

Dear Madam Chancellor,

During the period from 17th November to 22nd November 2010, you advertised the work of the government in a campaign in all regional and national dailies, magazines such as Stern, Spiegel, Focus, SuperIllu, spots on channels such as rtv and prisma and on the Internet.

According to the information of the Federal Press Office, the costs for these announcements amounted to about € 2.8 million.

It is the task, and even the duty of the government to keep the public informed of the work of the government, but must the advertising budget of the government be increased simply to polish up party images, when social security payments are being cut or even stopped completely as part of the savings package? It is after all the taxpayer who has to pay for polishing this image, and not the CDU.

In the advertisement, you thank the people, Mrs. Merkel, for having “best weathered the worldwide economic crisis”. And then, Mrs. Merkel, you promised that the Christian-liberal government would:

1. safeguard the finances;
2. create an education republic;
3. secure the energy supply;
4. organise the financing of the health system so that “the outstanding medical care available in Germany would remain affordable in the long term”.

We would like to state our position on these announcements in this letter.

Your predecessors, the minister and vassals, have at all times mismanaged Germany, so that it must be clear to everybody who can be assumed to have any political awareness, or knowledge of the overall debt of the country and its national budget (interest and capital repayment burdens etc.), that your government would also join the ranks of these wastrels, with no alternative.

We consider this lack of any alternative to be a loss of democracy.

As a result of the monetary development of the Euro crisis, the factors burdening this democracy will be increasingly difficult to balance out for the sake of genuine democracy. Legislation will not be able to put a stop to the downwards trend.

A managed democracy, in which the current question arises: To what extent is our national sovereignty being tamely relinquished in favour of Brussels?

The Lisbon Treaty also throws up major questions with regard to the legal interpretation of the Federal Constitutional Court. The Federal Constitutional Court in Karlsruhe is being put under stress by political decisions, which are not being legally clarified in time, while it is inundated with questions about the rescue package and also has to monitor the discussions on the whole Euro crisis.

With its Lisbon verdict, the Federal Constitutional Court has maintained its previous position with regard to European integration. The organisation of the rescue package, as a result of other accompanying support measures, also appears to be problematic due to the legal development of the politically-constituted Senate of the Federal Constitutional Court.

The aim of the *Alliance for Democracy* is to denounce and counteract the loss of democracy wherever statements are made by democratically-aware people for general consumption, but are simply ignored.

This refers to critics such as the two professors Schachtschneider of Mannheim and Hankel of Cologne, and also Dr. B. Bandulet, who in the economic literature of the *Kopverlag* – “the last years of the EURO” – also warned against the introduction of the EURO and a European Currency Union, which has also been reported once on TV (Date of the broadcast no longer known), because within the Euro countries, different inflation rates, different interest rates, different price developments etc. must be problematic for a common currency.

In the event of the proper representation of the interests of all Germans (and Europeans) by politics, attention would have to have been paid to these economic experts.

Suggestions, advice, joint determination are no longer desired in Germany – unfortunately.

An example: Through your intervention in the Board of the Bundesbank, one member of which was Mr. Sarrazin, you, Madam Chancellor, managed to bring about the resignation of Mr. Sarrazin. In this way, and to the detriment of the taxpayer, an unpalatable subject was stricken from the agenda. The reporting press was apparently unable to address the actual subject; they were however able to document every single step taken by all those concerned. Instead of reporting on how democratic solutions can be found, even if they are inconvenient or thankless, undemocratic contributions were made in order to gloss over omissions.

That is not democracy, that is democratic tactlessness to the nth degree.

It is long since time that attention was paid to such thinkers, and to thank them. Otherwise everything will continue in the same old way: Failures of politics are hushed up; the voters foot the bill. This fuels disaffection and the opinion that if there are no politicians who are competent on economic questions, and economic policy is made only on the advice of economics institutes and external consultants dependant on fees paid by the government, and consequently well-disposed to the government, and who therefore support the official political position of the government on economic questions, then the question must be asked: What use is it if politics ends up in a situation which, as you Mrs. Merkel have emphasised, keeps the Euro?

At what value of the Euro?

