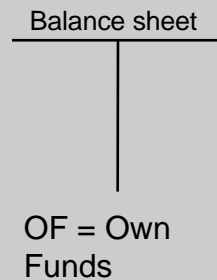
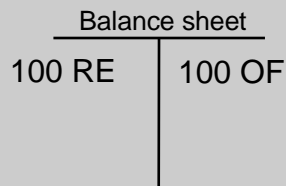
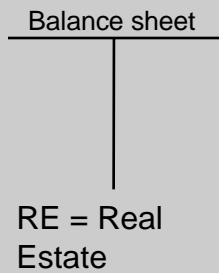
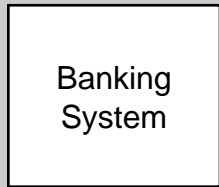
Balance sheet

100 RE	100 OF
--------	--------

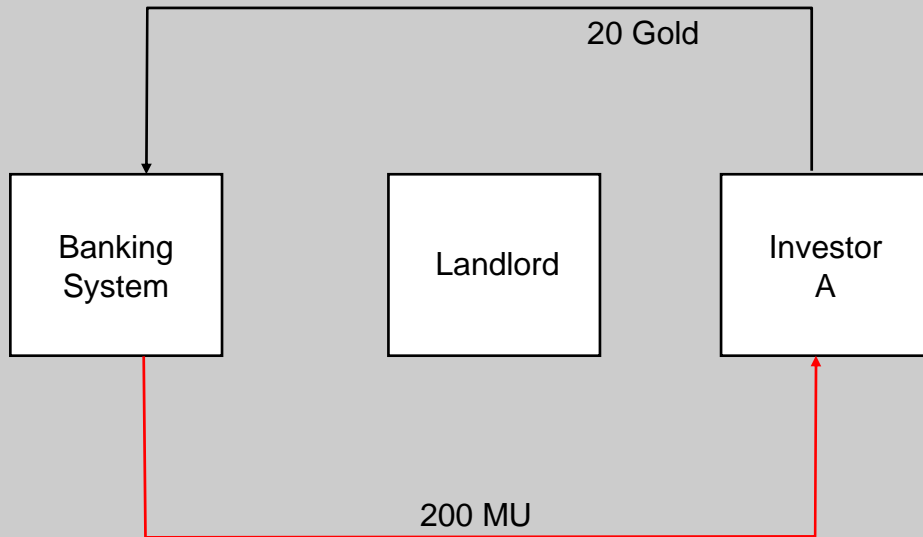
RE = Real
Estate

OF = Own
Funds

A real estate bubble



A real estate bubble



Balance sheet

--	--

RE = Real Estate

Balance sheet

100 RE	100 OF
--------	--------

Balance sheet

20 G	20 OF
------	-------

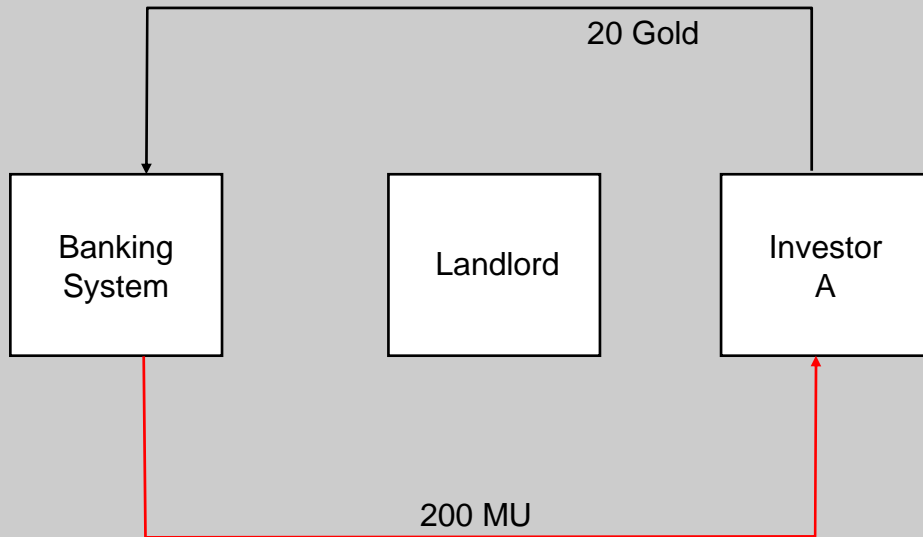
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

20 G	200 MU
180 L	

Balance sheet

100 RE	100 OF

Balance sheet

200 MU	20 OF
	180 L

RE = Real Estate

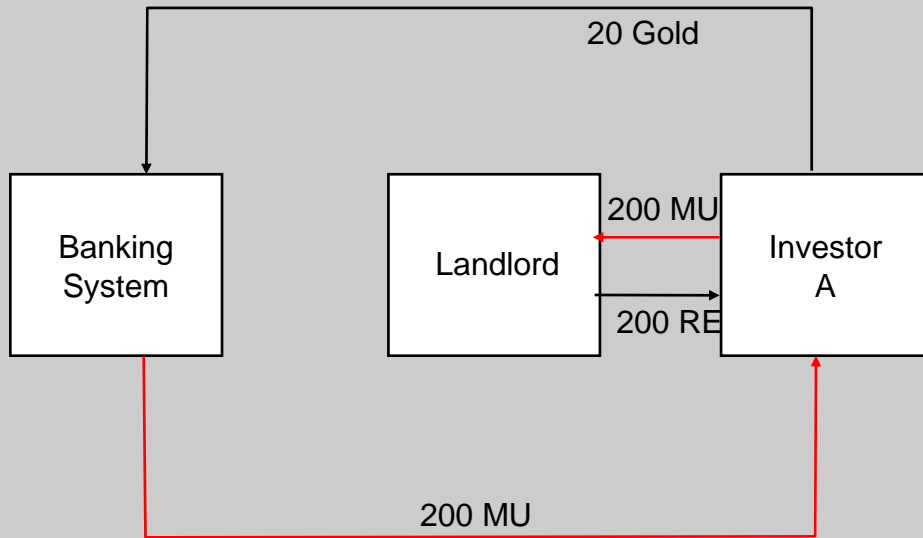
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

20 G	200 MU
180 L	

Balance sheet

100 RE	100 OF

Balance sheet

200 MU	20 OF
	180 L

RE = Real Estate

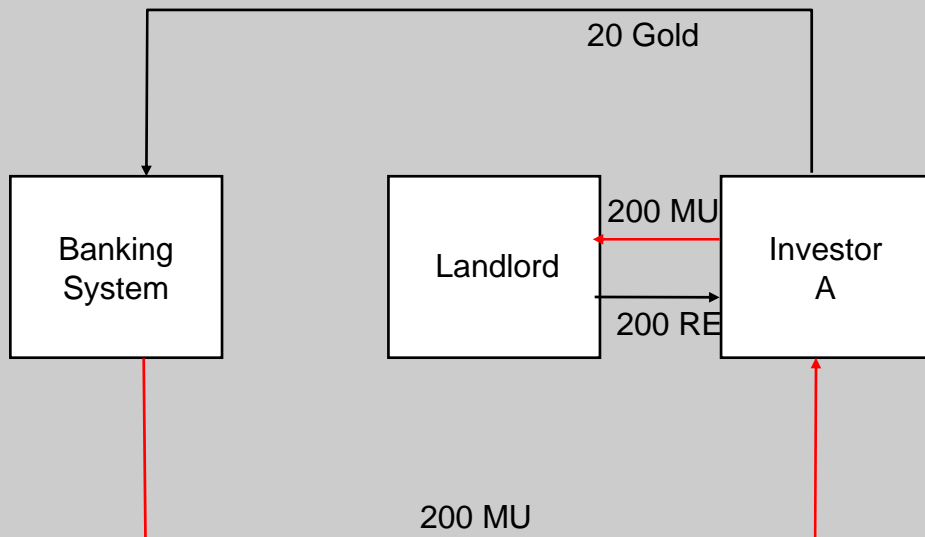
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

