

First Destroying, then Expelling Greece from Eurozone? Germany's Finance Minister Shaeuble on Behalf of Creditors

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Global Research, February 27, 2017

[Defend Democracy Press](#) 21 February 2017

Region: [Europe](#)

Theme: [Global Economy](#)

German Finance Minister [Wolfgang Schaeuble](#) on Wednesday brought back the Grexit issue by saying that unless Greece implements reforms it cannot stay in the [euro zone](#).

The German finance minister spoke to the country's broadcaster ARD in light of the stalled negotiations between Greece and creditors over the bailout program review and the recent [International Monetary Fund](#) report that calls for a Greek debt haircut in order to make it sustainable.

"The pressure on Greece to undertake reforms must be maintained so that it becomes competitive, otherwise they can't remain in the currency area," Schaeuble said, referring to fiscal measures needed such as further pension and wage cuts and the widening of the tax base.

Schaeuble reiterated his position that Greece's problem is not the amount of the [sovereign debt](#) but the lack of competitiveness in Greek economy and the need for structural reforms. Thereby, a debt cut will not solve the country's problems. Furthermore, a debt haircut is not allowed within the euro zone.

"We can't undertake a debt haircut for a member of the European single currency, it's ruled out by the Lisbon Treaty. For that, Greece would have to exit the currency area," he told ARD.

Greece should quit eurozone, get debt relief, German party leader says

Greece should leave the eurozone and then be given debt relief, the head of Germany's pro-business Free Democrats (FDP) told a German radio station on Thursday. Greece should, however, remain in the European Union, FDP leader Christian Lindner told Deutschlandfunk, so it can get subsidies to put into infrastructure or help small- and medium-sized businesses.

"It's clear that Greece needs to have its debts written off," Lindner said. "Greece's debts can only be written off outside of the eurozone, so we're talking about Grexit."

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