For the gracious thanks you extend to the country in your announcement, you could also have written: "Thank you for allowing me to have you foot the bill once again and buying a little more time for politics. I am sorry that this will only mean further cutbacks for you". That would have been the honest thing to say.

What you write there is politics. And you also take € 2.8 million in tax funds in order to conceal the fact that despite all the tactics, despite all inward and outward appearance, despite your often promened "warmth of heart", you are completely unable to change the situation for the better.

Seen in this light, it is almost unbearable that you should thank the citizens of this country in your announcement; You should instead be begging their forgiveness!

It is high time that representatives of the state with government responsibility tell us what they are doing. So when you say that you intend to keep the Euro, you should also say at what quota, and with what buying power.

There would be less criminality if politics had done its real job, namely that of regulatory policy. Regulatory policy for the prevention of criminality and Mafia, regulatory policy for a free market economy, so that it can be truly social, and become and remain more so in future. Concrete threats of punishment and full prosecution of offences for all the guilty parties! Because those who understand anything about economics and represent the market economy must be kept in check.

Wherever this is not the case, crisis awaits, and this is followed by criminality, which can only be combated by extensive legal measures, although under the right conditions it could have been prevented completely.

This also refers not least to politics, and in particular European and international politics. For national politics alone, there are no punitive regulations. There is of course the Federal Audit Office, and the Taxpayers' Association Bund. There are analyses and reports. A few of them stir up a little dust in the press, although nobody is brought to book. Nor will the € 2.8 million which your advertising campaign cost ever have to be paid from the coffers of the CDU/CSU or FDP, although the Federal Audit Office will come to this conclusion after reviewing the matter. There will be no one who will be held responsible for the unjustified payment of this advertising. What use is a Federal Audit Office whose findings on mismanagement by politics do not lead to any prosecution?

Sustainable politics, whose representatives are accountable and liable, is all the more essential since it is known that a country goes bankrupt once every 60 years. Viewed in perspective, no politicians of succeeding generations have learnt or improved anything from the experiences of their predecessors. The interest and compound interest effect, which plays a decisive role in the accumulation of debt, remains completely ignored. Lobbyism is practiced and gifts distributed; the sole priority in politics is to get elected and then re-elected. This applies irrespective of the party colour.

By September 2008, 60 years had passed since the last German currency reform in 1948. If it were not for the enormous financial inter-relationships via the IMF etc., over the whole world – a merry-go-round of trillions – many more countries would long since have been insolvent. And although you represent it otherwise in your announcement, and although you almost make it sound as if the current situation is to the merit of

the present government, it still applies for Germany: national bankruptcy is possible at any time.

At the beginning of the 1920's there was another financial crisis – hyperinflation, although that time it was companies which were in debt, and not the state. Today it is the companies which enjoy the prosperity, while the state is deeply in debt.

In your government declaration on 15.12.2010, you said on TV that with regard to the Euro summit on 16.12.2010 you intended “to live up to your responsibility”.

Your predecessors did not live up to their responsibility. How do you propose to do so? And why only now?

If you now intend to live up to your responsibility, for the first time and at this late stage, this still cannot remedy the situation. The only right thing to do would be to initiate an immediate currency reform for the complete European Currency Union, and keep the Euro, although under very different circumstances and after devaluation. The longer you simply buy time for the government and for politics, not for the benefit of the people of the country but at their cost, the worse will be the material situation of people when the guarantee and security obligations which you have assumed are realised, and which will then become additional debts for everybody in the country. The higher the debts of people at the time of the currency reform, the lower will be the quota that people will be able to receive after the currency reform. Every day counts. Why will you not act accordingly?

Every day counts for pensioners and also Hartz-IV recipients, and waiting only makes it all the harder, since future additional earned income will not be able to restore buying power again after the currency reform. Pensioners are being short-changed by the quota. Their pension will only be improved following the currency reform by legislation – a process which can take years. Perhaps 20 years.

If the average age of pensioners is perhaps 72 at the time of the currency reform, 20 years later this average age will be 92 years old. But who lives that long? Only a fraction of pensioners.