20 G	200 MU
180 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	<hr/>
	= 200 OF

Balance sheet

200 RE	20 OF
	180 L

RE = Real Estate

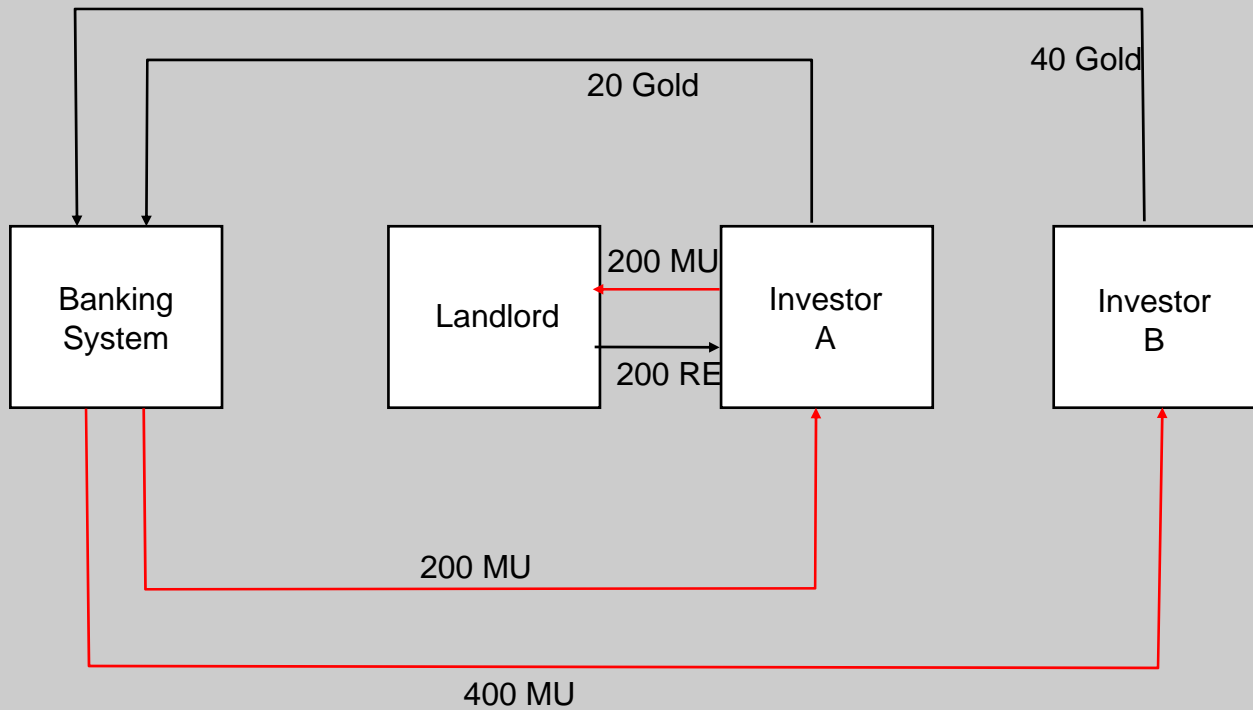
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

20 G	200 MU
180 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet

200 RE	20 OF
	180 L

Balance sheet

40 G	40 OF

RE = Real Estate

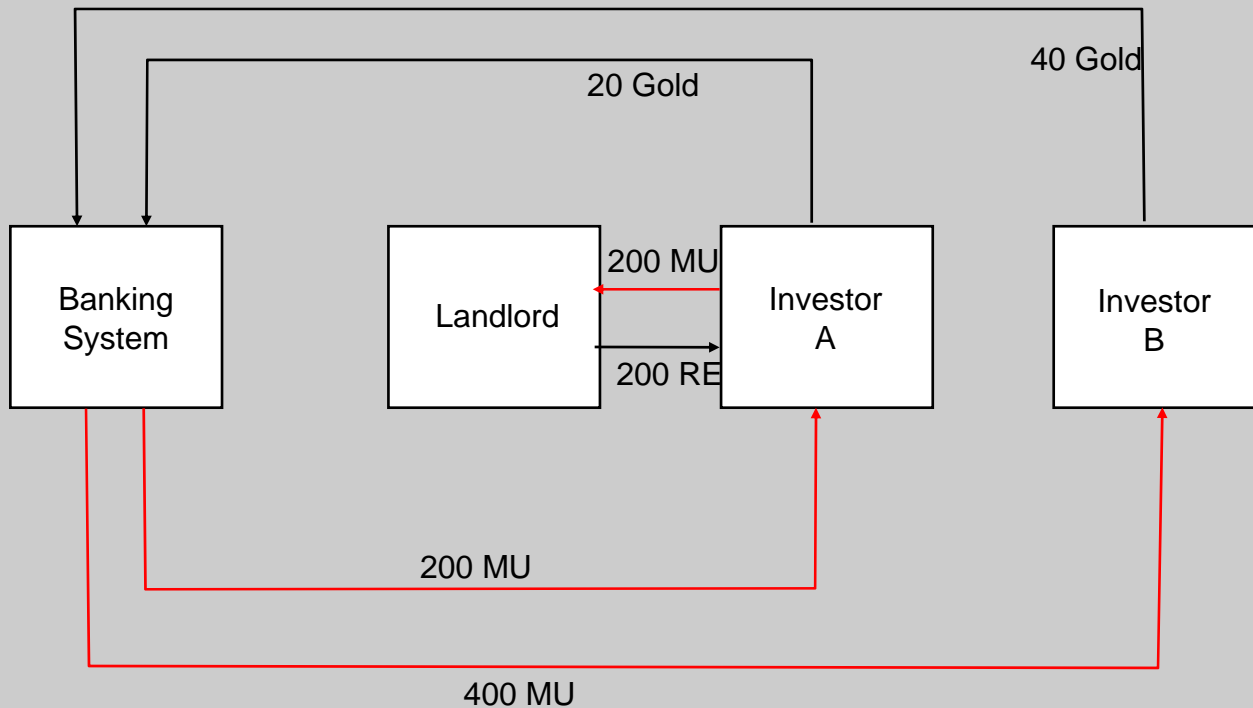
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

