



Euro-Zone Finance Ministers and US' Geithner Debate Ways Of Easing Tensions

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- Geithner urges Europe to overcome damaging divisions, remove "catastrophic risk"
- Juncker says debt crisis makes stimulus measures impossible
- Finnish collateral demands discussed but no agreement reached yet
- Agreement reached on economic governance

The attempt to reach transatlantic agreement failed as Mr Geithner's outspoken warnings offended many European ministers and the two sides rejected each other's suggestions for action. He said:

Without decisive action, eurozone members could be left needing a bail-out from

major economies such as the United States, Japan and China. ?You don?t want the future of Europe to rest in the hands of those who provide financing to the International Monetary Fund.

The United States is urging eurozone ministers to set aside more money to support indebted members. EU ministers promised several months ago to expand the €440?billion European Financial Stability Facility, a fund available to help eurozone members struggling to pay their debts. But the parliaments of several EU countries are still debating whether to approve the move. Many economists believe it is currently too small to rescue a major EU economy such as Spain or Italy.

Mr Geithner suggested to the meeting that the fund should be dramatically expanded by borrowing money from the European Central Bank.

Germany strongly rejected the plan, saying the best way to raise more money for the bail-out fund was a new tax on international financial transactions, something America refused to support.

<http://www.telegraph.co.uk/finance/financialcrisis/8770067/Europe-must-act-over-debt-says-US-Treasury-Secretary-Timothy-Geithner.html> [1]

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[2] <http://asymptotix.disqus.com/?url=http%3A%2F%2Fwww.asymptotix.eu%2Fnews%2Feuro-zone-finance-ministers-and-us-geithner-debate-ways-easing-tensions>

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