Pensioners however, of which there are almost 20 million in Germany, make up a quarter of the total population, and will again get the short end of the stick if political

mismanagement of a system results in a currency reform. And the topping-up of devalued pensions by pension improvement legislation must again be paid for after the currency reform by those who are still in working life, and their children.

The same applies in the case of Hartz-IV recipients, i.e. the long-term unemployed, who already only have a livelihood in the form of the most basic security, and who are already living at subsistence level. The later the reform comes, the lower will be the quotas, because of the realisation of guarantee and security obligations, since these will certainly have come into effect by this time. It is irresponsible how you can give such promises and guarantees with a clear conscience.

For the sake of completeness and to summarise this problem, there follows a brief outline of the debt situation of the country.

According to an [assessment](#) by the International Monetary Fund (IMF), Germany in the year 2006 had debts of € 8.5 trillion. This figure was set at € 7.1 trillion by a [study](#) by the “Stiftung Marktforschung (Berlin)”, which is represented by Professor Bernd Raffelhüschchen.

It is surprising how both investigations can come to different results, although the difference between the IMF assessment and the assessment of the INSM can be considered unimportant in the sense that it is here only a matter of establishing the order of size. Whichever figure is correct, the level of debt has most probably increased by the present day to well over € 10 trillion.

As the highest representative of politics in this country, we ask you: Why is this not reported thoroughly in the German media?

In the year 2006, the daily newspaper “Die Welt” quoted an expert, Mrs. Beatrice Weder di Mauro, Professor of Economics at the University of Mainz, and in this connection talked about the total debt of € 8.5 trillion at that time. The newspaper mentioned the figure almost in passing. That is not good enough.

These debts include not only the explicit debts of currently € 1.8 – 2.0 trillion for Germany, but also the implicit debts, the debts within the social security system, which are several times higher than the explicit debts. Politics hopes, on the basis of legal inter-

pretation (on the question “pensions are safe”), to be able to reduce such implicit debts at the cost of society.

We will here forego a specific listing according to deficits/debts, formation of reserves for civil service pensions, German pension insurance, occupational pension schemes and the Federal and State Government Employees Retirement Fund, the church supplementary provision schemes and legal health insurance schemes – there are no retirement reserves according to the only correct capital coverage procedure. This also applies for care insurance!

The transfer procedure dominates everywhere, in which the last can no longer receive what the first received. There is no creation of reserves for all these instruments of social security. And control is only effected to the extent that under legislation the payments are only safe in terms of merit, but not in terms of the amount.

People however trust in assured possessions and entitlements, both in terms of merit and in terms of amount. They do not want to have to calculate for later changes in their benefits. This means ‘social security’ which may not be used for political purposes.

Based on the current total population of Germany (82.1 million according to the Federal Statistics Office), the per capita debt is not between 21 and 22 thousand Euro, as repeatedly quoted in the press, but if the implicit debts are also taken into account, is between 120 and 125 thousand Euro. Every newborn child therefore comes into the world with a debt burden of over 120 thousand Euro.

In 2006 therefore, the total debt (implicit and explicit) measured against the GDP (gross domestic product) was over 350%, and heading towards 400%, in contrast to the 60% total debt allowed in the Stability Pact. This 60% refers only to the explicit debts in relation to gross domestic product.

From the economic point of view, this appears decidedly problematic, because if Germany was considered as an industrial company, and if the country were being sold, as for the sale of an industrial company, the implicit depths in the social systems, as well as the explicit debts of the company being taken over, would be taken into account and would reduce the purchase price. Germany – still referred to as the economic driving force in Europe – has a no longer permissible total debt (explicit only) of 70%, and as an

economic driving force would be fit only for the scrapheap. The implicit debts are almost four times as high as the explicit debts – nowhere is this mentioned.

For the following member states, this gives the following levels of debt (explicit only): Italy well over 100%, Ireland over 230%, Great Britain (although not in the Currency Union) comes in with 168% of explicit debt only!

For all these transgressions, the same applies: There are no penal provisions for exceeding the limits in the Stability Pact for annual new debt of 3%; no penal provisions for exceeding the limitation of total debt prescribed in the Stability Pact of 60%. Why are the implicit debts simply left out of the calculation? Was the agreement made simply as a meaningless piece of paper, which politics is free to ignore?