20 G	200 MU
180 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet

200 RE	20 OF
	180 L

Balance sheet

40 G	40 OF
------	-------

RE = Real Estate

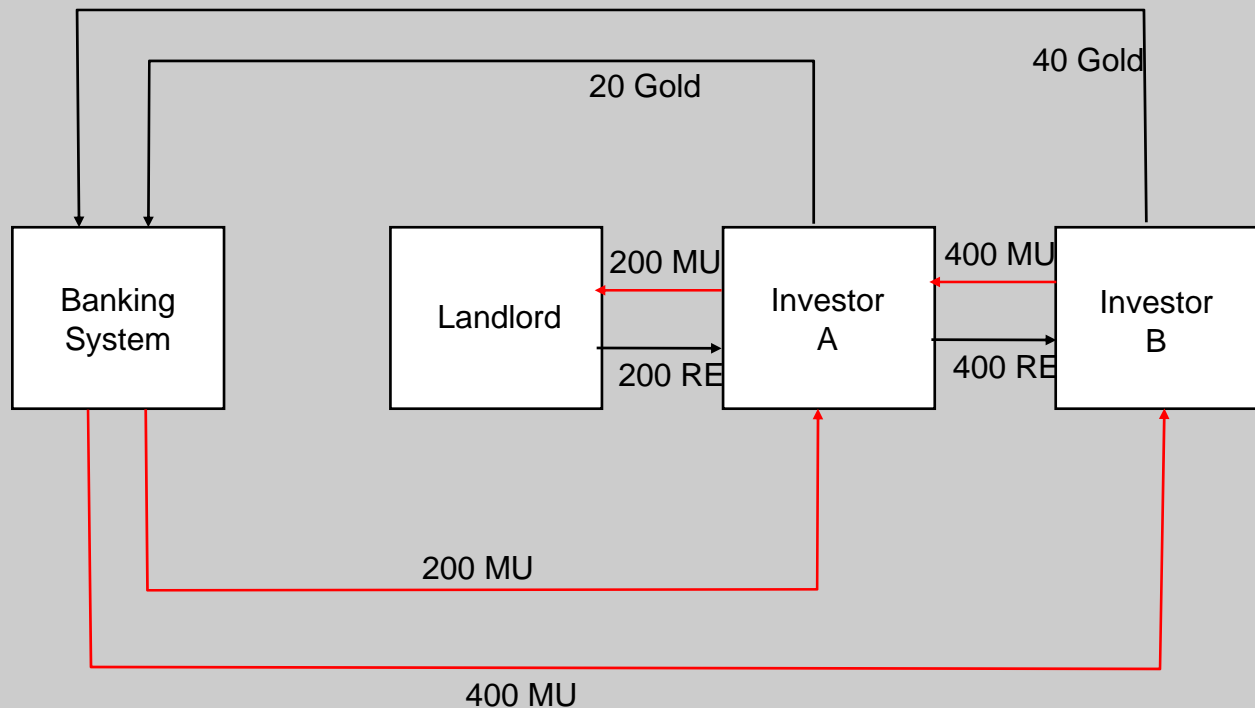
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

60 G	600 MU
540 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	<hr/>
	= 200 OF

Balance sheet

200 RE	20 OF
	180 L

Balance sheet

400 MU	40 OF
	360 L

RE = Real Estate

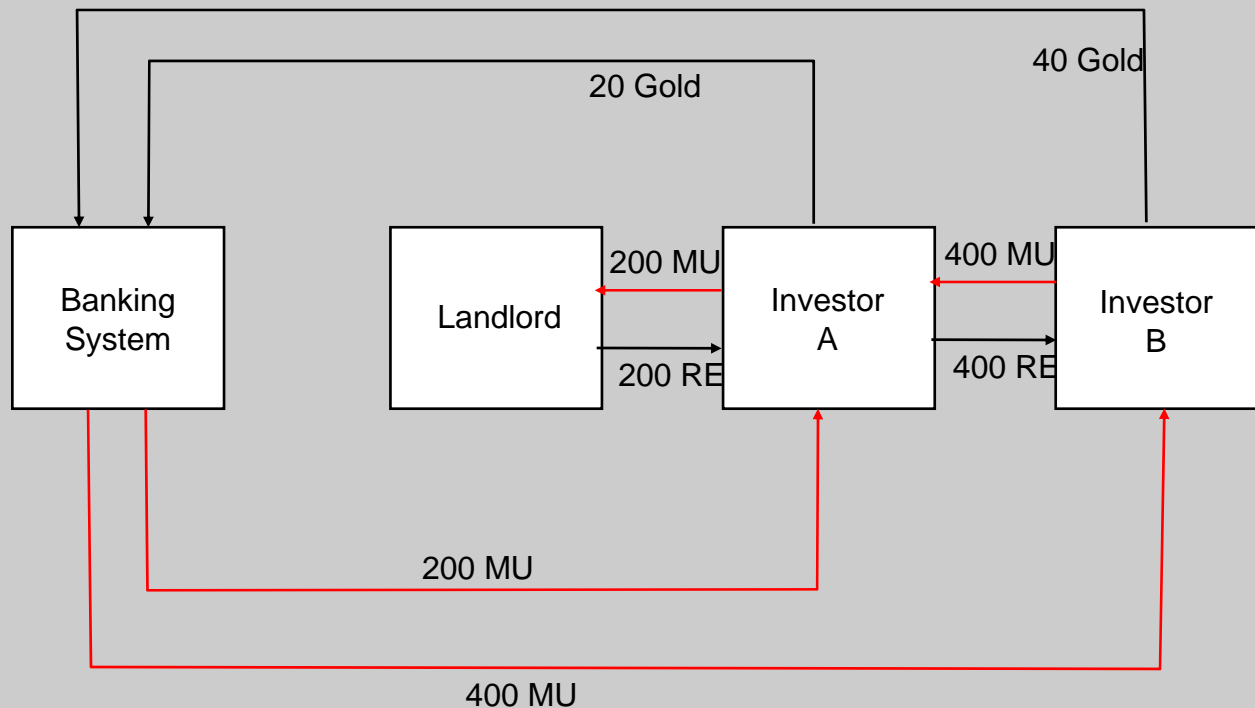
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

