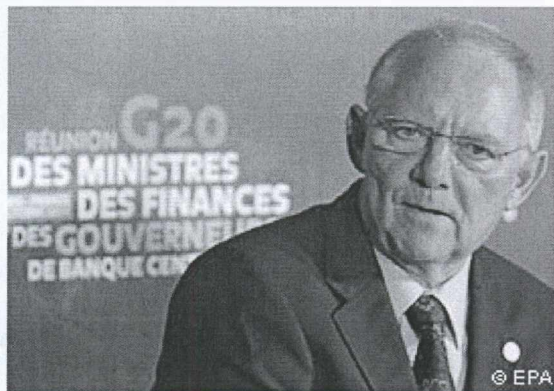


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Schäuble calls for EU lead on Tobin tax

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By Quentin Peel and Gerrit Wiesmann in Berlin



Wolfgang Schäuble, Germany's finance minister, wants the European Union to take the global lead in introducing a financial transaction tax to curb speculative trading, along with tougher regulation of big banks and the "shadow" banking sector, such as hedge funds.

If the UK blocked agreement on such a tax in the full EU, he said in an interview with the Financial Times, the eurozone should press ahead on its own.

He also called for big steps towards a "fiscal union" in the 17-member monetary union to underpin the stability of their common currency.

Speaking just days before the G20 summit of global economies in Cannes, Mr Schäuble spelt out his conviction that failure to reach agreement on tougher financial regulation by the full G20 should not stop Europe acting alone.

He insisted that the eurozone was not "on a negotiating trip" to seek help from G20 partners such as China to stem contagion from the Greek debt crisis. "You don't get any free gifts in the market," he said. "You must offer sensible investment opportunities." He denied that Europe would offer political concessions to attract investors.

But he warned that Italy, as one of the largest eurozone economies, must solve its own problems to cut its debt burden.

"Italy still has work to do," he said. "The stability of the euro requires that the big member states must live up to their own responsibility. Italy must solve its own problems."

Arguing that further financial regulation was an essential part of tackling the global crisis, he said: "I am convinced that if we introduce a financial transaction tax in the EU, then the chances of getting a global agreement will increase enormously.

"I would prefer us to reach agreement in the G20. But before we use the G20 as an excuse for doing nothing for a long time, if we cannot reach agreement there, I am in favour of going ahead in Europe."

He said that he was well aware of the UK government's opposition to the proposed tax, which will be presented to EU finance ministers on November 8. "I respect their arguments," he said. "But we must first have a debate at the EU level. It would be wrong to say it is hopeless before we have even discussed it.

"If we cannot reach an agreement at 27, then we must consider whether we should not introduce it first for the 17 eurozone members, in the confident expectation that it will soon be introduced for all 27."

Mr Schäuble and Angela Merkel, the German chancellor, have been campaigning for a financial transaction tax for more than a year, convinced that it would discourage the most extreme forms of speculative trading in the financial markets.

"I believe that it is in the interest of the financial sector itself that it should concentrate more on its proper role of financing the real economy, and ensuring that capital is allocated in the most intelligent way, instead of banks conducting the bulk of their trading on their own account," said Mr Schäuble. "That is in the long-term interest of the financial sector."

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