The transfer procedure however conceals a sort of gift policy, with which politics pretends that the payments in the transfer procedure can be granted “long term”. This will not however be the case. Curtailment within limits on the basis of the Berlin legislation will therefore come up against its financial policy limits, and also with regard to internal politics, because otherwise the result would be the end of the relevant government through mass demonstrations in conditions tantamount to civil war. The exclusion of the implicit social system debts and the consideration of only explicit debt for the limits of annual new debt and the total debt is therefore not justifiable and also not legal. The higher the implicit debts, the less traceable are the explicit debts from the point of view of budgets. We therefore already have 350 – 400%, and not only over 70%, instead of the limit of only 60% permitted under the Stability Pact, and the other European countries are also in a similar situation.

When you, Madam Chancellor, declared to the world before the Euro summit on 15. and 16.12.2010 that you intended to live up to your responsibility, then we have shown what you are actually responsible for with regard to the Currency Union and German debt: the lie.

Consider also in this respect value-added tax, which you talked about before the Bundestag elections; you subsequently justified the changes with ‘necessary compromises in the coalition negotiations’, but actually it was not a matter of the benefit of the people, but of staying in power.

On 16.12.2010 you lived up to your alleged responsibility by agreeing to a crisis fund (from 2013), which as a replacement for the current rescue packages, viewed quasi

economically, allows for rescue packages was no upper limitation, although with the only restricting stipulation that use can only be made of the crisis fund if every European country of the Currency Union agrees by a majority.

It is however perfectly obvious, Dr. Merkel, that such majority agreement will always be given by the governments of these countries, even in the event of increasingly high crisis fund requirements.

The longer you delay a currency reform, the more the debts of those who have paid for it out of their tax funds will be taken into account in the currency reform, when guarantee and security obligations from rescue package and crisis funds are realised, which will then lead to a lower conversion amount after the currency reform. You have lived up to your responsibility to the extent that you have implied that such processes are only possible by majority decisions, which may be redolent of democracy; you seem to have forgotten however that after the crash, all this will mean that people will be deprived of more buying power.

Is it not surprising when people say that the Mafia and criminality, which is always directed against people, radiates out from government capitals. Reproduced with respect, as the saying goes.

Dr. Merkel, you should live up to your election mandate. You must act against the huge scale of overall debt and the mismanagement of finances, otherwise the vision of a united Europe will soon be nothing more than a sad memory.

The vision of a united Europe which your political mentor Helmut Kohl (Chancellor 1982 – 1998) once propounded was no vision at all! His vision of a united Europe (EU) was simply a copy of the United States (USA). Under Kohl's government, many opponents of the Chancellor also thought about this, and this version has been confirmed today.

The FRG was by the end of the 1970's and in the 1980's so deeply in debt in DM terms that many a national budget could only be put together with great difficulty. At the beginning of the 1980's, a Secretary of State in the Finance Ministry resigned his office with the justification, broadcast over the media, that he found the scale of the debt policy of the government irresponsible and no longer worth supporting. He was also no

longer prepared to go along with this in the Finance Ministry (BMF) (reports on TV/Radio, between 1.11 and 10.12.1981).

Employment references which state that the employee “has always made an effort” imply that although the employee may have made an effort, these efforts were unsuccessful from the point of view of the employer.

From the point of view of the people, the same can be said regarding the efforts of politics.

In the 62 years since the last currency reform, we have had seven chancellors. Over half of these chancellors came from the ranks of the CDU/CSU, which is considered to have the greatest competence in economic questions, according to a survey [Wirtschaftswoche, 5(31.1.2011), p. 18ff.]. There can be no talk of any such economic competence. On the contrary, Germany is mismanaged; this is manifested in the stratification of society into ‘rich’ and ‘poor’.

Years ago, two Supervisory Board members of large concerns forecast on TV (ARD) that by the year 2010, the number of people on the poverty line would rise to over 10 million. Germany is now home to over 12 million poor people.