60 G	600 MU
540 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet

400 MU	20 OF
	+200 Profit
	= 220 OF
	180 L

Balance sheet

400 RE	40 OF
	360 L

RE = Real Estate

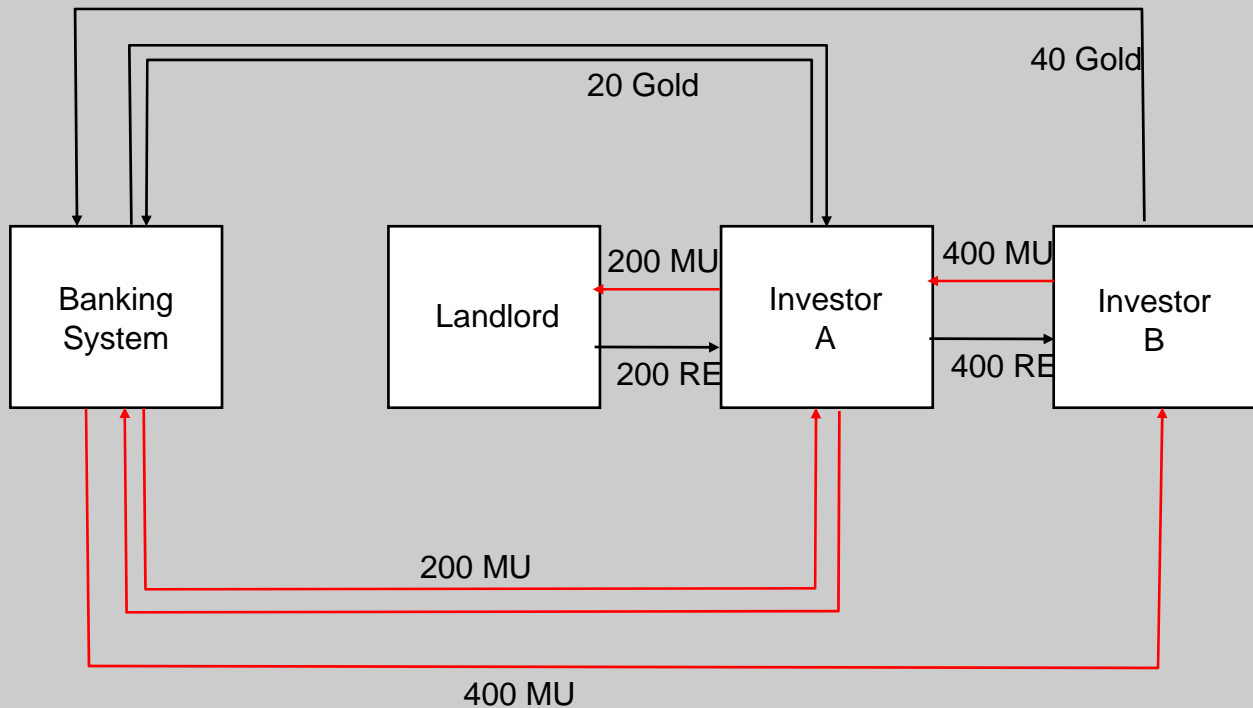
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

60 G	600 MU
540 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet

400 MU	20 OF
	+200 Profit
	= 220 OF
	180 L

Balance sheet

400 RE	40 OF
	360 L

RE = Real Estate

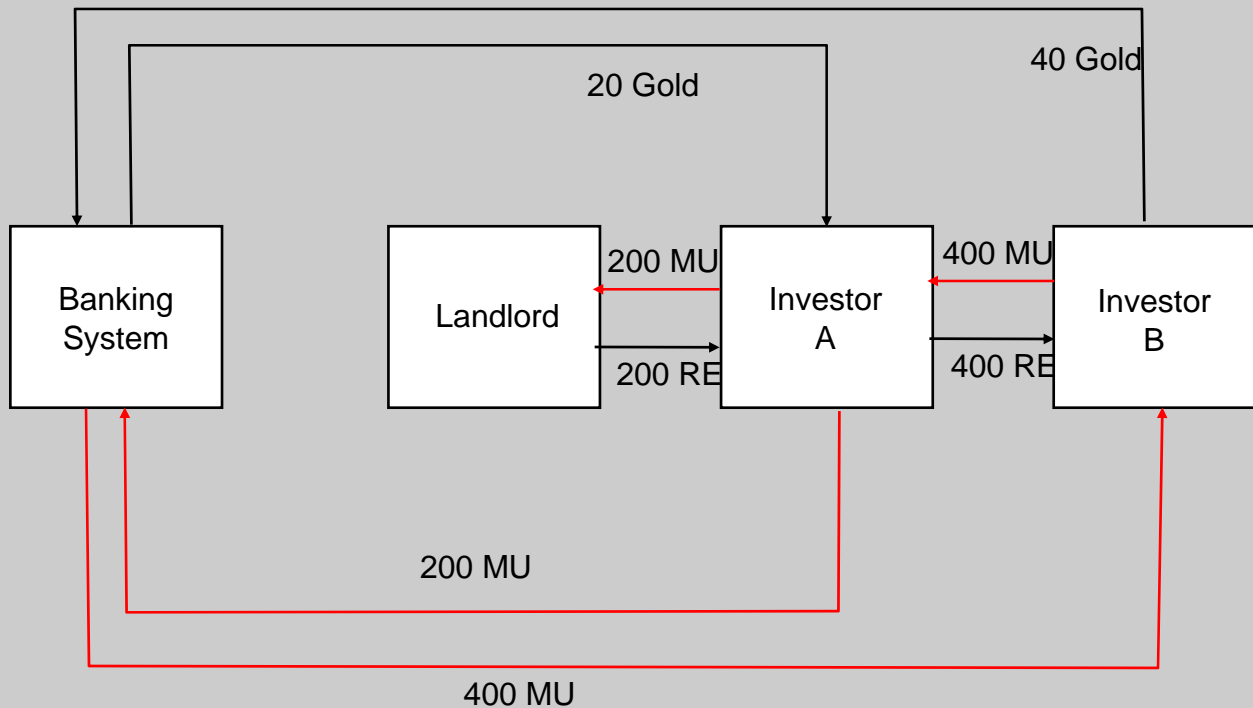
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

40 G	400 MU
360 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet

20 G	20 OF
200 MU	+200 Profit
	= 220 OF

Balance sheet

400 RE	40 OF
	360 L

RE = Real Estate

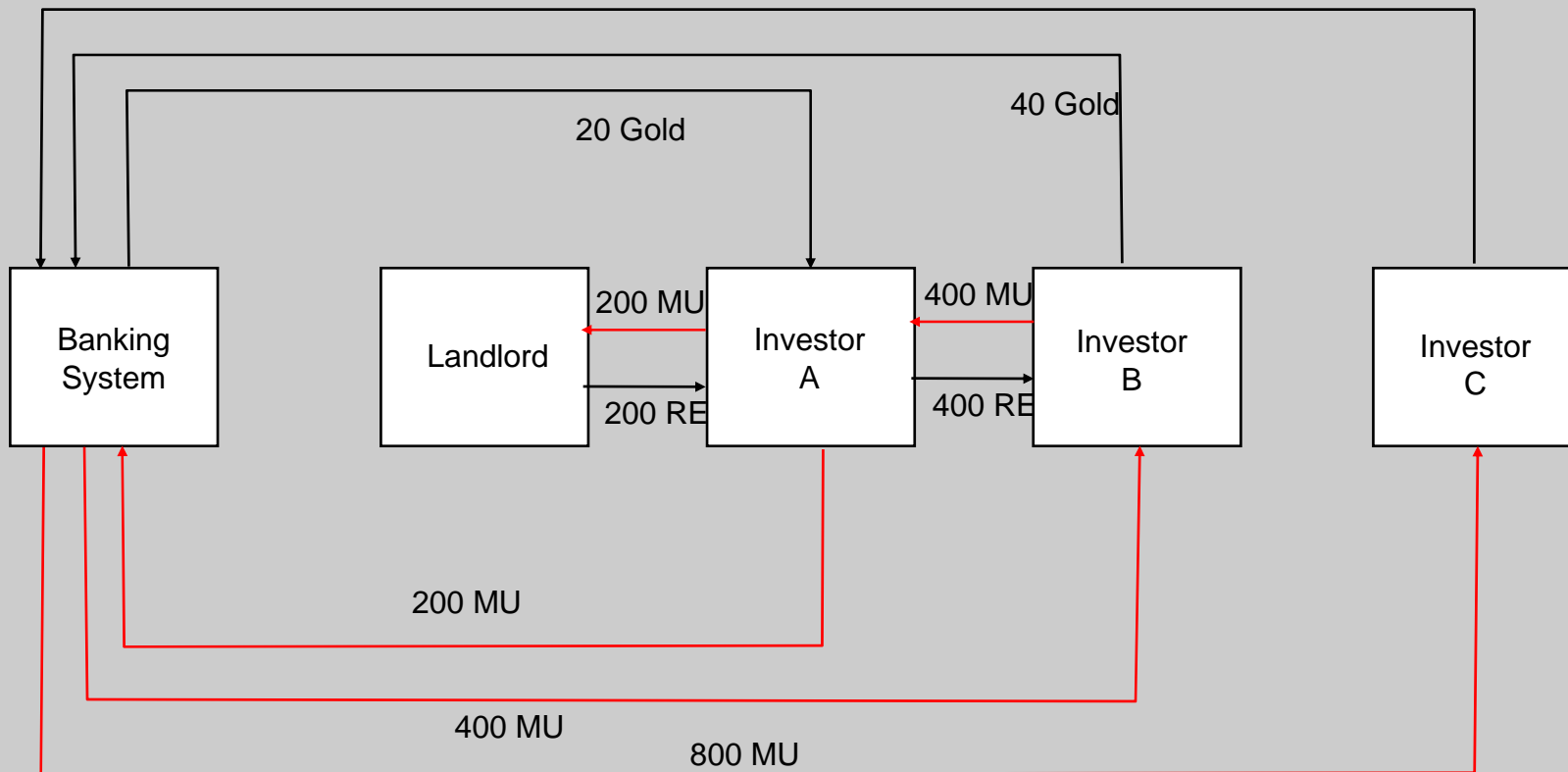
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

