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## Credit Rating downgrade of many AAA countries – New results in Sovereign Debt Risk Rating – Introducing Social Capital Assessment

AAA rated countries are heavily dependent on the performance of their financial industry. In fact, the financial industry contributes makes only a small contribution to national tax revenue. However, it helps to meet the benchmarks of international investment grade rating. This is why changes in international taxation, currency-systems and capital market regulations will heavily affect these countries. As a result, only a stable national „real“ economy and Social Capital can ensure that sovereign debt is repaid in the future.

The ability to repay depends primarily on the voluntarism of citizens to accept both: austerity measures and an assets levy. The new approach of Social Capital Assessment accounts for 70% of the Sovereign Risk Rating and evaluates the will of governments, economies and societies to cancel sovereign debt. As successfully implemented in Germany in 1952, a contribution of 50% of the national fortune can pay off sovereign debt to its full extent.

The Sovereign Risk Rating conducted by the Basel Institute of Commons and Economics is therefore based on three indicators:

- The position of the country within currently 8 international indices (15%)
- The GDP-wealth-ratio of the country (15%)
- The Social Capital Assessment results, assessing government, economy and society (70%)

The table below compares our rating with the findings of Standard&Poor's and the chinese rating agency Dagong. The publication of these results is our proposition to discuss country rating by taking social factors into consideration.

Country	Rating			
	S&P's	Dagong	Basel	Outlook
Luxemburg	AAA	AAA	A	stable
New Zealand	AAA	AAA	A	stable
Singapore	AAA	AAA	A+	negative
Denmark	AAA	AAA	A	stable
Isle of Man	AAA	n/a	BB+	negative
Australia	AAA	AAA	AA	stable
Canada	AAA	AA+	A	negative
Hong Kong	AAA	AAA	A	stable
Finland	AAA	n/a	A	stable
France	AAA	AA-	BB+	stable
Germany	AAA	AA+	BBB+	stable
Norway	AAA	AAA	AAA	stable
Austria	AAA	n/a	BBB+	negative
Liechtenstein	AAA	n/a	AA+	negative
Netherlands	AAA	AA+	BBB	negative
Guernsey	AAA	n/a	BB+	negative
Sweden	AAA	AA+	AA+	stable
Switzerland	AAA	AAA	AA+	negative
Great Britain	AAA	AA-	B+	negative
United States	AA+	A	CCC	negative

**Attachments:** Download the background paper

in English: [http://commons.ch/english/wp-content/uploads/Rating\\_Revolution\\_English.pdf](http://commons.ch/english/wp-content/uploads/Rating_Revolution_English.pdf)

in German: [http://commons.ch/english/wp-content/uploads/Rating\\_Revolution\\_Deutsch.pdf](http://commons.ch/english/wp-content/uploads/Rating_Revolution_Deutsch.pdf)

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