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**Blocking period: May 16, 2013, 19:30 pm**

## **Address**

by the  
Bavarian State Minister  
Of Economic Affairs, Infrastructure, Transport and  
Technology

## **Martin Zeil**

on the occasion of the dinner at the  
“Munich Economic Summit”

on May 16, 2013  
in Munich

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- Ladies and Gentlemen -

**Welcome**

**Welcome to the 'Kaisersaal' of the Munich Residence!** It is my pleasure to greet you also in the name of the Bavarian State Government and on behalf of our Minister-President Horst Seehofer in the festive setting of this Hall.

I am delighted that the Munich Economic Summit has this year once again brought the Who's Who of the international economic elite to Bavaria for an intensive exchange.

**Long-term  
problem site  
European debt  
crisis**

Dear guests!

As we all know, Europe is still struggling through troubled waters with rapids and decisive watershed moments. The European debt and competition crisis **is not over**. It is and will remain a **permanent problem area for economic policy** for some time to come.

This year's Summit is therefore asking precisely the right questions. And you, dear guests, with your know-how and experience, are seeking answers that are not always that easy.

This costs energy, so we want to use this festive dinner together to recharge our batteries.

Nonetheless, some of the basic principles for working on the long-term problem area that is Europe are quite clear to me.

- **Firstly, in the long term no state can keep spending more money than it has got.**
- **Secondly, spending responsibility and liability must not be separated from each other.**

What applies to every single entrepreneur must apply just as much to states and banks.

- **Thirdly, growth and consolidation are impossible without a competitive economy.**

The solution to the European debt crisis therefore lies in establishing a **genuine stability and growth union**

- with **solid budgets,**

- with strict **fiscal discipline and a shift away from consumption-related towards investment-related expenditure,**
- and with strong **willingness and determination** in the members states to **undertake reforms** and the courage to make structural reforms to stimulate growth.

### **Financial markets as sanction mechanisms**

In concrete terms, having liability and responsibility in one hand means that every state must be held fully responsible for its own fiscal policy.

There is **no way round effective sanction mechanisms**. In this respect, the disciplinary role of the financial markets is indispensable and may not be undermined. And this also includes an insolvency system for overindebted states.

I consider all plans for a precipitated political union to be pseudo solutions. This would completely overtax Europe's willingness to integrate and its ability to integrate. And we would merely end up with a planned economy from Brussels. That is why I say: **YES to**

**coordinating economic policy, but **NO** to  
handing over fiscal autonomy!**

After all, the key benchmarks of the European Monetary Union were not wrong. They were just not complied with. The future of Europe lies in returning to

- sound finances,
- a credible No Bail Out,
- a close bond between responsibility and liability and
- a monetary policy of a politically independent ECB that is geared to price stability.

The objectives of the Lisbon Strategy were also right: competitiveness, dynamic innovation, knowledge-based society.

Let us continue to work together on promoting solutions that will live up to these principles among all decision-makers in the field of politics and in particular also in European society.

As the Minister of Economic Affairs, I am convinced that this is the only path that will secure the future of Europe. Therefore this is the best option – for Bavaria and for our European partners.

**Enjoy the meal**

But the best thing for us to do right now is to enjoy the main course together. I hope you have a good meal and wish you a successful continuation of the Munich Economic Summit tomorrow with plenty of fruitful discussions and good results!