



The check, please!

If there is a winner in this bloodbath originally called the subprime crisis, it is the USA. The Americans have exported their problems and are now being refinanced for free with a glut of dollars. Respect.

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For a year now, new figures have been passed around to calculate how much it could cost - what started as a subprime crisis and has developed into a veritable catastrophe due to window dressing. The roles of the responsible parties on the one hand and those who pay the bill on the other are somewhat unusually distributed.

The creators of the studies, who seek to quantify the costs, are in this case also the perpetrators of the catastrophe. Probably only in the world of finance does the perpetrator prepare the expert opinion for himself. In criminal law, for example,

the perpetrator awaits trial in a cell and the expert sits in an office. Besides, it is impossible to evaluate products that nobody understands: not a promising strategy. Why not turn everything around and use a few simple parameters that can at least be estimated?

First, one can assume that about 60 percent of the increase in the American gross national product in the last ten years can be attributed to the real estate boom. Secondly, it can be assumed that - as is to be expected from the Americans - the money gained from this was not invested but consumed.

The gross national product of the USA is about 14,000,000,000 dollars. Does it already burn your eyes? That is 14 trillion. The growth in the USA in recent years has been a remarkable 4 per cent; now we know why. 60 per cent of that is more or less 3.5 trillion dollars. Doesn't that sound like a lot? - It is. With this money, you could buy UBS about 70 times over.

But a real estate bubble did not only develop in the USA; the Spanish market is even worse, and the English market is also in intensive care. So the problem is gigantic. The market is feeling it. That is also the reason why the markets are not picking up despite billions in testosterone injections from the central banks. Added to this are the do-gooders, such as the chairman of the board of UBS, Peter Kurer, who until a few weeks ago announced that everything was fine. Prayers for health usually meet in Lourdes and have mixed success.

Praying for health in today's situation brings astronomical costs, because reacting costs many times more than acting. If one had approached the matter realistically a year ago and not with optimism, the costs of cleaning up the situation would certainly be better under control now. The Americans are once again managing this problem most cunningly: they filled the European banks with junk products like blondes in a night bar. UBS became so drunk that it claimed until shortly before the collapse that everything was going to be all right - imagine Mr. Kurer with a coat of make-up and a blond wig.

The Swiss National Bank is now the proud owner of one million single-family homes in the USA (estimated value per house: about 50,000 dollars). This will especially please those Swiss taxpayers who in recent years were told by a slightly blasé client advisor that financing their single-family home was not possible. Credit security was the top priority. Despite substantial savings, pension fund and a secure income, the applicants This will especially please those Swiss taxpayers who in recent years had to be told by a slightly blasé customer advisor that financing their single-family home was not possible.

Credit security was the top priority. In spite of substantial savings, second and third pillars and a secure income, the applicants would unfortunately not fulfil the stringent credit rules. Now we all have single-family houses - at least we paid for them; someone else lives in them, and the building is not in the Töss Valley but in Cleveland.

Furthermore, the Americans are the only ones who can fire up the printing press to deal with the problem - this has already happened. The Europeans cannot do that, because then all the euro countries would have to agree, which is impossible. The English, who after all were intelligent enough not to join the euro (Disney) countries, had the best European plan.

Will the dollar go down as a result? It should, but it is not. The dollar is 15 per cent higher than it was a few months ago. The explanation is simple: everyone wants to buy the dollar and is fleeing into the US short-term Treasury Bills, which do not have an interest rate of 2 per cent as they did a short time ago, but no interest at all - zero per cent. So the Americans are refinancing for free. The greenback is back as the world currency, and the bold dreams of the Europeans to globalise their euro have thus failed miserably for the time being.

Once again, the USA has shown the world how it works. Those Americans who have lost their livelihood are now spitting on their hands and will pull the cart out of the mud, while the Europeans are probably screaming for real wage increases, child benefits, insisting on the 35-hour week and lamenting otherwise.

Switzerland will probably have to swallow and digest the UBS toad. However, in relative terms, it is in a very good position. We work more than most, have a flexible labour market, manufacture products that are actually needed, and have a comparatively low level of consumer debt. Real estate crisis? Not a trace. Thank the blasé customer advisor!

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