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WITH RESPONSIBILITY FOR THE AFFAIRS OF THE EUROPEAN UNION

Statement

**on the vote in line with Rule 31 of the Rules of Procedure
on the draft bill on the assumption of guarantees to preserve the
financial solvency of the Republic of Greece necessary for financial
stability within the monetary union (Währungsunion-
Finanzstabilitätsgesetz, WFStG), Bundestag Printed Paper 17/1544**

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Through its irresponsible actions, its delaying, its tactical manoeuvring and failure to realise that Greece urgently needs our help, the Federal Government has isolated our country internationally and within Europe and fuelled speculation on the financial markets.

I view the unwillingness of the coalition parliamentary groups to introduce decisive measures to prevent future crises of the international financial system, along with the resulting crises in the real economy and crises for state budgets, as wholly unsatisfactory.

The repercussions of the Greek budget crisis can be felt far beyond the small Greek economy. In addition to the homemade problems of unsustainable debt, delays in modernisation projects and an excessively high inflation rate, Greece has been the target of speculative attacks by international financial actors over the last few months. If the crisis and speculation are not checked, there is a risk that the problems may spread like wildfire and that the hedge funds may turn their attention to other countries, ultimately destabilising the whole of the monetary union.

All attempts by the countries of the eurozone or the Commission to rein in the speculators by providing commitments to help Greece were sabotaged by the Federal Government. The mantra-like claim that Greece must first do its homework and present a package of austerity measures led to doubts about whether assistance would be provided and was more or less an open invitation to speculators to continue betting on a state bankruptcy.

Instead of informing the German population about the facts and the necessity of assistance, the Federal Government and the parties backing it took every opportunity to exploit and reinforce the shabbiest of negative sentiments and prejudices, and untrue and incorrect reports, which were publicised as part of an unprecedented smear campaign by some sections of the German media over a period of several weeks. The only reason for this was that the government hoped to gain support in the *Landtag* elections in North Rhine-Westphalia.

The German Federal Government's delaying tactics not only resulted in excessive interest rates having to be paid for the most recently issued Greek government bonds due to speculation; they also led to the rescue mechanism having to be activated, meaning that the resulting guarantees are now higher than would otherwise have been necessary.

Until a few days ago, the Federal Government was creating the impression that the rescue package consisted of direct payments from the federal budget, rather than guarantees for loans from which the KfW, and thus the German taxpayers, will make a tidy profit. And the government created the impression that the Greek government and parliament had failed to take far-reaching measures, and that it was only as a result of the German government withholding its support that measures were being taken at all.

The government of the CDU/CSU and the FDP has failed to learn any lessons from the financial and economic crisis. For ideological reasons, it is refusing to ensure that a share of the costs are covered by those responsible for the crisis and the profiteers. It is refusing to regulate the financial markets so as to curtail speculation and prevent the future creation within the financial sector of risks for the real economy or for whole monetary zones. It is hard to swallow the fact that those responsible for the financial and economic crisis will now once again profit from the rescue measures to tackle the crisis into which they have manoeuvred the eurozone, since Germany is not making any serious efforts to regulate the capital markets and ensure that the finance sector contributes to the costs.

Yet it is high time for the Federal Government to take action to regulate the financial markets, ensure that the financial actors cover a share of the costs they have created

and achieve coordination of economic policy within the EU, in order to reduce current account imbalances in the long term (as called for in the SPD's motion for a resolution). This is in the interests of Europe as a whole and thus in the interests of Germany.

In addition, I believe that the countries of the monetary union, and Germany, must act urgently to demonstrate their solidarity with the Greek government through the agreed package of measures. In my view, the Federal Government, through its unwillingness to take action and its contradictory approach, which were motivated by election tactics and went on for many weeks, created a grave risk for the far-reaching austerity measures already adopted by the Greek government. It has allowed the euro to come under increasing pressure. This threatens the prosperity of the whole of the eurozone, including that of Germany. The most recent downgrading of Greece, Portugal and Spain by the rating agencies shows how dramatic the situation is. Help is needed to halt these developments.

Last October, the social-democratic government in Athens led by George Papandreou took over an unprecedented level of state debt from the conservatives and then published the true Greek budget deficit. In doing so, Papandreou took political responsibility for the mismanagement of the last decades. Since then, the country has been involved in a race against time and against speculation. Within a short period, the Greek government has adopted a whole series of drastic measures to reduce its sovereign debt.

These reforms will have far-reaching impacts on the Greek population. Greece now urgently needs support from the EU states. By voting in favour of this law, I am expressing my solidarity with the people of Greece.