With a current total of about 20 million pensioners, including quite a number with only a small pension, and 7.5 million Hartz-IV recipients, this gives 27.5 million people who live on pensions and Hartz IV. This is over one third of the total population. And more will follow. Future pensioners and future Hartz-IV recipients will also receive ever lower pensions and support payments. Pensioners receive hardly any increases any more, at least no increases which compensate for inflation rates. They therefore have a continuing loss of buying power. The same will apply particularly to future Hartz-IV recipients, because according to the current status of negotiations on the changes to Hartz IV, the pension insurance obligation for people receiving Hartz-IV payments is to be abolished.

This initially sounds positive, since an obligation is being removed; the fact is however that this was a burden on the Federal Employment Agency, since the Hartz-IV recipient did not have to pay the pension insurance contributions himself – these were paid by the job centres of the agencies, i.e. the cancellation of the pension insurance obligation

for Hartz-IV recipients is a relief on the coffers of the Federal Employment Agency, and therefore the government.

The removal of the pension insurance obligation and the discontinuation of the deduction for pension insurance for Hartz-IV recipients does not however mean any future pension increase for the people in question.

Instead of pension increases, they will drop out of the pension insurance system (retirement provision also for the unemployed) and be forced to rely only on a basic level of social security financed direct by government; this will now be taken over by the government, instead of as previously by municipalities. The current Hartz-IV recipient therefore becomes a “social support recipient” at the cost of future generations. What a contradiction there is in the creation of this new regulation for Hartz IV, when previously the recipient of social support was assigned the status of ‘long-term unemployed’ in order to spare him the somewhat “shameful” situation of emergency support.

It can therefore be concluded that the current government is devolving expenditure which should be taken for granted in a social market economy, but is being forced to do so because the coffers are empty. Instead the government puts out propaganda that future generations of children and children’s children will be spared this – which has not been the case in the past and will be unaffordable in the future – and relies on the hope that what is being cut today by the cancellation of pension contributions to Hartz IV will be topped up at some time in the future by a basic level of social security from tax funds. This is supposed to compensate for cuts in contributions. This may relieve the strain on the coffers at the moment, but future generations will have to pay for it.

The justification lies in that relief can be obtained for the public purse via mass income. This absurdity must be stopped as quickly as possible, although poverty will continue to be a rising trend in Germany in the coming years.

This subject also includes wage structures, and particularly those in the low-wage sector. Part-time work and limited employment contracts for new employees do not create any secure future. Not for anyone, and particularly not for couples planning to have children. The question of the wages of the current 750,000 or so part-time workers (press information on the problem of part-time wage adjustment), who sometimes have to accept huge reductions in the normal wage for permanent employees when working for personnel rental agencies, and often come away with only half the net wage, is cur-

rently under discussion. It is uncertain whether part-time wages can be brought up to the level of permanent staff wages.

1. The Christian-liberal government will safeguard the finances

The government is saving in order to remain capable of action and to be able to invest. But what savings can have any such future? When the government says that it will safeguard the finances, the question must be asked as to how this is to be done.

Let us consider three examples, which point out experiences with the financial policy of the current government.

1st example: Without European aid, a large part of which is provided by Germany, Greece would have gone bankrupt. There are many reasons for this bankruptcy, but only one is very interesting here in the context of your fundamental promises.

The Greeks have a retirement age of 50 (for comparison: the French can retire at 62 years old and the Germans at 65 – although this will be gradually increased from 2012 to 67 by the year 2029). As a requirement for the savings programme to obtain the loans, guarantees, securities and the like, the Greeks, starting from May 2010, have received total funds (distributed over three years) of almost € 150 billion to prevent their bankruptcy.

Germany paid € 22 billion, and will pay the same amount again for each of the next two years.

Nobody wants to refuse this help, but it is nevertheless questionable, in return for the financial support and to avoid future insolvency, it was not made a requirement on the Greeks to raise the retirement age to a level more compatible with the rest of Europe, such as 60 years. Greece has only raised the retirement age from 50 to 52.

From this point of view, the question must be asked as to whether money that is earned in Germany should be used in this way abroad? A possible difference in life expectancy in both countries may serve as one argument, but it cannot answer the whole question.