40 G	400 MU
360 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet

20 G	20 OF
200 MU	+200 Profit
	= 220 OF

Balance sheet

400 RE	40 OF
	360 L

Balance sheet

80 G	80 OF
------	-------

RE = Real Estate

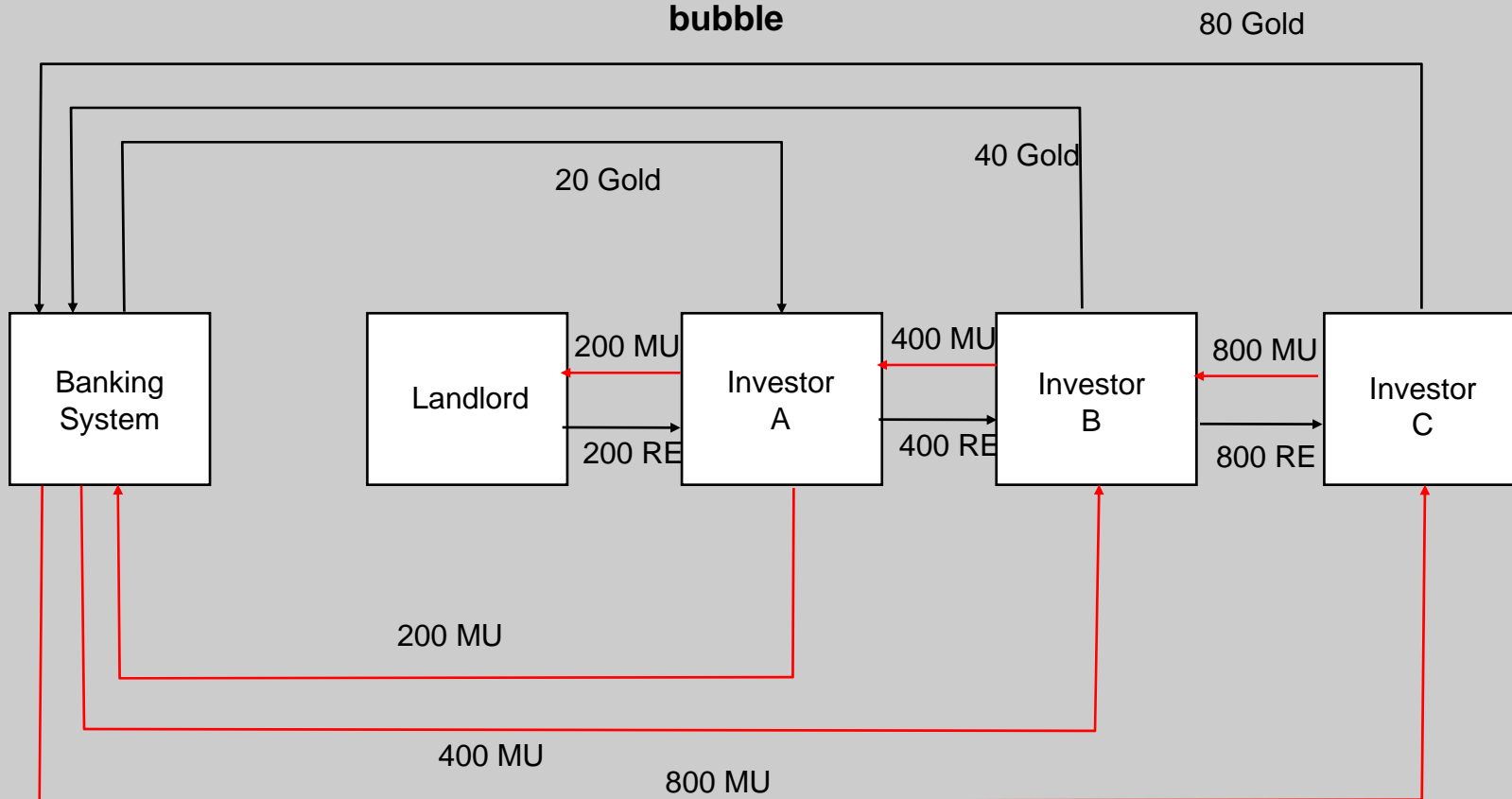
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet	
120 G	1200 MU
1080 L	

Balance sheet	
200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet	
20 G	20 OF
200 MU	+200 Profit
	= 220 OF

