

Is Germany sceptical about deeper integration within the eurozone?

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During the meeting of the eurozone's finance ministers on 8 December, Germany's Wolfgang Schäuble commented on Brussels' plans to mutualize eurozone member states' bank guarantee funds as part of the banking union project and warned that his country might contest it at the Court of Justice of the European Union. Schäuble's statement coincided with reports in the German media of an unofficial deal between the European Central Bank and the national banks allowing them to purchase treasury bonds on a large scale. Over the past few years, national banks have to a significantly larger extent used the so-called ANFA instrument, which offers them a certain pool of funds to be allocated for tasks unrelated to monetary policy. Between 2005 and 2015, the volume of these funds which is used increased from 214 billion euros to 724 billion euros, and a great deal of it was used by the national banks of France and Italy. The ECB's moves have been criticised by numerous German politicians.

Commentary

- Germany wants to show that it does not accept any of the ECB's actions aimed at supporting eurozone member states which have financial problems unless it has first been consulted. The reactions which German politicians have made to the actions taken by European institutions are aimed at demonstrating that Berlin does not intend to step back from its tough stance on pushing through austerity policy in the eurozone. Germany also wants to prevent Brussels from using the migration crisis and the recent Paris attacks to dampen its position towards eurozone member states as regards keeping the rules of budget discipline.
- Germany is not certain, whether it is conducive to continue to push the eurozone's reforms according to the principle: intensifying integration of the eurozone in exchange for mutualizing the debts of its member states. The real financial costs Berlin would have to incur are unlikely to offer it a greater opportunity to influence the policy of other eurozone member states. For this reason, Germany is increasingly sceptical about the plans to mutualize the bank guarantee funds, even though it granted consent to this in 2012. It has seen no determination among eurozone member states such as France and Italy to reduce their public debt, and the risk of bankruptcy is much higher in the case of Southern European banks than is the case with German banks. Now that the risk of the

eurozone falling apart is low, Germany does not feel the pressure to support the most indebted countries through mutualization of the debts.

- The disputes about the role of the ECB are early signs of the debate on the next phases of building a banking union, i.e. the architecture designed to supervise the financial sectors of the eurozone member states, which is expected to unfold in the coming months. So far, the ECB has been appointed as the institution which supervises most of the banks in the eurozone's member states as part of the first pillar of the banking union. The common rule for restructuring banks and the procedure for the bankruptcy of banks have been agreed as part of the second pillar.