2nd example: The state spends € 800,000 every year on its former leaders. If it is considered that the German President is a sort of “breakfast-time president”, who as a further benefit also privately enjoys the impressions gained from luxurious foreign

travel, it is quite justified in the case of the President Wulff and his wife to speak of a 'jackpot president couple'. Reckoned over the total time of possible pensioning, the couple will cost the country millions, together with other material benefits, travel and office.

It remains completely incomprehensible to us how such economic points of view have no place at all in your efforts to keep the public informed. It can only be concluded that such benefits are paid to all party-political functionaries of the country to a greater or lesser extent, all at the cost of the taxpayer.

We would like to emphasise expressly in this connection that the "*Alliance for Democracy*", who are here stating their critical opinion, has no party-political affiliation, nor will have in the future.

We are not interested in criticising any one particular party; our criticism is directed at the world of politics in general, which makes promises, but is not in any position to keep them; our concern is to discover and denounce legal infringements and offences committed in this party-political work, so that political work becomes valuable once again.

3rd example: As a member and representative of the Federal Ministry of the Interior, Department for Questions of Principles, Dr. Markus Kerber was also on the Supervisory Board of the Hypo Real Estate Group from 2006 to 2009. Markus Kerber also continues to be a member of the Supervisory Board of this group following the bankruptcy of the HRE; since October 2009 as a representative of the Federal Ministry of Finance as Departmental Manager for finance policy and economic questions of principles.

In both cases, Kerber represented the relevant Minister of Finance, and through this representation, Board agreements were concluded for young Board members. These included an agreement for the Board Chairman (Bild) and two further agreements for the lower Board level (Bild).

All three gentlemen were around 40 years old on appointment and receipt of their contracts. It can be assumed that they had built up retirement entitlements in earlier positions, such as entitlements from German pension insurance, at least as the acceptable lowest conceivable stage.

With their new responsibilities, the three gentlemen also received employment contracts as members of the Board, which also included entitlements under private law in

addition to the company pension stipulations. After only one year in the specified position, the contracts of these Board members make provision that this former Board member of Hypo Real Estate can claim a pension from the age of 60.

The amount of the pension entitlements granted to these gentlemen – which was reported in the press (Bild) – is in the opinion of “*Alliance for Democracy*”, incompatible with the contract policy in other areas of employment.

Significantly, politics has not taken any stance with regard to these facts. “*Alliance for Democracy*” says: it is time that such excesses were brought into the open.

In the daily press it was reported that Board remunerations would be limited to € 500,000 annually. In fact, and taking into account a salary waiver, which brings the reduction to € 500,000, an unusually high pension entitlement was granted, whose value, taking into account interest, i.e. capital value must be added to the reduced amounts, resulting in annual remuneration in the millions. Such a circumvention of a limitation, which would not be granted to any ordinary citizen, is scandalous. Here again the question must be asked as to why such limitations are set when they are not going to be observed?

Safeguarding the finances in the view of the government means retaining the EURO and keeping its stable. Major banks (the Commerzbank and Morgan Stanley [Goldmann & Sachs]) support these considerations, at least for a limited period; this however refers only to the economic upturn phase which could result from taxpayers’ pockets in order to boost the economy, and which people hope might persist in the long term.

A deterioration of the overall financial situation described could result not only due to future weak or zero quantitative growth, but also due to the increased risks of inflation. Even in the 1970’s and 1980’s, inflation rates occurred in Germany which were well above the 4 to 6% forecast by the then Foreign Trade President, although the situation at that time was much less precarious than in comparison to today. With regard to debt, political practices could already be observed which foretold of the current calamity. Towards the end of 2010, the inflation rate rose above the 2% limit aimed for by the European Central Bank (ECB), which is considered as an essential requirement for common European stability. The figure is now rising towards 3%.

At the moment, the movement can be gauged from the rapid increase in raw material prices and also food prices. Prices have been increased significantly, and are set to rise further. Oil prices show the following development: From US\$ 75 to 80 per barrel (159 litres), the price of oil has risen from the end of 2010 to the end of January 2011 to US\$ 100. Every German will now have to pay more for heating in winter, as for every litre of petrol.

The President of the Foreign Trade Association, Anton Börner, explained to the press that he considered inflation rates of between 4 to 6% as realistic over the short to medium term.