Balance sheet	
400 RE	40 OF
	360 L

Balance sheet	
800 MU	80 OF
	720 L

RE = Real Estate

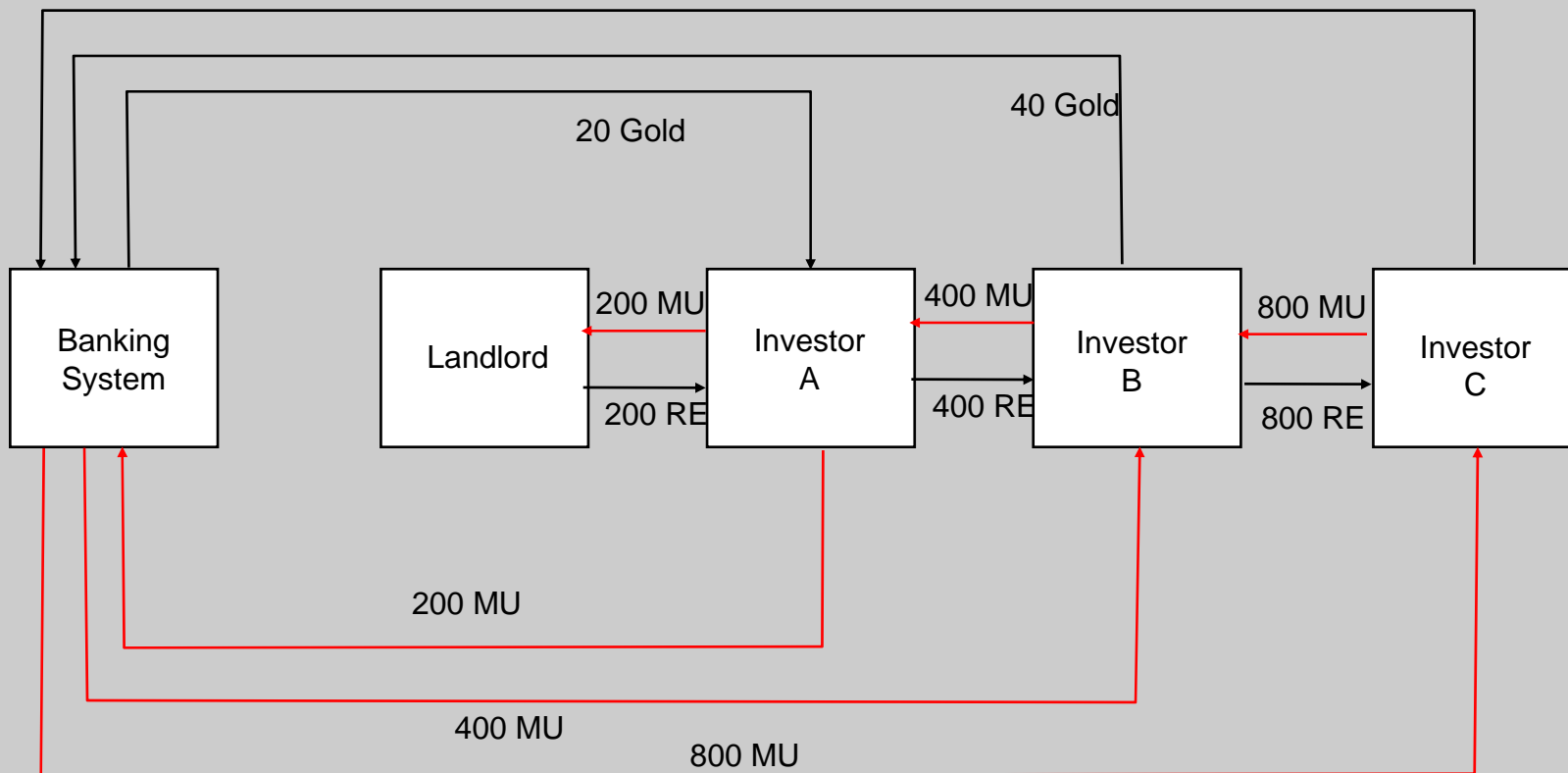
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

120 G	1200 MU
1080 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet

20 G	20 OF
200 MU	+200 Profit
	= 220 OF

Balance sheet

800 MU	40 OF
	+400 Profit
	= 440 OF
	360 L

Balance sheet

800 RE	80 OF
	720 L

RE = Real Estate

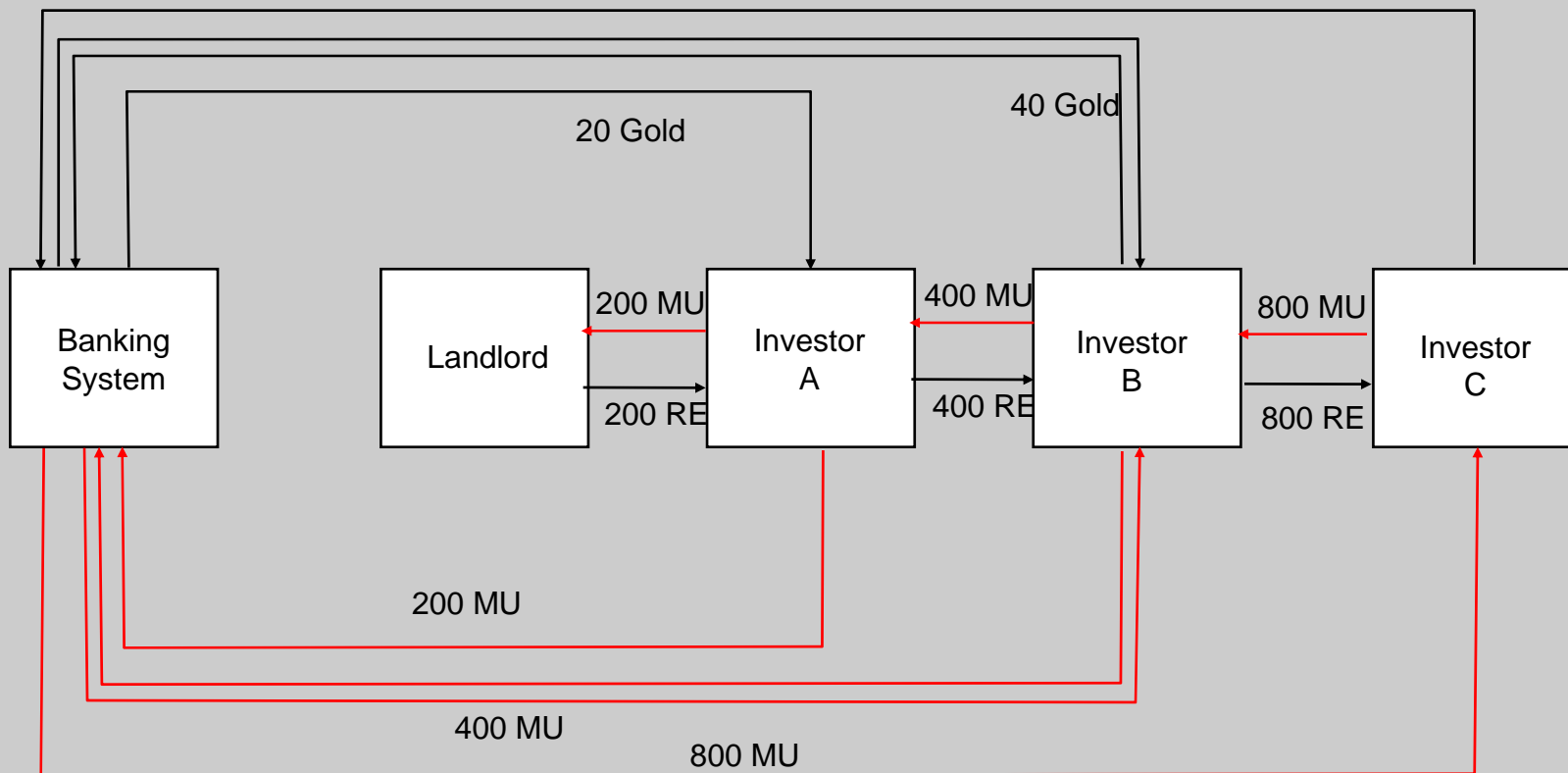
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

