

Dear Madams and Sirs,

my suggestion would be to enable automatic sanctions of breaches of the Maastricht-thresholds by making all member states pay a variable coupon on the whole amount of its outstanding stability bonds of

$[\text{market rates of stability bonds} + (\text{budget deficit/gdp} - 3\%) + (\text{debt/gdp} - 60\%)/15]$

to the single agency/fonds that itself taps the markets for issuance of stability bonds at market rates. Accumulated funds at the agency/fonds - level would be used to pay off the debt above the 60% threshold of all member states on a pro rata basis. This counters the moral hazard and also provides for a return path to sustainable finances.

Best regards,
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