The economic upturn which has taken place in the meantime has taken on a shadowy side due to the Euro crisis and rise in inflation. Not only are prices rising: the USA is printing money as fast as the presses can go, the external value of the Chinese currency is much too low, and the ECB is buying up large volumes of non-performing government bonds, which in Germany is equivalent to printing money.

Seen in this light, Germany has only one prospect, that of the continuing inflation trend. This will result not only in hyperinflation, as during the currency reform of the early 1920's, but Germany, as a member of the national bankruptcy club of the Euro countries, must be prepared for high inflation. Although higher interest rates could slow down the inflation, rate increases could also make things difficult for the European Central Bank (ECB), because it has to take into account the southern European national economies, which have plunged into recession. The base interest rate, which is currently 1%, will gradually be raised to a higher level. But the higher it is raised, the higher will be the interest burden of loans for Germany, and also for corresponding loans for other European countries who urgently need such loans in order to remain solvent. In exactly the same countries, the higher loan costs will further exacerbate the financial situation.

Assuming that Germany had an annual inflation rate of 10% instead of 4 to 6%, which is realistic (1983 pension increases of 11.35%, which not only expressed the increase in the standard of living, but also to a high degree to the inflation rate at the time, which continued until the beginning of the 1980's), the base rate could be set at a level of up to 3% (the average debt interest is currently at around 3% as measured against the income side of a budget. The resulting nominal interest amount of approx. € 42 billion per

year before the start of the work of the Finance Agency of the government (debt management) in Frankfurt am Main in relation to the national budget volume in 2009 came to between 14 and 15%, a reduction of the interest through its activity would bring this percentage down to 12.8%, which means: instead of the previous € 42 billion in annual interest, this would only cost approx. € 37 billion).

If now as a result of the assumed average inflation rate between 4 and 6% the average is 5%, the resulting debt interest burden would be of the order of size of almost € 60 billion instead of € 37 billion.

With an inflation rate of 10%, this would almost double to at least € 100 billion. In the first case of 5% inflation (€ 60 billion in interest) this gives a proportion of almost 21% in relation to the income of the state, as measured against the volume of the year 2009, which must be found only to service debt interest, without any repayment of the debt capital.

In the second case, assuming an interest rate of 10%, the interest burden on the national budget, based on 2009, would be nearly 40%, which means: Bankruptcy.

Even if the German government will not admit this publicly, it will (together with Brussels) increase the Euro rescue fund from € 250 billion to € 440 billion. This fund will in future be able to buy up direct the loans of threatened EURO countries. This could quite soon enable Greece to finance the buy-back of its own debts. The Greeks receive the money for the buy-back from the ECB from the rescue fund. Germany would have to increase its aid payments once again. This would result in inflation on the financial markets – credit default insurance for German government bonds has increased by 100% since the end of October 2010.

These considerations show the increasing danger of several countries having to resort to such a rescue package (Ireland, Portugal, Spain), if inflation continues to rise. If sustained growth takes place, contrary to the expert economic opinions which the CDU has now also adopted, it must be remembered that growth always brings with it price increases and increasing employment income, both of which mean an increase in inflation.

It must be taken into account that by means of rising inflation, a government, and the country and people it represents, can free itself of debt to some extent if tax revenue increases and the burden of social security costs can be reduced.

There exists no other possibility of reducing the national debt.

It can also be observed that spending increases have been announced, and in some cases already realised. It should also be noted that fluctuations in prices are rather being increased by speculation. We have arrived at a point where growth is essential to prevent the collapse of the economic system.

The dangers for the EURO consist mainly of higher taxes and higher interest rates, coupled with defaulting debtors! It is questionable how you, Dr. Merkel, intend to counteract these problems in order to keep your promise of safeguarding the finances.

We have often been directed by politics and legislation in a direction which cannot comply with any idea of fairness or justice, as for example the statement: "Pensions are safe." (Norbert Blüm).

The complaint of a well-known newspaper publisher (Springer-Verlag) against this politically motivated statement has now led to the legally binding verdict by the responsible public prosecutor's office in Berlin that a pension is safe and the above expression can be used only as long as the pension is paid in Euro. Some sort of pension must still be paid, but who can live on it?