120 G	1200 MU
1080 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet

20 G	20 OF
200 MU	+200 Profit
	= 220 OF

Balance sheet

800 MU	40 OF
	+400 Profit
	= 440 OF
	360 L

Balance sheet

800 RE	80 OF
	720 L

RE = Real Estate

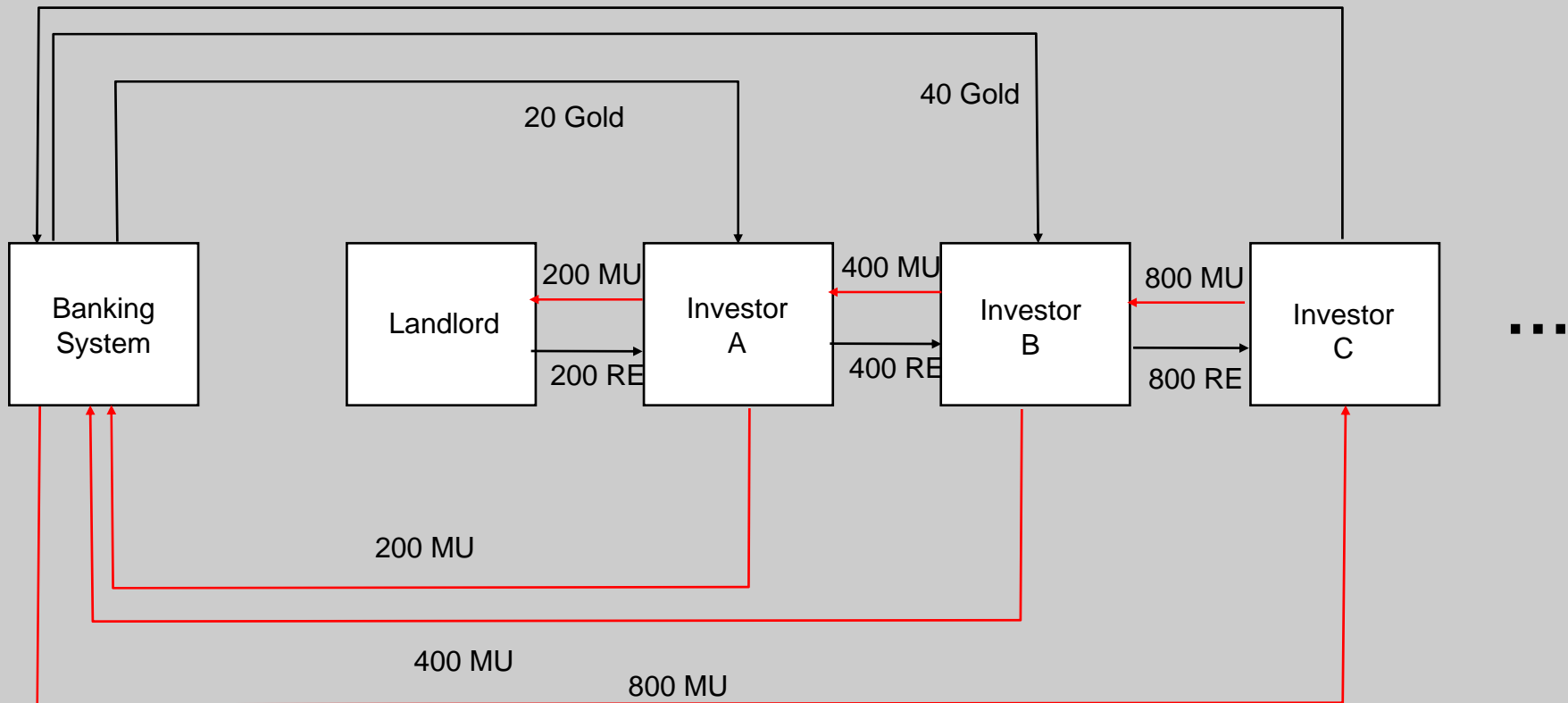
OF = Own Funds

L = Loan

G = Gold

MU = Money Units

A real estate bubble



Balance sheet

80 G	800 MU
720 L	

Balance sheet

200 MU	100 OF
	+100 Profit
	= 200 OF

Balance sheet

20 G	20 OF
200 MU	+200 Profit
	= 220 OF

Balance sheet

40 G	40 OF
400 MU	+400 Profit
	= 440 OF

Balance sheet

800 RE	80 OF
	720 L

RE = Real Estate

OF = Own Funds

L = Loan

G = Gold

MU = Money Units

SeQ uence of Accounts

	Opening Balance Sheet	Revaluation	Closing Balance Sheet
Gross Domestic Product at current prices: 125 MU		Employees	
Compensation of employees: 100 MU		Employer	
Operating Surplus (Profit): 25 MU		Landlord	
	100 RE 100 OF	+100	200 MU 200 OF
		Investor A	
	20 G 20 OF	+200	20 G 220 OF 200 MU
		Investor B	
	40 G 40 OF	+400	40 G 440 OF 400 MU
		Investor C	
	80 G 80 OF		800 RE 80 OF 720 L

Assets	Liabilities
80 G	800 MU
720 L	-200 Investor A
	-200 Investor B
	-400 Investor C

	Opening Balance Sheet	Revaluation	Closing Balance Sheet
Gross Domestic Product at current prices: 125 MU		Employees	50 MU 50 OF
Compensation of employees: 100 MU		Employer	
Operating Surplus (Profit): 25 MU		Landlord	
	100 RE 100 OF	+100	185 MU 185 OF
		Investor A	
	20 G 20 OF	+200	20 G 205 OF 185 MU
		Investor B	
	40 G 40 OF	+400	40 G 420 OF 380 MU
		Investor C	
	80 G 80 OF		800 RE 80 OF 720 L

80 G	800 MU
720 L	50 Employees
	185 Landlord
	205 Investor A
	420 Investor B
	80 Investor C

„Ferner war es problematisch, dass komplexe Produkte (CDOs mit Exposures auf zweitrangige Kredite) hemmungslos als Sicherheiten in Repogeschäfte eingebracht wurden.“

Michael Hüther/ Manfred Jäger-Ambrozewicz:

