



Written by [Bruce Walker](#) on September 11, 2012

Germany: Merkel's Political Allies Challenge EU Bailout in Constitutional Court

The problems of sovereign debt are largely a problem of southern Europe. Out of the five so-called PIIGS nations (Portugal, Ireland, Italy, Greece, and Spain), only Ireland is outside the Mediterranean Basin. The European Union bailout is primarily fund transfers and guarantees to spendthrift nations from historically thriftier nations such as Finland, Britain, Holland, and Germany. Political pressure in the largest of these, Germany, is increasing against more support for the debt-ridden PIIGS.



Reuters noted that on August 12 a senior member of German Chancellor Angela Merkel's (center, in photo montage) party issued "a strong warning to Greece ... saying Germany would not hesitate to veto further aid to the country if there were any signs it was not meeting the conditions of the bailout."

Reuters also noted:

The "troika" of the European Commission, the European Central Bank and the International Monetary Fund is due to decide on the disbursement of the next tranche of money from Greece's 130 billion euro bailout package in September.

[Wolfgang Schauble \(left, in photo montage\) of the Christian Democrat Union](#) has formally challenged the euro rescue in Germany's Constitutional Court.

Schauble is not part of the political opposition to Chancellor Angela Merkel's government; in fact, he is deputy parliamentary leader in Merkel's Christian Democrats. He expects, however, that the court will go along with the government, noting: "So far, the Constitutional Court has never ruled that the course of European integration is directed against the constitution." However, over 30,000 German citizens have joined in the complaint, making it the largest constitutional challenge in the history of the Federal Republic of Germany.

Peter Gauweiler (right, in photo montage) of the Christian Social Union (CSU), the Catholic and Bavarian part of the Christian Democrat Party (the Protestant part is the Christian Democrat Union), made a request that the Constitutional Court delay its ruling, which the court rejected. His concern peaked when on September 6 the European Central Bank announced that it would purchase unlimited quantities of sovereign bonds from eurozone states in crisis.

Opposition is also coming from Merkel's deputy in the Bundestag, Michael Fuchs, who recently stated:

Even if the glass is half full, that will not be sufficient for a new aid package [for Greece]. Germany cannot and will not agree to that. We have reached the point where the Greeks must show that they are capable of delivering a shift. A policy of the last, last, last chance won't work anymore, and must come to an end.

Horst Seehofer, the Prime Minister of Bavaria and the head of CSU, stated that the crisis has reached



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the point where it is imperative to involve the German people directly. Bavaria's Economic Minister Martin Zeil has been even blunter, stating, "A country needs to leave the euro when it doesn't fulfill its duties," an obvious reference to Greece. He added, "If necessary, two or more [nations] could leave," an allusion to Spain and other PIIGS.

Members of the Free Democrat Party (FDP), the junior partner in Merkel's coalition government, which is pro-business and generally opposes overregulation and overspending, have also become anxious.

The Legislative Service Bureau, which advises the Bundestag (the lower house of Germany's national legislature) on budgetary matters, has warned that tying Germany too tightly to the euro rescue could imperil the Germany national budget and create "possible direct and possibly unlimited liability" for the debts of other nations in the eurozone. The Bureau added that "authority of the state and its ability to exercise it could be limited by tying the hands of the budget legislature as a result of liabilities through international agreements."

At issue is the ESM or "European Stabilization Mechanism," the eurozone's permanent bailout fund. The German Constitutional Court ruled on September 7, 2011, that the eurozone's bailout of Greece was legal, but that future bailouts would require more formal approval by the German government.

The leftist parties in Germany are also generally opposed to the bailout, although much of that opposition may be intended to create discomfort for Merkel's government. Thilo Sarrazin, a former member of the Social Democrat Party in Germany and director of the Bundesbank, has come out strongly against more help in supporting the euro, and his book *Europe Doesn't Need the Euro* has already sold 100,000 copies.

Sarrazin has stated:

We have no economic benefit from the euro, just the danger of huge risks ... euro bonds, rescue funds, we're paying for the overblown spending of others. This is no faulty thinking, this is the case. People are queuing up for a slice of the German wurst saying "please, please, please" and Merkel slices off a piece in exchange for promises that they do this or that. This is a humiliating experience for the countries concerned and has nothing to do with the real spirit of friendship between nations. It can't end well.

If Merkel continues, in three to four years — and without anything really changing in these crisis countries — we'll have inflation of 4-5 percent and will be paying for others' debts. We will be their hostages.

The leader of the SPD, however, is staying out of the fight, leaving the field to Merkel and her various critics. Although the CDU/CSU party would seem vulnerable, in light of the criticism it is taking from its own cabinet members and members of its coalition FDP, that vulnerability is not being challenged by the SPD. A recent public opinion poll revealed that in the general election for Bundestag seats in about a year, the CDU/CSU would receive 39 percent of the vote, the SPD would receive 26 percent, the Green Party 12 percent, and the FDP only five percent.

Such results would mean chaos for Germany. If the FDP receives less than five percent of the vote it could be frozen out of seats in the Bundestag, which would be historic. The CDU/CSU would be by far the largest party, but it could form a government only with parties basically hostile to its political philosophy.

What occurs in neighboring nations may be a harbinger of what will happen in Germany, where some



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politicians have already called for a referendum to change the German constitution (or Basic Law). The Netherlands, a nation close to Germany in many ways including financial stability and frugality, holds an election tomorrow. Austria, which shares a common language and much history with Germany, is also increasingly unhappy about supporting a eurozone policy that seems to have no real chance of success at all.

The eurozone and the euro crisis is beginning to create deep fissures in Europe, the last thing in the world that a continent needs that still remembers two horrific hot wars and a long cold war.



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