"Alliance for Democracy" will oppose any politicised legislation.

Madam Chancellor, in view of the above adverse financial developments, it is highly questionable how the promises made in your cited advertising campaign can be kept. Education, power supply and the health system can only survive and flourish on a financially secure national foundation. Germany may be doing relatively well in the international comparison, but optimism only works as long as it does not become self-serving.

In line with the efforts of *"Alliance for Democracy"*, it is encouraging that the human rights organisation Amnesty International has demanded criminal investigations against the former US President George W. Bush on the grounds of torture and mistreatment of prisoners in the battle against terrorism. We, the *"Alliance for Democracy"* do not demand, we denounce politicians who do not apply their skills in accordance with their election mandate, and *"Alliance for Democracy"* also intends to bring criminal charges against such abuse of power. The advertising campaign, which cost € 2.8 million of tax revenue in order to finance party advertising, should be the first step. It is clear to us that this advertising represents a concealed contribution not only to the CDU and CSU,

but also to the FDP, since it gave special emphasis to the promises of the Federal Government.

At the Bundestag elections in 2009, 35% of the total population, which is 48% of 72.9% of all German voters, voted for the CDU, CSU and FDP. Only one third of Germans therefore decided that the elected government should represent 100% of Germans.

Referenda and political co-determination for all, as usual in Switzerland, are being discussed as a model for Germany; it is high time that the decision-making was put back into the hands of the people.

In the time of 'Stuttgart 21, Mr. Kauder suggested on German TV that German democracy should be adapted to the Swiss model. We can only hope that this opinion will soon come to fruition.

2. The Christian-liberal government would create an "educational republic"

You talk about aid for young people when leaving school, in finding a job, and you promise enough university places. This education and training is to be financed by amounts in the billions. But is it also guaranteed that this will produce responsible people who will act according to the dictates of their conscience, and not the constraints of their professional standing? Take the example of the former Chancellor Dr. Helmut Schmidt. A brilliant mind, and today still an undisputed politician, but who came to grief over Germany's debts. How much did his education help him, what was his understanding good for? And even assuming that understanding and education develop in such educational institutions, which the government intends to support, who does all this education benefit? It only serves the purpose of creating voters who vote for the least possible evil. This hardly requires an education.

3. The Christian-liberal government would ensure the energy supply

By 2050, 80% of the electricity used in Germany is supposed to come from renewable energy sources. The costs for the realisation of such a project are so high that they will never be able to become a reality in view of the national debt of the country and its mismanagement.

In this connection it is incomprehensible why you, if you place so much faith in renewable energy, have ensured that the working life of nuclear power plants will be extended? Do you want to use the nuclear power plants with their profit transfer obligations in order to make 'green' energy possible? And by the setting of electricity prices, you are forcing every person in the country to take a share in these costs, instead of the nuclear industry being prepared to reduce electricity prices for consumers, if such an extension could not be prevented.

4. The Christian-liberal government would create an affordable health system

The health ministers of various parties have been working for decades on solutions for making medical care affordable. The valve of additional contribution income, which currently is supposed to be the guarantor of the system, is contributing, like all systems that have been in fashion before it, and in addition to the continually rising insurance contributions, to charging additional amounts, which free the health system of having to provide services. In compensation, politics does not intervene when system-regulating measures would have been necessary to prevent criminality and protect the consumer.

The health system is a billion-Euro market, which turns over between € 150 and 200 billion annually. If action was taken against premium irregularities, this could provide insured persons with an additional 10 to 15% annually, or € 15 to 30 billion. Here we can mention the example of a doctor in Wuppertal, who according to media reports committed fraud running into the millions. One of the guilty has been brought to book, but how many are still getting away with it?

A feasible solution in this case would be to have the doctor's bill checked by the insured person himself.

If we maintain a public spirit, this country can progress to better times. If we had politicians who were interested in people, who saw their task as fulfilling the promises they have made, then we would have better times. "*Alliance for Democracy*" will be there everywhere these promises are broken. "*Alliance for Democracy*" will ensure that these crimes no longer go unpunished.

The *Alliance for Democracy*