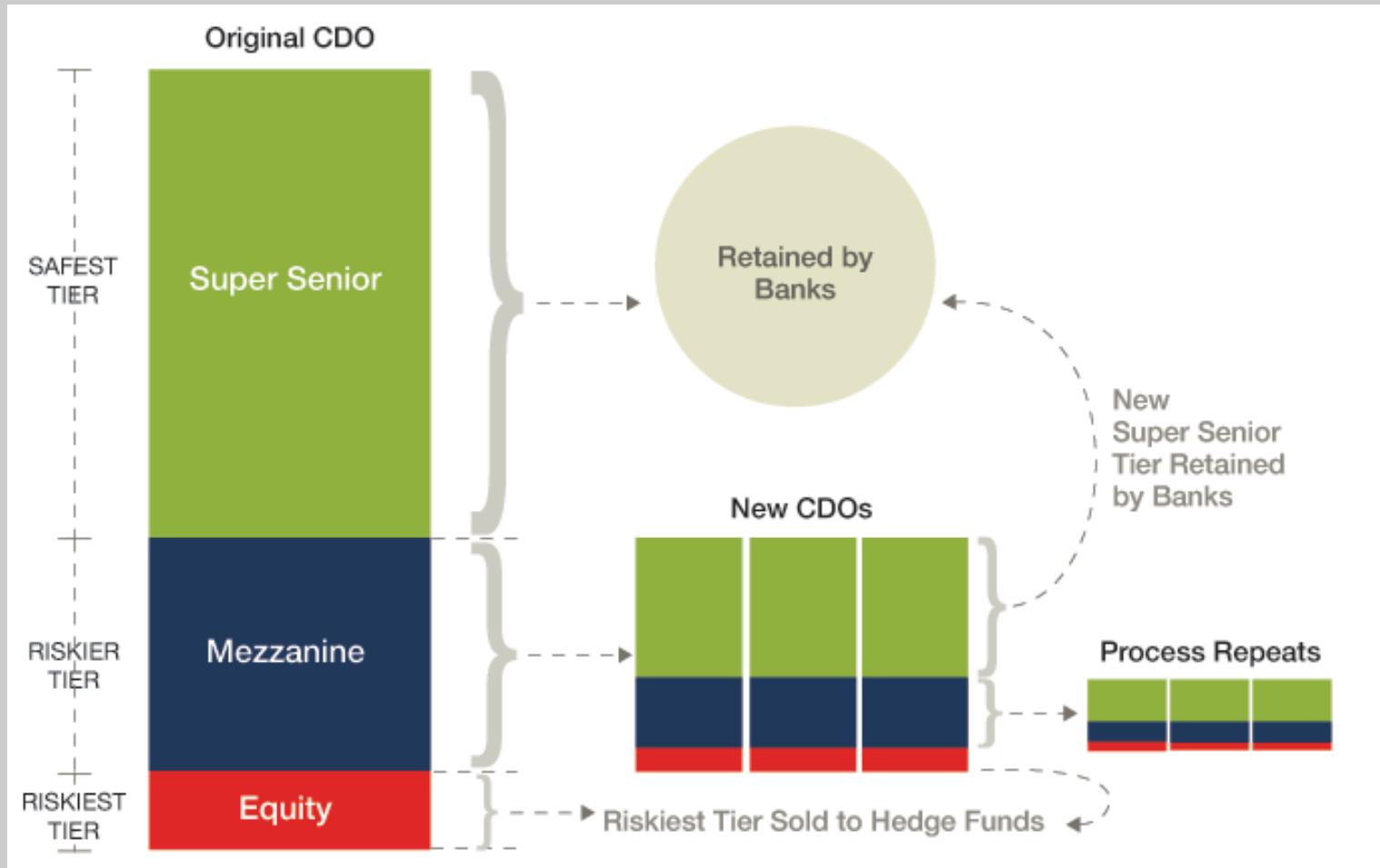
„Von der Finanzkrise zur Regulierungsfalle? Die Rolle der Banken als Intermediär“

Zeitschrift für das gesamte Kreditwesen, 2010.

Re-Remics enthalten Tranchen, die stärker als CDOs gegen Verluste bei den zugrunde liegenden Krediten schützen. So sollen qualitativ bessere Anleihen von risikoreicheren Papieren getrennt werden. Damit erhöht sich die Chance, dass die besser benoteten Anleihen ihr Spitzenrating behalten, wodurch ihr Wert genügend steigt, um den Gesamtwert des Hypothekenportfolios zu steigern, erläutert Doug Dachille, Vorstandsvorsitzender bei First Principles Capital Management.

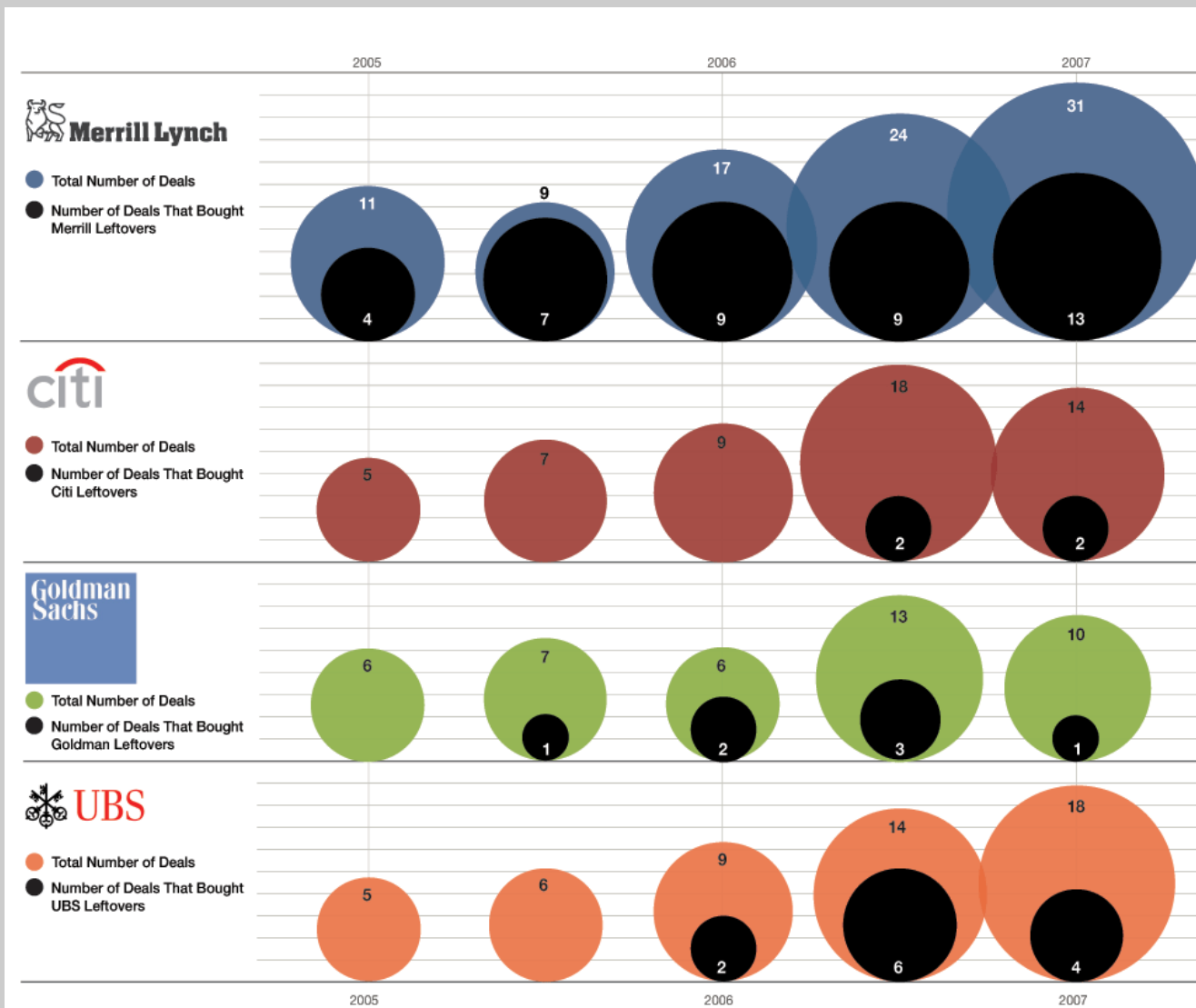
Wirtschaftsblatt (Österreich), on-line Ausgabe vom 8.7.2008

The Wall Street Money Machine



Source: Pro Publica 2011

Related story: Banks' Self-Dealing Super-Charged Financial Crisis



Source: Pro Publica 2011
Thetica Systems